



# CLIMATE TRANSPARENCY REPORT 2020

Fisher 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/-6211128E-55C4-4645-A7E4-7F09433379D9/79894dbc337a40828d895f9402aa63de/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	-					
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>	Fisher 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>	2014
<b>Region</b>	North America
<b>Country</b>	United States
<b>Disclosure of Voluntary Indicators</b>	32% from 38 Voluntary indicators

# Fisher 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.

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.

FI considers both direct and transition risks and opportunities on prospective holdings. While the direct climate-related risks to our organization are limited, FI does consider such risks throughout the investment process. Within portfolios, for example, we review the impact of climate-related legislation and shifting consumer and investor preferences on country, sector, and security decisions. FI assesses the risk of climate change in the portfolio screening process, examining specific climate change sources such as toxic emissions, fossil fuel production, and fossil fuel use. Within ESG portfolios, carbon-related risks are more directly targeted by restricting various coal-fired utilities and mining companies involved in thermal coal extraction. Within Low Carbon portfolios, FI explicitly targets a carbon footprint reduction relative to a benchmark. FI continually re-evaluates companies within our ESG portfolios for policy compliance, helping to ensure securities held in our ESG portfolios maintain socially responsible business practices.

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.

Climate-related risks are evaluated based on an assessment of materiality over the next 12-18 months.

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
- No

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

While FI has a Responsible Investments Committee which reviews ESG integration and implementation, we do not currently have a firm wide strategy to identify and manager material climate related risks and opportunities. FI is currently developing proprietary ESG scoring to which we expect to implement in 2020.

**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

**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)**

**Client Guidelines and Assurance team**

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

**Other role, specify (2)**

**Institutional Portfolio Analytics ESG Team**

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

**SG 07.7 CC** For management-level roles that assess and manage climate-related issues, provide further information on the structure and processes involved.

Supported by FI's Research Analysts, our two Co-CIOs, as well as the rest of the Investment Policy Committee, are responsible for determining the materiality of ESG considerations, including climate-related issues, as they pertain to countries, industries or individual stocks.

Further, to meet and exceed clients' ESG demands, we are committed to continually improving our ESG capabilities. For example, one of our IPC members is currently on the Principles of Responsible Investing (PRI)'s Working Group, which is committed to examining the Sustainable Development Goals in Active Ownership. We also have a Responsible Investments Committee that meets regularly to develop and review our ESG policies to move FI forward with ESG.

**ESG issues in asset allocation**

<b>SG 13</b>	<b>Mandatory</b>	<b>Public</b>	<b>Descriptive</b>	<b>PRI 1</b>
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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

FI reviews a variety of possible outcomes. Any material ESG factors that may lead to over/underweights of countries and sectors are continuously analyzed and evaluated.

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

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 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			219	210	000
Currency	USD				
Assets in USD			219	210	000

Specify the framework or taxonomy used.

FI applies the following low carbon and climate resilient criteria to some of our strategies:

- FI targets 50% of the weighted average carbon intensity of the benchmark.
- FI prohibits the purchase of the worst 20% of companies in the benchmark by carbon intensity
- FI restricts coal mining companies that derive 30 percent or more of their income from extraction of thermal coal, and power companies that base 30 percent or more of production on thermal coal.

- 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
- None of the above

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
<b>Climate-related targets</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
<b>Weighted average carbon intensity</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Monitoring	tons CO2e/\$M Sales	Data provided by MSCI ESG Research
<b>Carbon footprint (scope 1 and 2)</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
<b>Portfolio carbon footprint</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Inform Investment Decisions	tons CO2e/\$M Sales	Data provided by MSCI ESG Research
<b>Total carbon emissions</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
<b>Carbon intensity</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input checked="" type="checkbox"/> Minority of assets	Monitoring	tons CO2e/\$M Sales	<p>Scope 1 Emissions: Those from sources owned or controlled by the company, typically direct combustion of fuel as in a furnace or vehicle.</p> <p>Scope 2 Emissions Those caused by the generation of electricity purchased by the company.</p> <p>Scope 3 Emissions Includes an array of indirect emissions resulting from activities such as business travel, distribution of products by third parties, and downstream use of a company's products</p> <p>Fossil Fuel Reserves Fossil reserves are defined as proved and probable reserves for coal and proved reserves for oil and natural gas. Evidence of owning reserves includes companies providing the exact volume of reserves, and companies making a statement about their ownership of reserve.</p>

<b>Exposure to carbon-related assets</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			
<b>Other emissions metrics</b>	<input type="checkbox"/> All assets <input type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets			

<b>SG 14.7 CC</b>	Describe in further detail the key targets.
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Targettype	Baseline year	Target year	Description	Attachments
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				
<input type="checkbox"/> Absolute target <input type="checkbox"/> Intensity target				

<b>SG 14.8 CC</b>	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.
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- Processes for climate-related risks are integrated into overall risk management

Please describe
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Risk management analysis is performed on an ongoing basis through periodic and ad hoc analyses, with regular reporting to the Investment Policy Committee. The Capital Markets Innovation (CMI) team conducts monthly forward-looking analyses of expected impact from portfolio country, sector and style characteristics and evaluates portfolio sensitivity to macro exposures such as interest rates, commodity prices and currencies. The CMI team also produces ad hoc pre- and post-trade analyses to identify potential impacts of tactical or strategic changes on portfolio exposures, cross correlation of securities, liquidity and ownership levels. On a prescriptive basis, risk management helps the IPC determine areas of focus for additional analysis and scrutiny, potentially guiding portfolio changes at both macro and stock-specific levels. Short and medium term risks are assessed on an ongoing basis by the Securities and Capital Markets teams.

- 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
- 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.

	%
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1

**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
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- 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

Assets invested in listed equity in strategies broadly aligned with the UN sustainable Development goals.

	Asset class invested
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- Listed equity

	Percentage of AUM (+/-5%) per asset class invested in the area
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1

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

#### Brief description and measures of investment

FI impact strategies aim to select securities that capitalize on the probability of achieving excess returns, while simultaneously investing in firms committed to making positive social or environmental impact. FI seeks firms whose products and services are consistent with the UN Sustainable Development Goals (SDGs), chosen for to their alignment with our own culture, and their overall positive impact and measurability in listed equities. FI then uses these SDGs as a framework for quantifying impact. The Sustainable Impact Targets are as follows:

- Long term goal of twice the exposure to sustainable impact revenue relative to the benchmark
- Focus on companies positive aligned with the SDGs with a particular emphasis on SDGs 3, 5, 6, 7, 8, 9, 12, 13

Additionally FI's impact portfolios use the below carbon reduction targets:

- 50% carbon intensity reduction compared to the benchmark
- Prohibits purchase of worst 20% of companies in the benchmark by carbon intensity

Finally, FI's impact portfolios use the following portfolio ESG Score targets (using MSCI ESG Research and scoring).

- Target portfolio average ESG rating of one point above the benchmark
- Restrict purchasing CCC rated firms

No