



Principle	Principle	Principle
1.2	1.2	1.2
Individual/institutional scale engagements	Collaborative engagements	Service provider engagements
Response for interrelated		
To support investment decisions and to ensure that the investment is consistent with the investment objectives and the investment strategy		
To encourage companies to improve their ESG practices		
To help companies improve their ESG practices		
To support investment decisions and to ensure that the investment is consistent with the investment objectives and the investment strategy		
To encourage companies to improve their ESG practices		
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To support investment decisions and to ensure that the investment is consistent with the investment objectives and the investment strategy		
To encourage companies to improve their ESG practices		
To help companies improve their ESG practices		

# CLIMATE TRANSPARENCY REPORT 2020

Hexavest

# 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/-19C35F36-F81E-4160-90B0-D90EBD082138/79894dbc337a40828d895f9402aa63de/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	✓	Private				
SG 07.6 CC	-	Private				
SG 07.7 CC	✓	Private				
SG 07.8 CC	-	Private				
SG 13.1	✓	Public				
SG 13.2	-	Public				
SG 13.4 CC	-					
SG 13.5 CC	-					
SG 13.6 CC	-					
SG 13.7 CC	-					
SG 13.8 CC	-					
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>	Hexavest
<b>Signatory Category</b>	Fund Management - Majority
<b>Signatory Type</b>	Investment Manager
<b>Size</b>	US\$ 10 - 29.99 billion AUM
<b>Main Asset Class</b>	>50% Listed Equity Internally Managed
<b>Signed PRI Initiative</b>	2012
<b>Region</b>	North America
<b>Country</b>	Canada
<b>Disclosure of Voluntary Indicators</b>	69% from 38 Voluntary indicators

# Hexavest

## 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.

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.

Yes

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

There is now no doubt that human activity is affecting the global climate, which is warming at an alarming rate. Increased pressure will be placed on people, governments and corporations, and the stock market will not escape the energy transition towards sustainable sources. In this environment, several industries are facing systemic risks, including the oil industry, which is being challenged by a drying up of capital, as banks are showing less appetite to finance oil producers' projects. If humanity wants to get rid of its dependence on hydrocarbons, significant capital will have to be dedicated to the transition. The economic argument is usually the most important driver of change. Massive investments will have to be made in order to "decarbonize" the economy, which will create significant investment opportunities.

As for companies, those who do not understand the climate emergency and who are not putting enough effort to reduce their ecological footprint have become a source of risk for investors. Conversely, those who will succeed in adapting and evolving towards a long-term sustainable business model represent opportunities that we must seek in order to properly perform our duty as portfolio manager.

Hexavest is on the lookout for these trends and integrates these risks and opportunities into its business and portfolio management strategy:

- We measure the carbon footprint of our portfolios and have set reduction targets.
- We exclude coal miners from our emerging markets portfolios.
- We have launched strategies that aim to select companies that present lower risks in the face of the energy transition or that are leaders in terms of managing environmental issues.
- We integrate the analysis of risks and opportunities related to climate change in our fundamental analysis; for example, we favor energy companies that have a long-term vision and whose business model is not based on the injection of external capital and we avoid utility companies that use coal as a source of energy.

No

**SG 01.7 CC** Indicate whether the organisation has assessed the likelihood and impact of these climate risks?

Yes

No

Describe why your organisation has not yet assessed the likelihood and impact of climate risks

We believe that most of the systemic impacts related to climate change have a longer time horizon than the one we use in our investment approach (12 to 18 months). However, we are aware that some of the impacts are already observable and we are assessing them as part of our macroeconomic research covering the different countries, sectors and industries.

**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  
 No

Describe how and over what time frame the organisation will implement an organisation-wide strategy that manages climate-related risks and opportunities.

Hexavest is currently at the beginning of its journey with the investigation and implementation of TCFD's framework in its firm-wide strategy. We still have to define the time frame of our implementation, but we expect to complete the following phases in 2020:

- Getting started and establishing processes
- Become familiar with the TCFD recommendations
- Investigate business cases for TCFD and the approaches of peers

**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  
 We currently do not publish TCFD disclosures

## Governance and human resources

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

<b>SG 14</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Additional Assessed</b>	<b>PRI 1</b>
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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, 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			84	474	351
Currency	USD				
Assets in USD			84	474	351

Specify the framework or taxonomy used.

- Strategy #1 : Ex-fossil fuels and ex-coal for power generation purposes
- Strategy #2 : Low-carbon and best-in-class ESG
- Strategy #3 : Low-carbon and best-in-class on environment factor



- 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

other description

- We sought increased disclosure on climate risk issues by two companies
- 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
- None of the above

<b>SG 14 CC</b>	<b>Voluntary</b>	<b>Public</b>		<b>General</b>
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**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
<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 management	t CO2e	MSCI
<b>Portfolio carbon footprint</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Risk management and disclosure to clients	t CO2e per \$M invested	MSCI
<b>Carbon intensity</b>	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Risk management	t CO2e per \$M revenue	MSCI

**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

On a monthly basis, Hexavest's Risk Committee presents a risk report to the Investment Committee as part of a formal meeting. ESG risks and carbon footprint for each regional portfolio is included in the report, with the key contributors in terms of sectors/industries and stocks. The elements of greatest concern are then discussed. These discussions may lead to subsequent analysis by regional teams and, occasionally, to decisions to adjust certain portfolio positions.

- 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

Hexavest co-signed a statement that was sent to G20 leaders before their summit on June 28-29, 2019. Among other things, the statement called on them to commit to improving climate-related financial reporting (in line with the TCFD's recommendations).

- 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
- No