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.
<table>
<thead>
<tr>
<th>Indicator</th>
<th>Reported</th>
<th>Disclosure</th>
<th>Governance</th>
<th>Strategy</th>
<th>Risk Management</th>
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**Symbol**

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<td>-</td>
<td>The signatory did not complete this sub-indicator.</td>
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<td></td>
<td>This indicator is relevant to the named TCFD recommendation</td>
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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

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<thead>
<tr>
<th>Characteristic</th>
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<td>Name</td>
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<td>Signatory Category</td>
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<tr>
<td>Signatory Type</td>
<td>Asset Owner</td>
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<td>Size</td>
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<td>Disclosure of Voluntary Indicators</td>
<td>100% from 38 Voluntary indicators</td>
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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.
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/](https://www.centreforsocialimpact.org.nz/)

**SG 01 CC** Mandatory to Report Voluntary to Disclose

**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 footprinting, 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 intensive 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

<table>
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<th>Public</th>
<th>Descriptive</th>
<th>General</th>
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</table>

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
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
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
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

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
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

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

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 footprint.

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.
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

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.

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

Indicate the climate scenarios your organisation uses.
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<tr>
<th>Provider</th>
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<tbody>
<tr>
<td>IEA</td>
<td>☐ Beyond 2 Degrees Scenario (B2DS)</td>
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<td>IEA</td>
<td>☐ Energy Technology Perspectives (ETP) 2 Degrees scenario</td>
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<td>☑ Sustainable Development Scenario (SDS)</td>
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<td>☐ RE Map</td>
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<td>Greenpeace</td>
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<td>Institute for Sustainable Development</td>
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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]**

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.

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<th>Purpose</th>
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<th>Metric Methodology</th>
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<td>Carbon footprint (scope 1 and 2)</td>
<td>☐ All assets ☐ Majority of assets ☐ Minority of assets</td>
<td>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.</td>
<td>tons CO2e / M invested</td>
<td>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.</td>
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<tr>
<td>Portfolio carbon footprint</td>
<td>☐ All assets ☐ Majority of assets ☐ Minority of assets</td>
<td>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.</td>
<td>tons CO2e / M sales x Portfolio Weight</td>
<td>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.</td>
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<tr>
<td>Exposure to carbon-related assets</td>
<td>☐ All assets ☐ Majority of assets ☐ Minority of assets</td>
<td>Measure and report on the portfolio’s exposure to the Carbon Underground 200 companies (largest owners of reported carbon reserves) on an annual basis.</td>
<td>% of Total Assets</td>
<td>Measures exposure to the top 200 publicly-listed coal and oil &amp; gas reserve holders globally, ranked by the potential carbon emissions content of their reported reserves.</td>
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**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
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**

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**

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Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

- Yes
- No