



CLIMATE TRANSPARENCY REPORT 2020

Esmee Fairbairn Foundation

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/-A300B444-A7F7-4050-AD43-8E4CDAA66DF2/79894dbc337a40828d895f9402aa63de/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	✓	Private				
SG 13.5 CC	✓	Private				
SG 13.6 CC	✓	Private				
SG 13.7 CC	✓	Private				
SG 13.8 CC	✓	Private				
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	✓	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	Esmee Fairbairn Foundation
Signatory Category	Foundation
Signatory Type	Asset Owner
Size	US\$ 1 - 4.99 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2013
Region	Europe
Country	United Kingdom
Disclosure of Voluntary Indicators	23% from 38 Voluntary indicators

Esmee Fairbairn Foundation

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.

Our investment consultants have an ongoing mandate to monitor climate-related risks and opportunities within our investment portfolio.

We have a relatively large allocation to venture capital managers and believe we have underlying investments in a number of companies whose business models are likely to gain from the transition to a low carbon economy. We have also invested in sustainable infrastructure private investments specifically targeting climate-related opportunities/solutions.

In terms of risks, our advisors have analysed our portfolio, for example with MSCI's carbon analytics tools. During the period this analysis was done both for the entire public portfolio and on a manager by manager basis. This identified carbon emission and fossil fuel exposure and we have identified funds with the highest exposure. We are looking to transition out of these funds over time and into investments with lower risks. They have also conducted climate scenario analysis on the portfolio using the PRI PACTA tool. How private managers incorporate climate related risks and opportunities is systematically incorporated into manager selection.

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 have considered the risks and opportunities in line with our 10 year time horizon as per investment policy statement. In addition, the scenario analysis run by 2 degrees initiative (PACTA tool) considered a timeline out to 2050.

No

**SG 01.8
CC**

Indicate whether the organisation publicly supports the TCFD?

- Yes
- No

Explain the rationale

The implementation of TCFD is something we are looking. For now we have been focussing on understanding climate risk in our portfolio and how our managers consider these issues.

**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.

Our investment consultants have an ongoing mandate to monitor climate-related risks and opportunities within our investment portfolio as detailed in SG01.6

Beyond our investment portfolio (which is the most material part of the carbon footprint of our business), we have conducted our first eco-audit of the whole organisation and are planning to have a firm-wide strategy in place within the next two years.

**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

Dedicated responsible investment staff

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

External managers or service providers

- 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.

At present, there are no board level roles that have specific climate-related issue oversight/accountability.

However our audit & risk committee are tasked with considering issues which may impact our investment portfolio and external reputation as a funder, of which climate related issues are one.

Our investment committee have asked that our investment consultants also consider climate change risk in the advice that they give on the investment portfolio. Detailed analysis was discussed by the IC during this period. A presentation was also made by our consultants to the board of trustees on climate risk during the period

SG 07.7
CC

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

Our senior management team (SMT) has responsibility for implementing the UK Funder Commitment to climate change which we signed in October 2019.

We have committed to considering climate-related issues in all areas of our operations - from our grant-giving programme to our investment portfolio.

There are regular meetings with the other signatories and an ongoing exchange of information on implementation practices.

The foundation's staff are encouraged to send suggestions to the SMT and we are currently looking at how we might best implement a net zero carbon target.

**SG 07.8
CC**

Indicate how your organisation engages external investment managers and/or service providers on the TCFD recommendations and their implementation.

- Request that external managers and/or service providers incorporate TCFD into mainstream financial filings (annual financial reports, other regulatory reporting or similar)
- Request incorporation of TCFD into regular client reporting
- Request that external managers complete PRI climate indicator reporting
- Request responses to TCFD Fund Manager questions in the PRI Asset Owner Guide
- Other

Specify

We have requested transparency on holdings, climate related disclosure, and climate policies. We also engaged with managers during the period on better climate related policies.

- We do not engage with external managers and/or service providers on the TCFD recommendations and their implementation

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

2 degrees initiative (PACTA tool), scenario analysis report.

- 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

Allocation within our endowment that invests in funds with, differing focus, risk and size profile, looking to achieve enhanced environmental, social and governance (ESG) impact

- We do not consider ESG issues in strategic asset allocation

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
Weighted average carbon intensity	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Aid Decision Making	T CO2E/\$M Tools	Use of MSCI Carbon analytics tools
Portfolio carbon footprint	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Aid Decision Making	T CO2E/\$M invested	Use of MSCI Carbon analytics tools
Exposure to carbon-related assets	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Aid Decision Making	Exposure to producers of fossil fuels	Use of MSCI Carbon analytics tools

**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

We have conducted detailed analysis of climate risk of underlying holdings (covering emissions, scenario analysis, holdings momentum on reducing transitions risk), and in the assessment of potential new investments. Specific allocations have been made to investments targeting alignment with, and opportunities from, the transition to a low carbon economy (e.g. listed thematic clean energy, and energy efficiency/cleantech in private investments)

A detailed ESG DDQ used by our investment advisor as a formal part of their manager due diligence assets how all managers integrate considerations of climate risk.

- 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.

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.

%

10

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

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)

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

1

- Fixed income - Securitised
- Private equity
- Hedge funds
- Forestry
- Cash

Brief description and measures of investment

In addition to the main endowment, Esmee provides social investment in the form of different types of repayable finance to charities and other not-for-profit organisations with the aim of creating social impact.

<https://www.esmeefairbairn.org.uk/social-investment>

Additionally, while not solely ESG themed or counted in the above figure, our private investments programme has meaningful exposure to healthcare focussed venture. Elsewhere, within venture our funds are backing numerous clean tech solutions.

- Affordable housing
- Education
- Global health
- Water
- Other area, specify

Five public equity and three private equity funds with an overarching investment philosophy based on social and environmental sustainability themes

Asset class invested

- Listed equity

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

9

- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Private equity

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

0.5

- Hedge funds
- Forestry
- Cash

Brief description and measures of investment

The eight investments (five public, three private) comprise investments in our ESG carve out and sustainability themed strategies in our main endowment allocation. The private investments are stated at the NAV plus unfunded commitment.

No