



CLIMATE TRANSPARENCY REPORT 2020

Jarislowsky, Fraser Limited

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/-0419B84E-3C86-4D4D-884D-0A5AEB9E6B4E/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	✓	Private				
SG 14.2	✓	Private				
SG 14.3	✓	Private				
SG 14.6 CC	✓	Public				
SG 14.7 CC	-	Public				
SG 14.8 CC	✓	Public				
SG 14.9 CC	✓	Public				
SG 15.1	✓	Private				
SG 15.2	✓	Private				
SG 15.3	✓	Private				

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	Jarislowsky, Fraser Limited
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	2015
Region	North America
Country	Canada
Disclosure of Voluntary Indicators	35% from 38 Voluntary indicators

Jarislowsky, Fraser Limited

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.

The global mitigation and adaptation to climate change present both risks and opportunities. However, while the direction of change is understood, the pace, the precise form of change and the ultimate outcome are uncertain.

Transition Risks:

Regulatory changes, such as increased carbon taxes, or more stringent emissions standards for vehicles. Technology changes, such as electric vehicles, battery power storage, and smart grid.

Physical Risks:

Acute physical changes in the environment, such as potential increases in the frequency and severity of natural disasters, present a medium-term risk to certain types of businesses and regions.

Chronic changes in the physical environment (e.g. water scarcity) present potential systemic risks over longer term periods.

Responsibility for integrating these risks into investment strategy and products rests with the Global Investment Team, with oversight by the Investment Strategy Committee. With respect to climate change, analysts provide analysis of material climate-related risks and opportunities for certain sectors where this is most material. For example, an Energy Sector review and discussions of auto-related industries included detailed discussion of transition risk for the oil and gas sector, including potential changes in transport and energy technology. This analysis is presented to the Investment Strategy Committee, which oversees the composition of all JFL portfolios.

We recognize that some systemic risks related to climate change are more likely to materialize far into the future, and are not easily discounted or diversified. For this reason, we are involved in a number of industry initiatives and collaborative engagements aimed at developing a better understanding of stock-specific and systemic risks and opportunities, and management thereof, related to climate change. All collaborative engagements and initiatives are reviewed by the Sustainable Investment Committee, and approved by the firm's Management Committee.

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.

Short Term (0-3 years):

- Regulatory changes
- Acute physical risks
- Inflection points in the rate of increase in efficiency and decline in emission intensity of some users of fossil fuels

Medium Term (3-7 years):

- Policy and regulatory directional changes
- Changes to the physical environment and climate pattern (ex. Water availability)
- Early changes to consumer and capital allocation behavior towards lower carbon economy and supportive infrastructure
- Technological changes that change the economic viability and scalability of substitute, non-fossil fuel, sources of power

Long Term (7+ years):

- Transformation of the policy, public investment and regulatory environment for the future use of and development of new carbon-emission-intense capacity for power generation and transportation
- Clear solutions in terms of substitute sources of energy that are economically viable and physically scalable in a timely fashion
- Permanent and significant change in consumer behavior and capital allocation towards non-fossil-fuel-based products
- Permanent physical changes, related demographic & migratory changes.

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

Risk Management - Tools and Processes:

Jarislowsky Fraser is a bottom-up, fundamental, active manager. Our approach to assessing and managing climate-related issues reflects our focused, high-quality philosophy, as well as the concentrated nature of our portfolios. We use a variety of tools and systems to ensure that climate-related risks and opportunities are being considered across our portfolios. As part of their analysis of a company, analysts produce a "Business Practice Scorecard" that summarizes relative and absolute assessments of common ESG factors that may or may not be noted explicitly in their other analyses and financial models. Carbon emissions profiles are standard component of the BPS.

At the portfolio level, we also use proprietary tools such as a Portfolio ESG&F Scorecard, which provides a portfolio-level "heat map" for a variety of environmental, social, governance and financial indicators of quality. For new names and our existing holdings, we have created a materiality database that leverages SASB standards as well as our own analysis from a variety of sources to ensure analysts are considering the most financially material ESG issues. We produce a carbon footprint for all of our funds on a quarterly basis, focused on the TCFD-recommended Weighted Average Carbon Intensity Metric. This information is provided to clients and the Investment Team on a portfolio, industry, and company-specific level.

Risk Management - Through Stewardship:

Throughout the firm's history, Jarislowsky Fraser has taken an engaged approach to share ownership. We seek constructive engagement with company management, and in some cases the Boards of Directors, on material business concerns including ESG issues. Our preference is for constructive dialogue, preferring to be viewed as a credible shareholder with whom management teams seek counsel.

Our analysts routinely engage with management on matters related to climate risk. This includes

discussions around emissions management strategies, carbon pricing, and business resiliency. For example, in 2019, we engaged directly with eleven companies on climate-related issues.

We are also involved in a number of industry initiatives and collaborative engagements, including: PRI-Coordinated Engagement on Climate Change Transition for Oil & Gas Companies, and PRI-Coordinated Global Engagement on Methane.

No

SG 1.10 CC	Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.
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- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other

specify

We post our TCFD-aligned report on a public-facing area of our website:
<https://www.jfifglobal.com/en/sustainable-investing/>

- We currently do not publish TCFD disclosures

Governance and human resources

SG 07 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 07.5 CC	Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.
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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

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)

Sustainable Investing Committee

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

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

Describe

Our approach to assessing and managing climate-related issues reflects our philosophy of fundamental, high-quality, active management. As such we do not typically use top-down scenario analysis as part of our stock selection and portfolio construction. To date, we have considered the IEA 450 and NPS Scenarios.

- 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]

Geographic Allocation: Country analysis includes an assessment of the sustainability of economic growth models, government structure and priorities, as well as fiscal and monetary policy.

Sector Weightings: ESG information is integrated into our bottom-up fundamental analysis by our in-house research team. There are typically two analysts assigned to each global sector across geographies. The analysts for each sector meet regularly to discuss industry trends and are expected to understand any material risks and opportunities pertaining to their sector.

SG 13 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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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

Detailed discussions of the IEA 450 and NPS Scenarios were undertaken by the entire Global Investment Team in order to understand the potential implications for individual companies in the portfolio and their valuations.

Key sectors reviewed:

- Energy
- Utilities
- Transportation
- Insurance
- Banks
- Technology

We believe that our current portfolios would be resilient in a reasonable range of 2-degree scenarios due to:

- Management teams that are focused on long-term value creation through disciplined capital allocation and high-quality business practices;
- Companies with high-quality asset bases that have the flexibility to respond to a changing environment within an appropriate time frame;
- No exposure to thermal coal production. Limited exposure to coal fired power generation through diversified regulated utilities that also have a growing base of renewable power generation.
- Limited direct exposure to segments of the auto parts industry that have a higher risk of disruption;
- Underweight position in oil and gas, with selective exposure to companies that are focused on lowering their own emissions, with an asset base that participates in a lower carbon economy through a diverse set of assets that includes natural gas and petroleum products at lower risk of disruption.

Over time, we may make adjustments to the portfolio based on, but not exclusively, a bottom-up view of the prospects for existing and future technologies, physical changes to the environment, public policy and

regulations related to climate change and carbon emissions.

We take an iterative approach to scenario analysis. In 2020, we are expanding the number of scenarios considered as well as the scope of issues considered, and this will include the Inevitable Policy Response scenario. .

- Incorporation into investment analysis

Describe

Where climate considerations are considered material, they will be discussed and incorporated into investment analysis.

Recent examples include discussions about the challenges of the P&C industry in pricing catastrophe risk in the emerging environment, lending requirements and exposures of banks to the fossil fuel industry and the power of tech companies to enable the build out of renewable energy through long-term PPA's

Given the wide range of potential outcomes and top-down nature of climate scenarios, we also spend time assessing scenarios from a bottom-up perspective that still represent a change in global physical, policy and regulatory environments; however, we tend to be more focused on industry-specific metrics.

- Inform active ownership

Describe

Where climate considerations are considered material, they will be discussed and incorporated into our engagement and proxy voting activities.

- 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

**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
 No

Please explain the rationale

We are a long-term investor with an average holding period of over seven years. For considering the impact of climate-related risks, we have also defined "long term" as seven or more years. Therefore, our evaluation of the potential impact is within our investment time horizon.

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 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 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> IEA 450
Other	<input checked="" type="checkbox"/> Other (2)	<div style="background-color: #0070C0; color: white; padding: 2px;">Other (2) please specify:</div> Industry-specific scenarios
Other	<input type="checkbox"/> Other (3)	

SG 14 CC	Voluntary	Public	General
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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
Weighted average carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	This is the primary carbon emission metric we use internally and report to clients. We use it to track the exposure of our portfolios to carbon intensive companies and industries. We particularly use this to track the intensity of our portfolio compared to the intensity of the index.	Scope 1 and 2 tons of CO2e per \$M US Sales	We use MSCI Carbon Analytics, so this is Scope 1 and 2 emissions normalized against revenue, weighted based on the security's weight in our portfolio or in the index. *Note - coverage is all assets except for SSA/Government bonds.
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	We mostly use this to track the absolute emissions of individual companies over time.	Scope 1 and 2 tons of CO2e	Scope 1 and 2 tons of CO2e
Portfolio carbon footprint	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	We report this as a secondary metric for equity portfolios to compare our portfolios to their benchmarks.	Scope 1 and 2 tons of CO2e per \$M Invested	Scope 1 and 2 tons of CO2e per \$M Invested
Carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	We use the individual carbon intensity of our individual holdings to track their emissions over time but do not track this on a portfolio basis, instead using the weighted average carbon intensity as recommended by the FSB.		
Exposure to carbon-related assets	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	We track exposure to fossil fuel reserves and stranded assets internally through MSCI's carbon analytics tools.		
Other emissions metrics	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	We also track whether companies disclose their emissions, have emission targets, and track their 3-year absolute and intensity emissions trends.		

**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

As with all material investment risks, climate risk is integrated into our bottom-up, fundamental analysis by our in-house research team and supplemented by external research from a variety of sources. Our focus has generally been on the risks and opportunities that are material to our investment thesis for individual companies and broader portfolios related to a transition to a low-carbon economy. Potential regulatory and technological advancements, where material, are actively debated during regularly scheduled sector reviews and when assessing new and existing securities.

In addition, we have developed a number of proprietary tools to ensure this is done systematically:

- Business Practice Scorecard - In addition to their summary report and financial model, analysts also include a Business Practice Scorecard that summarizes relative and absolute assessments of common ESG factors that may or may not be noted explicitly in other analyses. Emissions management strategy, CDP Disclosure and Resource Efficiency are examples of the items assessed.

- Portfolio Carbon Footprint - Included as part of our internal quarterly risk review, the portfolio carbon footprint compares both overall and sector level emissions vs. benchmarks, as well as a listing of the highest emitting companies. The goal of the risk review is to inform the Investment Strategy Committee of the risk exposures in each portfolio, and to potentially trigger a discussion of a company's overall emissions-management strategy, the expected future direction, relative risk exposure to current and future regulatory changes, and how that risk is reflected in the assessment of the risk-adjusted returns for the company.

- ESG&F Heatmap - Our proprietary portfolio-level heatmap records a variety of environmental, social, governance and financial indicators of quality. Companies' CDP Scores are included in this heatmap. Companies that do not disclose to CDP are flagged and assessed for potential engagement, depending on the materiality of climate risk to the business model.

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

We are a TCFD Supporter. We regularly encourage other companies to adopt the TCFD recommendations in industry discussions and speaking engagements, and encourage our portfolio companies to report according to these recommendations. Additionally, we are also involved in a number of formal and informal collaborative initiatives to encourage and support the TCFD framework in the investment management and financial services industry.

No, we do not undertake active ownership activities.

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