Harris Associates Climate Policy

Policy Overview

Harris Associates' policy is to take material climate change risk into account as part of our investment process. We consider this risk during investment research and report on company-specific and portfolio-level climate risks to our clients, when requested.

Objective

As stewards of our clients' capital, we aim to take all material risks into account and balance these out against our assessment of long-term growth opportunities when selecting investments. Climate change creates a number of risk factors as well as potential opportunities, which we analyze and consider as part of our investment process. Our objective is to carry out this analysis to the best of our ability, communicate to clients how we take climate risks into account, and offer the capability to report on the climate risk profiles of individual holdings and portfolios.

Our stance on climate change

There is overwhelming scientific consensus that greenhouse gasses (GHGs) released as a result of human activity are causing global temperatures to rise, leading to the disruption of weather patterns. This leads to two different types of material investment risk: physical, representing direct impacts such as increased incidence of flooding; and transition, resulting from regulatory responses and changes in market demand related to climate change. We aim to take all material risk factors into account during the investment process, as part of our fiduciary duty. We do this for climate-related risks in the same way as all other risk factors that we consider. In addition, we are committed to transparent communication with our clients regarding the climate risk profiles of their portfolios and the ways in which we take these into account.

How we take account of climate change in our investment processes

We anticipate that the physical and transition risks associated with climate change, as well as the opportunities that go along with them, will affect the companies in our investible universe in different ways. During the research process, our analysts consider material risks and opportunities related to climate change, alongside other relevant factors, to evaluate a company's investment potential.

How we quantify and report climate risks

We engage in many constructive conversations with our clients around climate risk and are able to provide clients with detailed reports showing the climate risk profile of their portfolios. We use a number of different metrics to quantify climate risk, including carbon footprint (total GHG emissions), emissions intensity (GHG emissions per unit of revenue), quantitative assessments of risk management relative to best practice and measures of risk exposure. We also examine whether a company is positioned to be in line with the industry-level emissions trajectories necessary to meet specific temperature scenarios, such as a +2 degrees Celsius scenario. All of these metrics are calculated at both the company and portfolio level and are provided to clients on request.