



CLIMATE TRANSPARENCY REPORT 2020

Foundation North

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/-F739E3ED-0F31-4AA1-A1E7-D2808D1468D6/79894dbc337a40828d895f9402aa63de/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	✓	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	
Name	Foundation North
Signatory Category	Foundation
Signatory Type	Asset Owner
Size	US\$ 0.1 - 0.99 billion AUM
Main Asset Class	Multi-Asset
Signed PRI Initiative	2008
Region	Oceania
Country	New Zealand
Disclosure of Voluntary Indicators	100% from 38 Voluntary indicators

Foundation North

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 01.6 Additional information [Optional].

The Foundation also participates in high engagement social projects through its Centre for Social Impact. <https://www.centreforsocialimpact.org.nz/>

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 Foundation believes that climate change poses significant risks to its perpetual longevity, ultimately impacting on the intergenerational equity of its investment portfolio and grants program unless appropriate action is taken to mitigate these risks. The Foundation believes that by integrating climate change into its risk management process using carbon foot-printing, fossil fuel exposure and challenging managers on physical risk it will reduce unrewarded climate change risk. This may also result in selective disinvestment based on investment risk, supporting our commitment to decarbonising our listed portfolios.

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.

The Foundation implemented a 2° scenario analysis in 2019. This analysis responds to the recommendations of the G20 Financial Stability Board Task Force on Climate-related Financial Disclosures (TCFD). The outputs provide an analysis of the portfolio relative to an economic transition over 5 years consistent with limiting global warming to 2°C above pre-industrial levels. At this early stage of development the analysis focuses only on the fossil fuel, power and automotive sectors as these typically account for 70% to 90% of carbon emissions in an equity portfolio. The initial analysis has identified that the majority of publicly listed companies held in carbon intense sectors are not contributing enough to limit global warming to 2°C or less.

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

The Foundation believes it has a responsibility to advocate for improved transparency to our stakeholders and will disclose in line with the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) including the publication of annual carbon footprints and fossil fuel exposure, alongside the development of other carbon metrics. Also refer to SG 01.6 CC.

- No

**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

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 this stage the Foundations asset consultant provides detailed annual reporting to the Investment Committee/Board.

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

Due to limited resources the Foundation is reliant on its asset consultant to assess, report and provide recommendations on climate-related issues. Management stay abreast of the issues by attending conferences and online forums with the many related organisations that the Foundation belongs to (RIAA, CDP, GIIN, Akina and wholly owned subsidiary the Centre for Social Impact).

**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
- 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
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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

2 degree scenario analysis is currently undertaken by the Foundations asset consultant on listed equity (global, trans-tasman & emerging market equities). The initial screening identified that the majority of companies in carbon intensive sectors are not contributing enough to limit global warming to 2 degrees or less.

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

SAA is set on long-term investment objectives but the Foundation seeks greater exposure to sectors that are shaping the future of a sustainable economy.

We do not consider ESG issues in strategic asset allocation

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

2 degrees scenario analysis is now undertaken by the Foundations asset consultant as part of an annual review of the portfolios responsible investment policy (currently under review). The initial analysis providing background for the establishment of a revised set of investment beliefs. These have yet to be finalised and formally approved by the Board.

- Incorporation into investment analysis
- Inform active ownership

Describe

Consideration is currently taken on the impact of any listed equity investments impact on the Foundations carbon foot print.

The Foundation seeks investment opportunities over time that:

- Produce climate change solutions such as carbon efficiencies or furthering the replacement of fossil fuels;
- Advance environmental conservation or efficient use of natural resources, including water and sustainable land management practices;
- Renewable energy;
- Clean technology;
- Deliver societal solutions in areas such as health, education and economic wellbeing

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

Not at this stage.

**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 checked="" type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario
IEA	<input checked="" type="checkbox"/> Sustainable Development Scenario (SDS)
IEA	<input checked="" type="checkbox"/> New Policy Scenario (NPS)
IEA	<input checked="" 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 type="checkbox"/> Other (1)
Other	<input type="checkbox"/> Other (2)
Other	<input type="checkbox"/> Other (3)

SG 14	Mandatory to Report Voluntary to Disclose	Public	Additional Assessed	PRI 1
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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
- 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

The Foundation measures and monitors its fossil fuel exposures and seeks continuous improvement as new opportunities arise.

- 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

other description

The Foundation is reliant on its Asset Consultant and Investment Managers to manage emissions risks and

opportunities. Consistent and transparent reporting is viewed favourably.

None of the above

SG 14.5	Additional information [Optional]
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The Foundation views climate change risks from a medium to long term perspective and continues to pursue environmentally sustainable investments. Over the past year, the Foundation has demonstrated this commitment by actively reviewing managers that pursue investments in low carbon industries.

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.
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Metric Type	Coverage	Purpose	Metric Unit	Metric Methodology
Carbon footprint (scope 1 and 2)	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Measure and report on the portfolio's absolute carbon emissions on an annual basis so that progress can be monitored and appropriate steps can be taken to reduce footprint over time. This also helps in determining which investment managers drive the portfolio's overall carbon footprint and is used as a basis to help prioritize areas of action/divestment and identify opportunities for future footprint reduction.	tons CO2e / \$M invested	Measures the absolute tons of CO2e (Scope 1 + 2) per million dollars invested. Scope 1 refers to all direct GHG emissions from sources owned or controlled by the company and Scope 2 refers to all indirect GHG emissions from consumption of purchased electricity, heat, or steam, and the transmission and distribution losses associated with some purchased utilities.
Portfolio carbon footprint	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Measure and report on the portfolio's exposure to carbon intensive companies. Since companies with higher carbon intensity are more likely to face more exposure to regulatory risks and risks of stranded assets, this metric serves as proxy for the portfolio's exposure to potential climate change-related risks relative to the benchmark.	tons CO2e / \$M sales x Portfolio Weight	Measures the portfolio's exposure to carbon intensive companies adjusting for the company's sales and weight in portfolio. This allows for comparative analysis against the benchmark.
Exposure to carbon-related assets	<input type="checkbox"/> All assets <input checked="" type="checkbox"/> Majority of assets <input type="checkbox"/> Minority of assets	Measure and report on the portfolio's exposure to the Carbon Underground 200 companies (largest owners of reported carbon reserves) on an annual basis.	% of Total Assets	Measures exposure to the top 200 publicly-listed coal and oil & gas reserve holders globally, ranked by the potential carbon emissions content of their reported reserves.

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.
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Processes for climate-related risks are integrated into overall risk management

Please describe

Incorporating climate change risks is considered on a best efforts long term basis and conducted in line with Foundation North's investment objectives and strategic asset allocations. The Foundation conducts a detailed ESG review on an annual basis that measures all the metrics listed above to track and report these risks.

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

The Foundation invests in a number of active managers that undertake active ownership activities to encourage TCFD adoption through engagement with portfolio companies, proactive dialogue with management teams and proxy voting on shareholder resolutions.

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
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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