



CLIMATE TRANSPARENCY REPORT 2020

Generation Investment Management LLP

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/-12797E21-FEFD-4ED8-9FB7-8324267664DC/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	
Name	Generation Investment Management LLP
Signatory Category	Fund Management - Majority
Signatory Type	Investment Manager
Size	US\$ 10 - 29.99 billion AUM
Main Asset Class	>50% Listed Equity Internally Managed
Signed PRI Initiative	2006
Region	Europe
Country	United Kingdom
Disclosure of Voluntary Indicators	89% from 38 Voluntary indicators

Generation Investment Management LLP

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
-------	-----------	--------	---------------	---------

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.

SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
----------	---	--------	-------------	---------

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.

Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.

Our approach has always considered these factors (and others related to sustainability) as part of our core investment thinking and practice. Investing for the long term in high quality companies necessarily requires deep consideration of climate risk and opportunity.

The particular approach we take is tailored according to the company. Individual analysts track all important aspects, with support from our research team. In some cases we conduct deeper research with external partners. For instance, we recently assessed the carbon footprint of different retail models with academics in the US because we could not find a relevant tool.

On the opportunity side of the equation, we look at electrification of mobility and the shift to sustainable diets and food systems, among many others. Meanwhile, the biggest risks to the companies we cover typically lie in the supply chain. For instance, the vast majority of GHG emissions associated with our portfolio are Scope 3.

We are currently conducting an assessment across one of our portfolios with an external partner. This modelling work looks at transition risks and opportunities initially and we plan to look at physical risk in future steps (based on our existing analysis, the impact of extreme weather events on the supply chain and on water security will be important here). This is exploratory work, but we hope to incorporate learnings from this process back into our investment process.

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.

We consider a range of timescales. Climate risk is with us today of course. In our investment work we are looking out in particular to the next 5 to 15 years. It is in this period where we expect many of the risks and opportunities related to transition to play out, although it won't be the end of the story. We also look well beyond this, given the need to achieve net zero by 2050 at the latest (which in turn relates to the temperature goal for 2100).

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

Generation Investment Management ("Generation" or the "Firm") was founded with the mission of proving the business case for sustainable investing. The Firm's founders shared the conviction that sustainability insight is a driver of long-term returns, and we have built an investment process that systematically reviews the material ESG factors, including climate change, that affect business and management performance. This integrated investment approach is consistent across the Firm's strategies. Generation identifies and manages material climate-related risks and opportunities via various initiatives including roadmap research, solutions summits, and the Sustainability Trends Report. In addition, the Generation Foundation undertakes and supports research that helps to identify and manage material climate-related risks and opportunities.

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

In 2019 we reported to our clients on the relative carbon intensity of the investments we manage on their behalf.

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

	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

	Investor relations
--	--------------------

- 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.
---------------	--

Climate change consideration is integrated across all Generation's business areas, from sourcing decisions and management of the Firm's operations, to our public and private equity investment strategies. While specific people have responsibility for execution in some cases, we consider it everyone's responsibility to be mindful of the urgency of climate change mitigation, in the course of both their professional and their personal lives. This is intrinsic to the Firm's mission and core values, and the Management Committee has ultimate responsibility for ensuring this remains a key part of the culture. In the case of our investment products, we explicitly do not have separate sustainability and investment analysts. All our investment professionals are responsible for considering climate implications and all material sustainability issues into their sector and company analysis. The Firm's advocacy arm, the Generation Foundation acts to accelerate the transition to a more sustainable economic system, and has identified Climate Action as a strategic priority.

**SG 07.7
CC**

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

Please see above.

ESG issues in asset allocation

SG 13

Mandatory

Public

Descriptive

PRI 1

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

Describe

At the sector level (Roadmap part of our process). We are currently working with a partner to undertake scenario modelling at the portfolio level. See further detail in comments to 13.3.

- 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
- We do not consider ESG issues in strategic asset allocation

SG 13.3

Additional information. [OPTIONAL]

Explicit modelling scenarios have historically been part of our process. The scenario assessments we do occur during the Roadmap stage, where we seek to understand the long-term dynamics that are likely to impact company value in the future. We believe climate change to be a significant source of risks and opportunities and have sought to structure our portfolios to be well-positioned for this transition. In this way, carbon and environmental intensity of industries and businesses have been gating factors to companies being accepted for coverage, across all our strategies. Therefore rather than model high-level impacts on the portfolio of, for example, a 2 degree world, at the company level where it is material, analysts will model the cost curves of, for example, battery storage, or other aspects that relate to our view of the carbon transition.

We are currently conducting an assessment with an external partner that includes modelling at the portfolio level. This includes an analysis of implied temperature alignment and the value at risk (or opportunity) under different climate scenarios for each of the sectors we cover. This work focuses initially on transition risk, but we expect to add physical risk to this in future.

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.
---------------	--

Initial assessment

Describe

We have always incorporated transition and physical risk into our investment practice. The modelling work currently being conducted is an opportunity to explore a different methodology and work with external experts. Of course, we hope this generates interesting insights - if so, these lessons will naturally be reflected in our investment practice in future.

Incorporation into investment analysis

Inform active ownership

Other

SG 13.5 CC	Indicate who uses this analysis.
---------------	----------------------------------

Board members, trustees, C-level roles, Investment Committee

Portfolio managers

Dedicated responsible investment staff

External managers

Investment consultants/actuaries

Other

specify

All the investment team.

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.
---------------	---

Yes

Describe

Our investment approach is to take a long-term view. Our valuation model is based on a 40 year time horizon.

No

**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 checked="" type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)	
IEA	<input checked="" type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario	
IEA	<input checked="" type="checkbox"/> Sustainable Development Scenario (SDS)	
IEA	<input checked="" 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 checked="" 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 checked="" 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> IPCC 1.5
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
-------	---	--------	---------------------	-------

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, specify(2)
- 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

Specify the AUM invested in low carbon and climate resilient portfolios, funds, strategies or asset classes.

	trillions	billions	millions	thousands	hundreds
Total AUM		25	100	000	000
Currency	USD				
Assets in USD		25	100	000	000

Specify the framework or taxonomy used.

We believe 100% of our AUM to be in climate resilient portfolios. As discussed, our asset allocation strategy is based on selecting businesses we believe are well-positioned over the long-term for the risks and opportunities posed by climate change.

- 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

- Our investment process is our primary tool in managing climate-related risks and opportunities.
- None of the above

SG 14.5

Additional information [Optional]

We use many of these scenarios in our research as well as in our external publications - our annual sustainability trends report, for instance, will typically include scenarios from the IEA, BNEF and IPCC among many others.

The focus of our ongoing assessment into transition risk and opportunity IN OUR PORTFOLIO compares an extended NDC scenario with a 1.5 scenario based on ADVANCE (see citations for Luderer et al. in the IPCC 1.5 report) and REMIND (also described in IPCC 1.5 report).

(This exercise tests the impact of a high ambition outcome. For consideration of physical risk we would explore a more pessimistic outcome for the climate).

In addition to scenarios focused on energy systems, we also draw on modelling work that assesses food-land systems and nature based solutions potential to contribute to high ambition sustainability outcomes (such as the work undertaken in support of FOLU and Eat-Lancet and the IPCC land report).

SG 14 CC	Voluntary	Public		General
-----------------	------------------	---------------	--	----------------

SG 14.6 CC

Provide further details on the key metric(s) used to assess climate-related risks and opportunities.

Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Client reporting on listed strategies	CO2 equivalent/\$mn revenues	Trucost model or company disclosure
Portfolio carbon footprint	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Client reporting on listed strategies	CO2 equivalent/\$mn revenues	Trucost model or company disclosure
Carbon intensity	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Client reporting on listed strategies	CO2 equivalent/\$mn revenues	Trucost model or company disclosure
Exposure to carbon-related assets	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Ongoing work into transition risk and opportunity	Case-by-case	In-house methodology
Other emissions metrics	<input checked="" type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Scope 3 Emissions reported to listed equity clients	CO2 equivalent/\$mn revenues	In-house methodology

**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

The investment philosophy and process we have described is the primary way that we mitigate climate-related risks across the Firm. The Firm is built on the premise that climate change will be a significant driver of economies and source of both risks and opportunities. In this way, it is built into the fabric of the firm and not a separate agenda topic, or applied to a separate proportion of our assets.

However, we do also embed climate risks into the firm's overall risk management framework which our senior partner and management committee has ultimate responsibility for. Exercise of risk oversight is through a Risk Oversight Group (ROG), which reports to the Management Committee. Generation's risk management framework and governance structure are intended to provide comprehensive controls and ongoing identification and management of its major risks. The ROG meets regularly to review internal controls, risk management processes, regulatory compliance and relevant reports received from Generation's advisors and auditors. While climate change risk is not considered a major risk given that it is implicitly managed by our overall strategy execution, The ROG will also review data on the firm's carbon footprint and carbon offsets.

- 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

Climate action is an engagement priority across all the companies on our Global and Asia Equity Focus Lists. This includes progress on GHG emissions disclosure, adoption of science based targets and disclosure of (and strategic responses to) climate risk (and opportunity) in line with TCFD.

Analysts are responsible for leading the direct engagement with the companies under their coverage. We do not outsource this to a third party. Based on their knowledge and research on each company and how advanced the company is in terms of climate awareness and action, analysts engage and encourage companies to consider reporting against the TCFD framework if they are not already, or enhancing the reporting they already provide.

SBT and TCFD are both pillars of our climate engagement strategy. There are of course important linkages between them. On balance, in our engagement work over the past year we have placed more emphasis on the importance of adopting science based targets than we have on incorporating TCFD recommendations.

No, we do not undertake active ownership activities.

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

SG 15

Mandatory to Report Voluntary to Disclose

Public

Descriptive

PRI 1

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.

%

6

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

All of the above.

Asset class invested

- Listed equity
- Private equity

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

6

Brief description and measures of investment

Our private equity funds could be described as an environmental and socially themed strategy. They seek to identify sustainable solutions businesses and impact is assessed against material sustainability factors. We believe all sectors are ripe for disruption, but focus on transport & supply chain, agriculture & food, building & energy, enterprise & industrial, and consumer & health. We also do a full sustainability assessment and consider impact as a whole so that, for example, impact on one area is not at the expense of a negative impact on another.

No