Te Kāwai Ārahi Pūrongo Mōwaho
EXTERNAL REPORTING BOARD

Aotearoa New Zealand Climate Standard 1

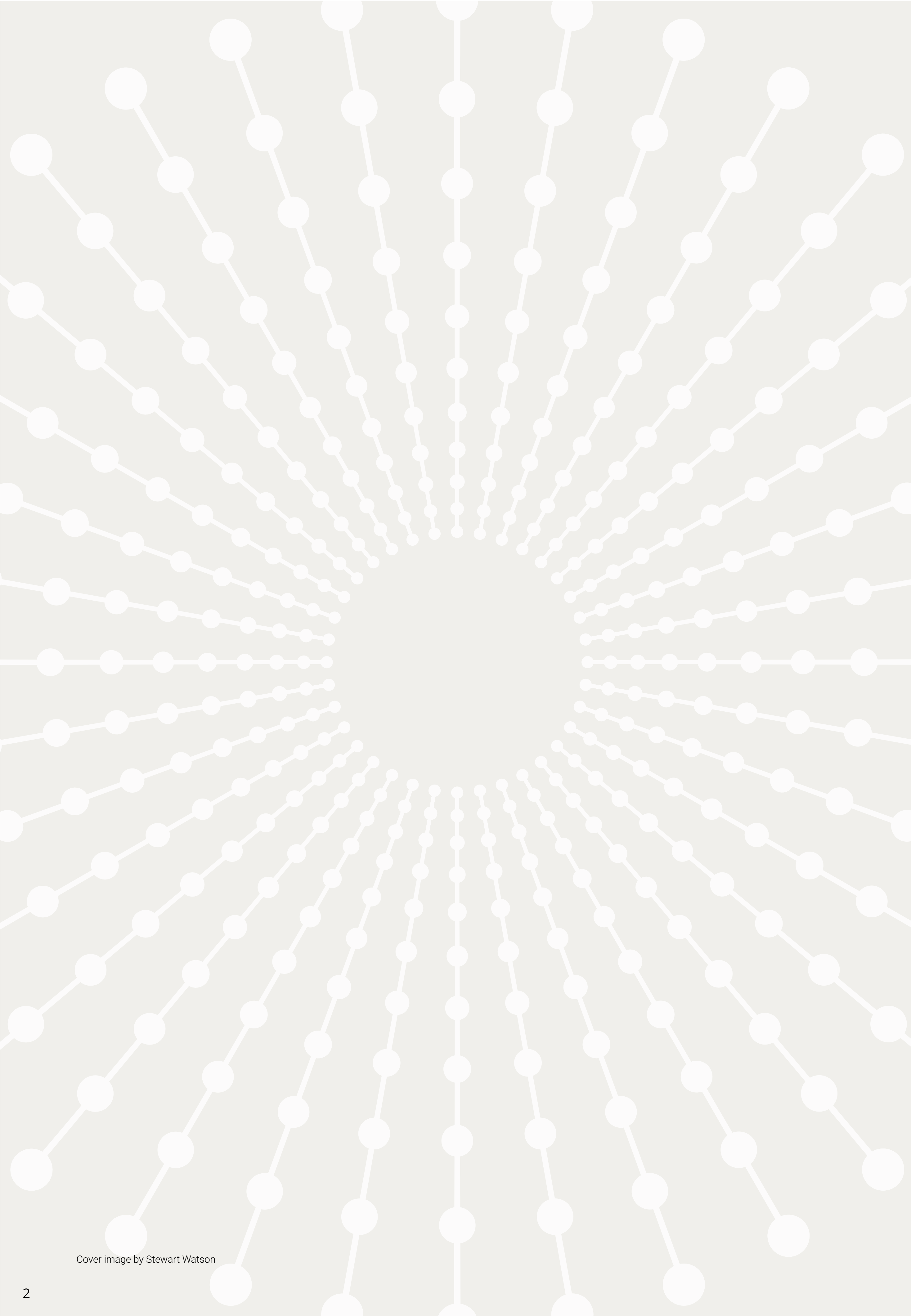
Climate-related Disclosures

Governance and Risk Management Consultation Document

NZ CS 1

October 2021

Submissions due **22 November 2021**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1.

Message from the Chair and Chief Executive

Climate change is uniquely complex. Its multi-dimensional, uncertain, and cumulative nature makes it challenging to address, especially when significant change is needed now to achieve a low-emissions, climate-resilient future. Mandatory climate-related disclosures are a significant tool in the arsenal to focus entity and investor attention on the risks and opportunities arising from climate change. They enable more informed decision making through the provision of clear, relevant, comparable, comprehensive, and high-quality information.

The External Reporting Board (XRB) is proud to play its part in addressing climate change through the establishment of a climate-related disclosure framework for Aotearoa New Zealand. This framework is based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) on Governance, Risk Management, Strategy, and Metrics and Targets. The framework is enabled by the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Bill (the Bill), which is expected to pass into law in late 2021.

This consultation document focuses on the proposed sections of the disclosure framework on Governance and Risk Management. Governance disclosures provide important information on the nature and quality of board oversight, and management assessment and management of, climate-related risks and opportunities by an entity. Risk Management disclosures are about the processes an entity uses to identify, assess and manage climate-related risks, and how these are integrated into an entity's overall risk management processes.

The proposed disclosure requirements focus on enabling existing and potential investors, lenders and insurance underwriters to understand the potential impacts of climate change on reporting entities. This emphasis on the 'impact on' the entity and its ability to preserve and create value is a core feature of the TCFD recommendations, as it is focused on the information needs of capital providers.

However, the XRB is aware that the outward 'impacts of' an entity on climate change are also important to consider, and that such disclosures would be of interest to a wider group of stakeholders. We consider that some of the potential disclosures relating to Strategy, and Metrics and Targets, extend into this area and will be consulting on these disclosures in March 2022.

The XRB recognises that, as well as climate change, wider environmental, social, and cultural issues are increasingly part of the rapidly evolving reporting landscape. This includes disclosure requirements, and investor and other stakeholder expectations. The Bill allows for the XRB to issue guidance on environmental, social, and governance (ESG) matters. As part of our work in this area, we have initiated a project considering Te Ao Māori in the context of reporting in Aotearoa New Zealand as a whole.

We are currently focusing our work on climate due to the new mandatory regime enabled by the Bill, but we see climate-related disclosures as one of the key heke (rafters) that helps to support the tāhuhu (ridge pole) of the overarching wharenui (meeting house) of ESG reporting. We are excited to start this journey and are grateful for your input as we navigate this path.

Michele Embling

Chair

April Mackenzie

Chief Executive

2. What is this consultation document about?

This consultation document provides draft sections on Governance and Risk Management as part of the proposed standard, *Aotearoa New Zealand Climate Standard 1: Climate-related Disclosures* (NZ CS 1). The External Reporting Board (XRB) is seeking feedback on these sections of the proposed standard to inform their development. We are working on the other two draft sections of the proposed standard (Strategy, and Metrics and Targets)[1] and intend to issue those for consultation in March 2022.

NZ CS 1, and any other supporting standards, will be issued by the XRB subject to the final passage of the *Financial Sector (Climate-related Disclosures and Other Matters) Amendment Bill* ('the Bill'). The Bill establishes a climate-related disclosure framework for New Zealand. It received unanimous support for its passing at the Economic Development, Science and Innovation Committee and is expected to pass into law in late 2021.

This document begins by explaining the process for providing feedback, and who is required to report according to the Bill and when. It describes the key decisions we have made in the process to create the climate-related disclosure framework, discusses domestic and international compatibility, and then provides the proposed content of NZ CS 1 (the proposed structure, two draft sections on Governance and Risk Management, and the proposed defined terms). The document then explains other parts of the climate-related disclosure framework, discusses accompanying guidance, outlines some of the future issues under current consideration and concludes with supporting material in the annex.

2.1. Who is interested in climate-related disclosures?

Climate-related disclosures are a mechanism to increase transparency about the risks and opportunities arising from climate change. Mandatory disclosure of climate-related risks and opportunities (together referred to as climate-related issues) in publicly available climate statements aims to achieve several objectives. The Bill explains that mandatory disclosures aim to:

- ensure that the effects of climate change are routinely considered in business, investment, lending, and insurance underwriting decisions;
- help reporting entities better demonstrate responsibility and foresight in their consideration of climate-related issues; and
- lead to smarter, more efficient allocation of capital, and help smooth the transition to a more sustainable, low-emissions economy.

Climate-related disclosures are not intended to be a compliance exercise. Embedding consideration of climate-related issues into an entity's strategy allows for better decision making. This results in more informed capital allocation decisions, both within an entity and by investors into an entity.

The users of the proposed standard are reporting entities (preparers). This is because reporting entities themselves must clearly understand what disclosures the standard is asking for, and how these may be applicable to their specific entity. The primary users of the disclosures are existing and potential investors, lenders and insurance underwriters.[2] This is because they are the ones making capital allocation and other decisions based on the information provided in the disclosures. Climate-related disclosures that are relevant to primary users may also be relevant to a wider group of stakeholders, such as government, regulators, civil society, analysts, customers and employees, and the general public.

Question to consider:

1. **Primary users have been identified as existing and potential investors, lenders and insurance underwriters. Do you think that all of these users should be included in the primary user category?**

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1 Governance, Risk Management, Strategy, and Metrics and Targets are the four thematic areas of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). See section 5.2 and Annex 1 for more detail on the TCFD.

2 This user definition corresponds to the user definition in the TCFD. It also specifies 'existing and potential' investors which aligns with language used in the New Zealand Equivalent to the IASB *Conceptual Framework for Financial Reporting*.

3.

How can you contribute?

As part of the due process for developing standards, we have a statutory obligation to consult with constituents before issuing a standard. In our work to develop a climate-related disclosure framework, we are consulting early and widely in recognition of being among the first in the world to create a mandatory climate-related disclosure regime.

This consultation document will be followed by another consultation document in March 2022 on the Strategy and Metrics and Targets sections of NZ CS 1. The feedback received will inform the full exposure draft that will be issued in July 2022 for a three-month consultation period.

The XRB Board will issue NZ CS 1 and any other climate-related disclosure standards. We have also established two groups to support the development of NZ CS 1: an XRB Project Steering Group[3] and an External Advisory Panel to provide advice on technical matters.[4]

Submissions on this discussion document can be provided via any of the avenues below.

- Electronically on our website at: https://www.xrb.govt.nz/extended-external-reporting/climate-related-disclosures/consultation-and-engagement/governance-and-risk-management-consultation-document
- Asking questions and providing comments at any of our consultation events (see https://www.xrb.govt.nz/extended-external-reporting/climate-related-disclosures/consultation-and-engagement/ for an up-to-date list of relevant events).
- Commenting on our LinkedIn posts: https://www.linkedin.com/company/external-reporting-board/
- Sending us an email at climate@xrb.govt.nz or a letter to: External Reporting Board, PO Box 11250, Manners St Central, Wellington 6142.

The closing date for submissions is 22 November 2021. We appreciate detailed comments, whether supportive or critical, as both supportive and critical comments are essential to a balanced view. We will consider all comments received.

This consultation document contains several questions (provided throughout the document and summarised together in section 11). Responses to these questions are most useful if they indicate the specific paragraph to which they relate, contain a clear rationale and, where applicable, provide a suggestion for an alternative. Please comment on any or all of the questions, any parts of the proposed standard, or any other issues that are relevant to you.

20 October 2021

This consultation provides proposed sections of NZ CS 1 on Governance and Risk Management for a four-week feedback period, closing 22 November 2021.

March 2022

This consultation provides proposed sections of NZ CS 1 on Strategy, and Metrics and Targets, for a four-week feedback period.

July 2022

This consultation provides the formal exposure draft of NZ CS 1, and accompanying documents such as the draft adoption standard, for a three-month feedback period.

December 2022

The XRB expects to issue NZ CS 1 and accompanying documents.

3 The Project Steering Group comprises Jacqueline Robertson-Cheyne (Chair of the Project Steering Group and member of the XRB Board), Michele Embling (Chair of the XRB Board), Jane Taylor (Deputy Chair of the XRB Board) and April Mackenzie (Chief Executive of the XRB).

4 The External Advisory Panel comprises Annabel Chartres (PWC), Alison Howard (Wellington City Council), Adrian McDonald (University of Canterbury), Darren Beatty (Te Rūnanga o Ngāi Tahu Group), Karl Hickey (ANZ Bank Ltd), Belinda Storey (Climate Sigma), Dale Scott (Onepointfive Ltd), and Jonathan Keate (Office of the Auditor-General).

4.

Who is required to report and by when?

The Bill makes it mandatory for certain reporting entities to prepare climate statements in accordance with the climate-related disclosure framework issued by the XRB. The Bill refers to these as climate reporting entities.

Climate reporting entities are FMC[5] reporting entities that are considered to have a higher level of public accountability than other FMC reporting entities. The Bill specifies these as large:

- listed entities (entities with a market capitalisation exceeding $60 million);
- banks, licensed insurers, credit unions and building societies (with total assets exceeding $1 billion); and
- managers of investment schemes (with total assets exceeding $1 billion).[6]

The Crown may also nominate Crown Financial Institutions as climate reporting entities through a letter of expectation from their relevant Minister.[7]

According to the Bill, climate reporting entities will be required to produce climate statements in respect of accounting periods of the entity that commence on or after the date on which the XRB issues the first climate standard that applies to the entity. Group climate statements must be prepared by entities that have one or more subsidiaries. For managers of investment schemes, climate statements must be completed in relation to each separate fund of the scheme.

Currently we expect to issue a standard by December 2022. This means that entities will be required to disclose according to the standard for accounting periods that start on or after 1 January 2023. For example, a reporting entity with a 30 June balance date (reporting period 1 July–30 June), would be required to prepare their first climate statement as part of their 30 June 2024 reporting.

The Bill requires climate reporting entities to include, in their annual reports, a statement that the entity is a climate reporting entity, together with a copy of the climate statements or group climate statements prepared by the entity, or the address of (or a link to) the internet site where a copy of these statements can be accessed. Climate statements or group climate statements (and any assurance practitioner's report on those statements) must be lodged with the Registrar of Financial Service Providers within four months of the balance date of that entity.

5 As defined in the Financial Markets Conduct Act 2013.

6 See the Bill for more specific definitions of climate reporting entities.

7 Large Crown Financial Institutions (CFIs) are currently required to report in accordance with the TCFD recommendations. It is anticipated that once the XRB issues NZ CS 1, CFIs will be expected to report in accordance with the climate-related disclosure framework as issued by the XRB.

5.

Key decisions

We have made several key decisions to help guide our process to develop NZ CS 1.

5.1. The climate-related disclosure framework

Our current intention is that the climate-related disclosure framework will comprise at least two standards and one authoritative notice.

›› Aotearoa New Zealand Climate Standard 1: Climate-related Disclosures (NZ CS 1).

›› Aotearoa New Zealand Climate Standard 2: Adoption of Climate-related Disclosures (NZ CS 2).

›› Aotearoa New Zealand Climate-related Disclosures Concepts (NZ CRDC): this is an authoritative notice containing climate-related disclosure concepts.

All the above documents have mandatory status.[8] Further information about the proposed content of NZ CS 1 is provided in section 7. Section 8 provides further information about the proposed content of NZ CS 2 and NZ CRDC.

We also anticipate issuing accompanying guidance documents. Guidance is discussed further in section 9.

5.2. Based on the TCFD

The proposed standard NZ CS 1 is based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).[9] The TCFD recommendations are a leading framework for climate-related disclosures internationally and were endorsed by the New Zealand Government in 2019.

The TCFD's original 2017 report[10] outlines four thematic areas (Governance, Risk Management, Strategy, and Metrics and Targets) and 11 supporting recommendations (Figure 1). However, basing NZ CS 1 on the TCFD's recommendations has meant looking beyond this initial report to encompass several additional TCFD resources such as guidance documents (provided in the reference list, section 13). The TCFD is also currently consulting on further guidance and we are taking these consultation documents into consideration, as well as other documents that identify investor needs and international best practice, also shown in the reference list.

NZ CS 1 is intended to be ambitious and forward looking, to allow it to be future proofed as far as possible. Expectations as to what is understood to be good practice are evolving rapidly, as more entities take up voluntary TCFD reporting, and international efforts are made towards developing a globally applicable climate-related disclosure standard (see section 6).

NZ CS 1 is also intended to be short and succinct, focusing more on high-level areas for disclosure, rather than being overly prescriptive. This means that it should be sufficiently flexible to allow reporting entities to provide more or less information depending on the extent to which they are impacted by climate change.

At this stage, where we consider that additional detail is needed to apply NZ CS 1, it is our intention that this will be provided in additional material such as guidance documents. Accompanying guidance can be more regularly updated than NZ CS 1 itself, allowing for more useful information to be provided to climate reporting entities as new data becomes available and best practice evolves. This also provides clarity to climate reporting entities regarding the intent of the main disclosure requirements in NZ CS 1.

8 Note that while authoritative notices are mandatory, they "have a "lower" level of authority than accounting standards. This is explained in the Bill.

9 See Annex 1 for more detail on the history of the TCFD and Annex 2 for a side-by-side comparison between the TCFD and the proposed sections on Governance and Risk Management (and associated defined terms).

10 See https://assets.bbhub.io/company/sites/60/2020/10/FINAL-2017-TCFD-Report-11052018.pdf

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organization's governance around climate-related risks and opportunities	Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	Disclose how the organization identifies, assesses, and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended Disclosures	**Recommended Disclosures**	**Recommended Disclosures**	**Recommended Disclosures**
a. Describe the board's oversight of climate-related risks and opportunities.	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	a. Describe the organization's processes for identifying and assessing climate-related risks.	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.
b. Describe management's role in assessing and managing climate-related risks and opportunities	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	b. Describe the organization's processes for managing climate-related risks.	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.
	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	c. Describe how processes for identifying, assessing, and managing climated-related risks are integrated into the organization's overall risk management.	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Figure 1: TCFD thematic areas and recommended disclosures

We intend to include the TCFD's four thematic areas, and each of the 11 recommended disclosures, in the standard in some format. This discussion document provides a draft of the first two thematic areas: Governance and Risk Management. At this stage, we consider that the four thematic areas of the TCFD provide a useful structure for NZ CS 1.

5.3. Design principles

To guide our process, we have developed several design principles. These include that:

›› the XRB will be guided by the qualitative characteristics of information that is useful for decision making: relevance, faithful representation (information being complete, neutral and free from error), comparability, verifiability, timeliness and understandability.

›› NZ CS 1 will be principles-based and succinct, with decisions about what is in NZ CS 1 and what is in the guidance to be made on a case-by-case basis.

›› the set of standards and associated guidance will be developed based on the recommendations of the TCFD, with any additions beyond what is contained within the TCFD suite of documents made as best practice evolves and with a view to future proofing the standard.

›› the set of standards and associated guidance are to be developed with a user needs focus. This means that the disclosures must be useful to existing and potential investors, lenders and insurance underwriters.

›› understanding of Te Ao Māori in relation to climate-related disclosures is being developed at a framework level across the XRB to inform our work on wider sustainability reporting and will inform NZ CS 1 as it is able.

6. Domestic and international compatibility

We are aware of many other reporting requirements that are of consequence to our work in developing a climate-related disclosure framework for Aotearoa New Zealand.

6.1. Domestic

Many of the designated climate reporting entities under this regime are also required to disclose related information to other parties. Among other requirements, this includes:

- the New Zealand Stock Exchange (NZX), which requires listed issuers to make non-financial disclosures at least annually, including considering environmental, economic and social sustainability factors and practices, as part of its Corporate Governance Code;
- information the Reserve Bank of New Zealand may request as part of its supervision of climate-related risks relating to prudentially regulated entities. For example, this could include surveys on the implementation of climate-related disclosure and/or climate-related stress tests;
- Section 5ZW of the Climate Change Response Act 2002, which allows the Minister for Climate Change or the Climate Change Commission to request information on climate change risk from hundreds of New Zealand entities; and
- the Carbon Neutral Government Programme, which requires over a hundred public sector organisations to measure, verify and report their greenhouse gas (GHG) emissions as part of their journey to reduce their emissions.[11]

Moreover, data on greenhouse gas (GHG) emissions is becoming a significantly more important piece of organisational information. For example, GHG emissions information is required to understand obligations under the New Zealand Emissions Trading Scheme and is increasingly demanded by upstream and downstream parts of entity supply chains for reporting purposes in other jurisdictions.

The XRB is keenly aware of these other climate-related reporting requirements. We are working with other parts of the New Zealand Government and other stakeholders to understand where our standards may come into conflict, or could be better aligned with, other domestic requirements.

6.2. International

As explained above, NZ CS 1 is based on the TCFD's recommended disclosures. However, in the four years since the TCFD published its recommendations, considerable effort has been directed towards developing a globally relevant climate-related disclosure standard that can be applied across jurisdictions to enable international comparability.

A key document produced to date is a prototype climate-related financial disclosure standard developed by a group of five reporting organisations.[12] This prototype, drawing heavily from the TCFD's recommendations and associated guidance, was issued in December 2020 for use by the IFRS Foundation to encourage and support the IFRS Foundation's decision (confirmed in March 2021) to create an International Sustainability Standards Board (ISSB). The ISSB is due to be launched at COP-26 in November 2021 and an exposure draft of its climate standard is expected to be published in the first quarter of 2022.

11 See https://environment.govt.nz/what-government-is-doing/key-initiatives/carbon-neutral-government-programme/

12 See CDP et al. 2020. Reporting on enterprise value: Illustrated with a prototype climate-related financial disclosure standard, available at https://29kjwb3armds2g3gi4lq2sx1-wpengine.netdna-ssl.com/wp-content/uploads/Reporting-on-enterprise-value_climate-prototype_Dec20.pdf

International developments on mandatory climate disclosure requirements

Between 2017 and now, many hundreds of entities across the globe have applied the TCFD's recommendations on a voluntary basis. These include several New Zealand entities across the energy, property, transport, financial and other sectors.

New Zealand is one of several jurisdictions that has decided to shift from voluntary to mandatory climate-related disclosures. Making climate-related disclosures mandatory is an important step in improving disclosure quality. By requiring entities to comply with the same reporting standard, it provides more comparable and consistent information for users of the disclosures, allowing them to make more informed capital allocation decisions. It also enables reporting entities to benchmark themselves against their peers.

Standard setter	International Financial Reporting Standards (IFRS) Foundation	European Financial Reporting Advisory Group (EFRAG)	The T5 – A group of five framework/standard-setting institutions (CDP, CDSB, GRI, IIRC, SASB)
Relevant jurisdiction/s	Global – those that adopt the IFRS' forthcoming standard	Europe	Global – the prototype was developed to inform the development of global standards
Phase	Plans are underway to establish an International Sustainability Standards Board under the governance of the IFRS Foundation to be launched in November 2021. Pending developments in November, a prototype Climate-related disclosure standard will be consulted on	The EU Sustainable Finance Disclosure Regulation is already in force requiring mandatory environmental, social and governance (ESG) disclosures. The Corporate Sustainability Reporting Directive obliges companies to report in compliance with the European Commission's sustainability reporting standards expected by October 2022. This includes an active consultation on a climate standard prototype	A prototype climate-related financial disclosure standard was published in December 2020

An international comparison

Jurisdiction-level disclosure standards are also in development. For example, the European Commission has requested EFRAG to develop draft European Union sustainability reporting standards. One of these standards is a climate standard covering climate change mitigation and adaptation. EFRAG's technical readiness working group published a working paper providing information on this climate standard in September 2021.[13]

Other notable activities include the United States Securities and Exchange Commission updating its climate-related disclosure rules[14], and the United Kingdom developing its requirements for mandatory climate-related financial disclosures.[15]

A critical area of uncertainty is the final form of the ISSB's climate standard and the extent to which it will be globally adopted. This poses a challenge as we attempt to develop a climate-related disclosure framework for New Zealand in parallel. We are staying connected to these developments, both at an international level and at a jurisdictional level to ensure a degree of compatibility as appropriate.

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13 See https://www.efrag.org/News/Project-527/EFRAG-PTF-ESRS-welcomes-Climate-standard-prototype-working-paper

14 See https://www.sec.gov/news/public-statement/lee-climate-change-disclosures

15 See https://www.gov.uk/government/consultations/mandatory-climate-related-financial-disclosures-by-publicly-quoted-companies-large-private-companies-and-llps

7.

Proposed sections of NZ CS 1

7.1. Proposed structure of NZ CS 1

As explained in section 5.2, we are intending that the main disclosure requirements in NZ CS 1 will be structured according to four sections: Governance, Risk Management, Strategy, and Metrics and Targets. The proposed structure for each of the four sections is explained in Table 1.

Table 1: Proposed structure of the four sections in NZ CS 1

Heading	Content
Disclosure objective(s)	Explains the disclosure objectives for each of the four sections, i.e., Governance, Strategy, Risk Management, and Metrics and Targets. The purpose of the disclosure objective(s) is to describe why the information disclosed is useful to primary users. The disclosure objective(s) assists entities when making materiality judgements so that relevant material information is provided to primary users.
Explanatory paragraph	Reminds entities to apply judgement when applying the disclosure requirements and not to obscure relevant information by the inclusion of insignificant detail.
Disclosures	Information to be disclosed by an entity that is expected to enable the entity to meet the disclosure objective(s). The 11 TCFD recommended disclosures form the basis for the disclosures in NZ CS 1. The disclosures should not be used as a checklist; rather entities will need to apply judgement to determine what information is material and whether the information provided satisfies the disclosure objective.

As well as the information to be disclosed under the four sections, we are proposing to develop the following overarching requirements in NZ CS 1 as follows:[16]

Table 2: Proposed overarching requirements in NZ CS 1

Section	Proposed content
Objective	Describes the overall objective of the standard.
Materiality and relevance	Requirements on the application of materiality, including a definition of material.[17]
Presentation	Requirements on cross-referencing and any other requirements for the presentation of information in the climate statement.
Reporting entity and reporting period	Requirements in relation to the reporting entity and reporting period.
Compliance with NZ CS 1	Requirements around stating compliance with NZ CS 1.
Comparative information and consistency of reporting	Requirements on the provision of comparative information and consistency of reporting. Note that while it is yet to be confirmed, it is anticipated that comparative information will not be required in Year 1 reporting (note that comparative information may be provided if it is available to the reporting entity).
Basis for Conclusions	The Basis for Conclusions summarises the XRB Board's considerations in developing NZ CS 1.

16 Note that the proposed requirements in Table 2 will be included for comment when the full exposure draft is issued in July 2022.

17 See also section 10.5 for more on materiality.

7.2. Proposed section: Governance

The intent of the Governance[18] section of NZ CS 1 is to provide primary users with an understanding of both the board and management's role in overseeing, assessing and managing climate-related issues.[19] Note that defined terms are shown in *italics*.

Table 3: Proposed Governance section of NZ CS 1

Disclosure objective(s)	1. The objective of these disclosures is to enable *primary users* to understand both the role an entity's board plays in overseeing *climate-related issues*[20], and the role *management* plays in assessing and managing those issues. Such information supports evaluations by primary users of whether climate-related issues receive appropriate board and management attention.
Explanatory paragraph	2. An entity must consider the level of detail necessary to satisfy the disclosure objective and how much emphasis to place on each of the various requirements. If the disclosures provided, applying paragraphs 3– 5, are not sufficient to meet the objective in paragraph 1, an entity must disclose additional information necessary to meet that objective. However, an entity must ensure that relevant information is not obscured by the inclusion of insignificant detail.
Disclosures	3. To achieve the disclosure objective in paragraph 1, an entity must disclose the following information: (a) a description of the board's oversight of *climate-related risks* and *climate-related opportunities* (see paragraph 4); and (b) a description of management's role in assessing and managing climate-related risks and climate-related opportunities (see paragraph 5). 4. An entity must include the following information when describing the board's oversight of climate-related issues (see paragraph 3(a)): (a) processes and frequency by which the board and/or board committees are informed about climate-related issues; (b) how the board sets and monitors progress against goals and targets for addressing climate-related issues; (c) how the board holds management accountable for the implementation of climate-related policies, strategies, and targets, including whether and how related performance metrics are incorporated into remuneration policies; (d) whether and how the board accesses expertise on climate-related issues, either from its own internal capacity and/or from external sources in order to provide appropriate oversight on climate-related issues; and (e) whether and if so, how, climate-related issues are incorporated into governance processes and decision making. 5. An entity must include the following information when describing management's role in assessing and managing climate-related issues (see paragraph 3(b)): (a) whether the board has assigned climate-related responsibilities to management-level positions or management committees; and, if so, whether such management positions or committees report to the board or a committee of the board; (b) a description of the related organisational structure(s) showing where these positions and committees lie; and (c) processes by which management is informed about, makes decisions on, and monitors, climate-related issues.

18 Governance is also a defined term.

19 For more resources on Governance, see the TCFD knowledge hub page: https://live-tcfdhub.pantheonsite.io/governance/

20 Climate-related risks and climate-related opportunities are collectively referred to in NZ CS 1 as climate-related issues.

7.2.1. Key decisions for Governance

As per the identified design principles, in drafting the Governance section we began with the TCFD as a base. This comprised reviewing the recommended disclosures (see Figure 1) and the guidance for all sectors.[21] We then considered a range of resources to determine if we needed to add (or amend) any of the TCFD recommendations and guidance. For example, the Global Reporting Initiative (GRI) Standards have quite comprehensive governance disclosures which appear to be more general governance disclosures at a broader level than TCFD.

Entities in New Zealand also have requirements to disclose broader governance information, for example, under the *NZX Corporate Governance Code*. We noted that there is a great deal of alignment across various frameworks and standards in relation to governance disclosures. We have therefore aligned the requirements in the Governance section very closely with the recommendations and guidance provided by the TCFD (see Table 6 in Annex 2).

However, we are aware of the call from investors for more information about board skills and competencies in relation to providing oversight of climate-related issues, for example, in the TCFD's 2020 Status Report[22] and in the Investor Group on Climate Change's 2020 publication on corporate reporting of climate risk.[23] We also note that this is a disclosure that is included in other international standards, such as the prototype climate-related financial disclosure standard, and the European Financial Reporting Advisory Group (EFRAG)'s proposed climate standard (published currently as a technical working group paper).

We did not go as far as requiring a disclosure of specific climate-related skills and competencies of individual board members, because in our view the composition of a board should be sufficiently diverse in relevant knowledge, skills, experience and background in order to govern the entity. The risk with adding a disclosure on specific board skills and competencies is the inadvertent creation of an expectation that all boards should have specific climate expertise resulting in a 'shopping list' for directors' expertise. This approach may not result in the right governance mix overall for a specific entity. However, we believe it is useful to disclose how a board accesses expertise on climate-related issues, especially if the entity is in a complex industry (see therefore paragraph 4(d) in section 7.2).

We have also added to paragraph 4(c) in section 7.2 a disclosure on how related performance metrics are incorporated into remuneration policies. This is included in the TCFD guidance under the Metrics and Targets section. We have elevated this disclosure to the Governance section as we believe it is useful information for primary users in relation to how management is held accountable. The disclosure aims to capture how incentives are associated with the management of climate-related issues, including attainment of targets. This will help to ensure that climate-related ambitions and goals are embedded throughout the entity and that management is held accountable for the achievement of these goals.

Question to consider:

2. **Do you think the proposed Governance section of NZ CS 1 meets primary user needs?**

a) Do you think that the information provided under this section of NZ CS 1 will provide information that is useful for decision making to primary users (existing and potential investors, lenders and insurance underwriters)? If not, please explain why not and identify any alternative proposals.

b) Do you consider that this section of the standard is clear and unambiguous in terms of the information to be disclosed? If not, how could clarity be improved?

c) Do you consider that this section of the standard is adequately comprehensive and achieves the right balance in terms of prescriptiveness and specificity? If not, what should be removed or added to achieve a better balance?

21 See https://assets.bbhub.io/company/sites/60/2020/10/FINAL-TCFD-Annex-Amended-121517.pdf, page 14

22 See https://www.fsb.org/wp-content/uploads/P291020-1.pdf, page 94

23 See https://igcc.org.au/wp-content/uploads/2020/09/IGCCReport_Full-Disclosure_FINAL.pdf, page 14

7.3. Proposed section: Risk Management

The intent of the Risk Management[24] section of NZ CS 1 is to provide primary users with an understanding of the quality of the processes an entity uses for identifying, assessing and managing climate-related risks, and how these are integrated into an entity's overall risk management processes. Importantly, it is not about the actual identification of climate-related risks (or opportunities), which is the focus of the Strategy thematic area of the TCFD's recommendations. Note that defined terms are shown in *italics*.

Table 4: Proposed Risk Management section of NZ CS 1

Disclosure objective(s)	1. The objective of these disclosures is to enable primary users to understand how an entity's climate-related risks are identified, assessed and managed, and how those processes are integrated in existing risk *management* processes. Together with the Strategy disclosures[25], such information supports evaluations by primary users of the entity's overall *risk profile* and the quality and robustness of the entity's risk management activities.
Explanatory paragraph	2. An entity must consider the level of detail necessary to satisfy the disclosure objective and how much emphasis to place on each of the various requirements. If the disclosures provided, applying paragraphs 3–5, are not sufficient to meet the objective in paragraph 1, an entity must disclose additional information necessary to meet that objective. However, an entity must ensure that relevant information is not obscured by the inclusion of insignificant detail
Disclosures	3. To achieve the disclosure objective in paragraph 1, an entity must disclose the following information for both *transition risks* and *physical risks*: (a) a description of its processes for identifying and assessing climate-related risks (see paragraph 4); (b) a description of its processes for managing climate-related risks (see paragraph 5); and (c) a description of how its processes for identifying, assessing, and managing climate-related risks are integrated into its overall risk management. 4. An entity must include the following information when describing its processes for identifying and assessing climate-related risks (see paragraph 3(a)): (a) the tools and methods used to identify, and to assess the scope, size, and impact of the climate-related risk; (b) the short-, medium-, and long-term time horizons considered, including specifying the duration of each of these time horizons; (c) the *value chain* stage(s) covered; and (d) the frequency of assessment. 5. An entity must include the following information when describing its processes for managing climate-related risks (see paragraph 3(b)): (a) how it determines the relative significance of identified climate-related risks; (b) how it determines the relative significance of climate-related risks in relation to other risks; and (c) how it makes decisions to mitigate, transfer, accept, or control those climate-related risks.

24 For more resources on Risk Management see the TCFD knowledge hub page: https://www.tcfdhub.org/risk-management/

25 The proposed Strategy section of NZ CS 1 will be provided in March 2022.

7.3.1. Key decisions for Risk Management

As with the Governance section, we began with the TCFD as a base. This comprised the Risk Management recommendation, the three recommended disclosures (see Figure 1) and the guidance for all sectors for Risk Management.[26] We then considered a range of resources to determine if we needed to add (or amend) any of the TCFD recommendations and guidance.

When an entity is describing its processes for identifying and assessing climate-related risks, we determined that including the following additional specific items of information provides useful information for primary users.

- The tools and methods used: for example, an entity may be using scenario analysis, hazard maps, horizon scanning, or could use a desk top assessment based on an existing risk pipeline.
- The time horizons considered: because climate-related issues often manifest over the medium to longer term, assessing climate-related risk does require consideration of time frames.
- The value chain stages covered: when considering exposure to climate-related risks, an entity should consider the exposure of its value chain as well. While some entities will be looking across the entire value chain, others may not yet be able to look as broadly. It is useful for an entity to provide information on the parts of the value chain covered to primary users.

In its guidance, the TCFD recommends that entities should address four types of transition risk (policy and legal, technology, market, and reputation) and two types of physical risks (acute and chronic), as appropriate. In the TCFD's guidance, these types of risk are supplemented in a specific table (Table A1), with 17 specific climate-related risks.[27] We have decided not to prescribe this level of detail in the standard; instead, we propose requiring disclosure at a physical risk and transition risk level only. This is for two main reasons. Firstly, because the level of detail in Table A1 risks being insufficiently relevant for many climate reporting entities (for example, the identified chronic physical risks do not include ocean acidification, which may be a significant risk for a fisheries entity). Secondly, because the list could be seen as a comprehensive checklist of risks to consider. We want to avoid this and ensure that an entity focuses on those risks which are of most relevance to its operations.

Question to consider:

3. **Do you think the proposed Risk Management section of NZ CS 1 meets primary user needs?**

a) Do you think that the information provided under this section of the standard will provide information that is useful for decision making to primary users (existing and potential investors, lenders and insurance underwriters)? If not, please explain why not and identify any alternative proposals.

b) Do you consider that this section of the standard is clear and unambiguous in terms of the information to be disclosed? If not, how could clarity be improved?

c) Do you consider that this section of the standard is adequately comprehensive and achieves the right balance in terms of prescriptiveness and specificity? If not, what should be removed or added to achieve a better balance?

26 See https://assets.bbhub.io/company/sites/60/2020/10/FINAL-TCFD-Annex-Amended-121517.pdf, page 16

27 See TCFD. 2017. Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures, page 72, available at https://assets.bbhub.io/company/sites/60/2020/10/FINAL-TCFD-Annex-Amended-121517.pdf

7.4. Proposed defined terms

Definitions of terms used in standards are important to ensure reporting entities have a consistent understanding of the disclosure requirements. Table 5 provides the defined terms for the proposed Governance and Risk Management sections of NZ CS 1.

Table 5: Proposed defined terms for the Governance and Risk Management sections of NZ CS 1

Board of directors or board	A body of elected or appointed members who jointly oversee the activities of a company or entity.
Climate-related issues	An umbrella term to encompass climate-related risks and climate-related opportunities.
Climate-related risks	The potential negative impacts of climate change on an entity. Physical risks emanating from climate change can be event-driven (acute) such as increased severity of extreme weather events. They can also relate to longer-term shifts (chronic) in precipitation and temperature and increased variability in weather patterns. Climate-related risks can also be associated with the transition to a lower-emissions global and domestic economy, the most common of which relate to policy and legal actions, technology changes, market responses, and reputational considerations.
Climate-related opportunities	The potential positive impacts related to climate change on an entity. Efforts to mitigate and adapt to climate change can produce opportunities for entities, such as through resource efficiency and cost savings, the adoption and utilization of low-emission energy sources, the development of new products and services, and building resilience along the supply chain. Climate-related opportunities will vary depending on the region, market, and industry in which an entity operates.
Governance	The system by which an entity is directed and controlled in the interests of shareholders and other stakeholders. Governance involves a set of relationships between an entity's management, its board, its shareholders, and other stakeholders. Governance provides the structure and processes through which the objectives of the entity are set, progress against performance is monitored, and results are evaluated.
Management	Those positions an entity views as executive or senior management positions and that are generally separate from the board.
Physical risks	Risks related to the physical impacts of climate change. Physical risks emanating from climate change can be event-driven (acute) such as increased severity of extreme weather events. They can also relate to longer-term shifts (chronic) in precipitation and temperature and increased variability in weather patterns.
Risk management	A set of processes that are carried out by an entity's board and management to support the achievement of the entity's objectives by addressing its risks and managing the combined potential impact of those risks.
Risk profile	A composite view of the risk assumed at a particular level of a company or aspect of the business that positions management to consider the types, severity, and interdependencies of risks and how they may affect performance relative to the strategy and business objectives.

Table 5 continued

Transition risks	Risks related to the transition to a lower-emissions global and domestic economy, such as policy and legal risks, technology risks, market risks and reputation risks.
Primary users	Existing and potential investors, lenders and insurance underwriters.
Value chain	The upstream and downstream life cycle of a product, process, or service, including material sourcing, production, consumption, and disposal/recycling. Upstream activities include operations that relate to the initial stages of producing a good or service (e.g., material sourcing, material processing, supplier activities). Downstream activities include operations that relate to processing the materials into a finished product and delivering it to the end user (e.g., transportation, distribution, and consumption).

The defined terms provided above draw heavily from the TCFD's defined terms. However, we are aware that the TCFD's terms are part of a voluntary framework, whereas our defined terms are critical components of a standard. The TCFD's terms can be open ended and illustrative, as demonstrated by the inclusion of language such as 'can be' and 'often', 'such as' and 'the most common of which relate to…'. A related consideration is the potential conflation in the TCFD of the terms 'risk' and 'hazard' which the Intergovernmental Panel on Climate Change (IPCC) has specifically highlighted as an issue.[28]

We have the option to amend the TCFD's defined terms.[29] For example, should we continue to refer to climate-related opportunities? Or should we only refer to climate-related risks, recognising that risk may not necessarily be used to mean negative outcomes? As the IPCC explains, in the investment and finance literature for example, the term risk "simply describes the potential for actual consequences to be different from (better or worse) their expected value."[30] Understandings of risk (including whether and how it is broken down into different components, such as hazard, vulnerability, exposure[31]) are also different in physical climate science, disaster management, or health and safety contexts.

For the purposes of our standards, we do however need to define climate-related risks. Climate-related risks have unique characteristics compared to many other risks, as they have wide-ranging implications that differ across time horizons and spatial dimensions. As noted by the TCFD in its risk management guidance[32],

> *[a] critical aspect of integrating climate-related risks into existing processes involves taking into account the unique characteristics of these risks… that might not be fully considered in the existing processes. This is the case whether climate-related risks are viewed as stand-alone risks or drivers of existing risks. Recognizing these unique characteristics is important for understanding how climate-related risks may affect a company; and integrating climate-related risks into existing risk management processes often requires adjusting existing processes to ensure these unique characteristics are reflected.*

28 See https://www.ipcc.ch/site/assets/uploads/2021/01/The-concept-of-risk-in-the-IPCC-Sixth-Assessment-Report.pdf

29 See Table 7 in Annex 2 for a comparison between the TCFD's defined terms and the proposed defined terms for Governance and Risk Management in NZ CS 1.

30 See https://www.ipcc.ch/site/assets/uploads/2021/01/The-concept-of-risk-in-the-IPCC-Sixth-Assessment-Report.pdf, page 13

31 See for example the IPCC's definitions of these terms that appear here https://apps.ipcc.ch/glossary/

32 See https://assets.bbhub.io/company/sites/60/2020/09/2020-TCFD_Guidance-Risk-Management-Integration-and-Disclosure.pdf, page 5.

We could potentially provide more detailed definitions that explain climate-related risks in a way that ensures their unique characteristics are considered (while also allowing for integration at an entity level into different risk management processes). On a related point, defining and explaining transition risk presents its own set of challenges because it has not been subject to the long history that definitions developed via IPCC processes have. For example, should the proposed definition for transition risk be more explicit about the potential for adaptation risks as well as mitigation risks?

We also have a decision to make regarding the level of detail we go into regarding risk definitions in the standard, as opposed to providing more information in guidance materials, which has effectively been the TCFD's approach.

We are exploring all of these issues and therefore we are seeking specific feedback on the terms relating to risk as they are currently defined.

Question to consider:

4. **The XRB has primarily drawn from the TCFD's definitions for its defined terms. Do you agree that we should align closely with the TCFD's definitions?**
5. **The XRB is particularly interested in feedback on the following defined terms as they are currently proposed: 'climate-related risk', 'climate-related opportunities', 'climate-related issues', 'physical risk', and 'transition risk'.**

a) Do you consider that the XRB should align with the TCFD and use the terms 'climate-related opportunities' and 'climate-related issues', or should we only refer to 'climate-related risks'?

b) Do you consider that the proposed definitions for these terms are accurate, sufficiently clear and well-explained? Do they need further detail or explanation? If so, should that detail be included in the defined terms or in guidance?

6. **Do you have any other views on the defined terms as they are currently proposed?**

8.

Proposed NZ CS 2 and NZ CRDC

When the full exposure draft of NZ CS 1 is issued for comment in July 2022, the following draft documents will also be published.

8.1. NZ CS 2: Adoption of Climate-related Disclosures

We are aware that the depth of understanding of climate-related issues varies substantially across climate reporting entities, and that capability to enable high-quality disclosures takes time to develop. Therefore, to enable a meaningful reporting journey for climate reporting entities, we intend to issue a climate-related disclosures adoption standard, *Aotearoa New Zealand Climate Standard 2: Adoption of Climate-related Disclosures* (NZ CS 2).

Adoption standards offer various provisions to entities when a new standard or new requirements are to be applied for the first time, and can include practical expedients, phased adoption or relief from providing comparative information.[33] It is important to note that those entities that are more advanced in their climate reporting journey may choose not to apply any of the provisions that we intend to make possible in NZ CS 2.

We consider that adoption provisions are not required for the Governance and Risk Management sections of NZ CS 1. This is because we consider that providing this information is not onerous, as the disclosures ask for a description of an entity's current activities. However, we anticipate that adoption provisions may be required for the Strategy, and Metrics and Targets, disclosures of NZ CS 1.

Question to consider:

7. **The XRB is currently of the view that adoption provisions for some of the specific disclosures in NZ CS 1 will be required. However, the XRB does not believe it is necessary to provide any adoption provisions for entities in relation to the Governance and Risk Management disclosures. Do you agree with this view? Why or why not?**

8.2. NZ CRDC: Authoritative notice containing climate-related disclosure concepts

The XRB intends to issue an authoritative notice containing climate-related disclosure concepts (NZ CRDC). This notice will describe the concepts underpinning NZ CS 1. It is intended that this document will describe:

- the objective and primary users of climate-related disclosures;
- how climate-related disclosures fit in the context of wider sustainability reporting;
- the qualitative characteristics of useful information (relevance, faithful representation (information being complete, neutral and free from error), comparability, verifiability, timeliness and understandability); and
- the importance of the interconnection between financial statements information and climate-related disclosures.

We will also be considering *The TCFD Fundamental Principles for Effective Disclosure* in the development of the concepts document. These are largely consistent with the qualitative characteristics of useful information.

33 Comparative information is disclosures (including amounts) for one or more prior years in respect of disclosures included in the report for the current year.

9. Accompanying guidance

Our decision to develop a principle-based and concise standard is likely to mean that for some climate-reporting entities, especially those that are less advanced in their climate-reporting journey, the standard provides less detail than may be optimal for them. Guidance will therefore be important for reporting entities to refer to when making their disclosures. It is intended to lead to consistent application of the standard, and therefore result in useful and comparable information.

It is our intention to provide accompanying guidance in an ongoing manner as climate-related information is updated, and user expectations evolve. Guidance issued by the XRB may not be subject to the same formal consultation process as standards are, so it is able to be updated more regularly. We will issue guidance on critical topics alongside the first version of NZ CS 1 and continue to provide further guidance over time.

Our current view is to provide sector-specific information as guidance, rather than in NZ CS 1 itself. For example, this includes sector-specific guidance issued by the TCFD, as well as any other sector-specific guidance deemed necessary. We are interested in feedback on this view. We intend to consult on this guidance with relevant sectors as it is developed.

The accompanying guidance is not intended to specify a level of performance that climate reporting entities should achieve or be taken as the only 'correct' way to carry out the activities that NZ CS 1 asks for disclosures about. Rather, the guidance is intended to provide useful explanations and sources of further information, and examples of ways in which activities can occur and disclosures can be made. The TCFD itself has numerous guidance documents (both published by the TCFD and by other entities, all available on its knowledge hub).[34] We are using these guidance documents to inform our work in this area.

The guidance we are developing for the Governance section is likely to be both less technical and less detailed than for the other sections of the proposed standard. We are looking to mainly focus on examples to help entities better understand how they could apply the requirements in the standard.

The guidance we are developing for the Risk Management section is expected to include the topics below (provided in no particular order).

- The overarching purpose of risk management.
- The unique characteristics of climate-related risks.
- Explanation of hazards and risks.
- Examples of:
  - climate-related risks and climate-related opportunities.
  - common risk management processes and key elements of these processes.
  - common tools entities use to identify and assess climate-related risks.

Question to consider:

8. **The XRB currently intends NZ CS 1 to be concise and sector neutral, with sector-specific requirements to be contained in guidance. Do you agree with this approach?**

34 See https://www.tcfdhub.org/

10. Issues under consideration

This section outlines some of the issues we are currently considering. The first two issues, relating to scenarios and GHG emissions, will directly inform the next consultation document due to be issued in March 2022. The other issues are relevant to the entire climate-related disclosure framework.

10.1. Scenarios

Under the Strategy thematic area of the TCFD, recommended disclosure (c) asks an entity to *Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.* A scenario is a plausible description of how the future may develop based on a coherent and internally consistent set of assumptions about key driving forces (for example, rate of technological change, prices) and relationships. Scenarios are neither predictions nor forecasts but are useful for providing a view of the implications of developments and actions. The purpose of scenario analysis is to consider and better understand how a business might perform under different future states (that is, the resilience of its strategy).

We have a challenge to work out how to incorporate this recommended disclosure into NZ CS 1. What we include must be feasible for climate reporting entities to apply but must also provide information that is useful for the decisions of the primary users of the disclosures.

There are many decisions to be made. For example, there is a trade-off between comparability (which would be enhanced by everyone using the same climate-related scenarios), and relevance to the specific entity (which may, conversely, be enhanced by the development of bespoke sector- or even entity-specific scenarios). Several other jurisdictions are encouraging the development of sector-level construction of scenarios. We are also investigating issues relating to the accessibility of data required to facilitate high-quality disclosures.

10.2. GHG emissions

The TCFD's Metrics and Targets recommended disclosure (b) asks entities to *Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.* Figure 2 explains the differences between scope 1, 2 and 3 emissions.

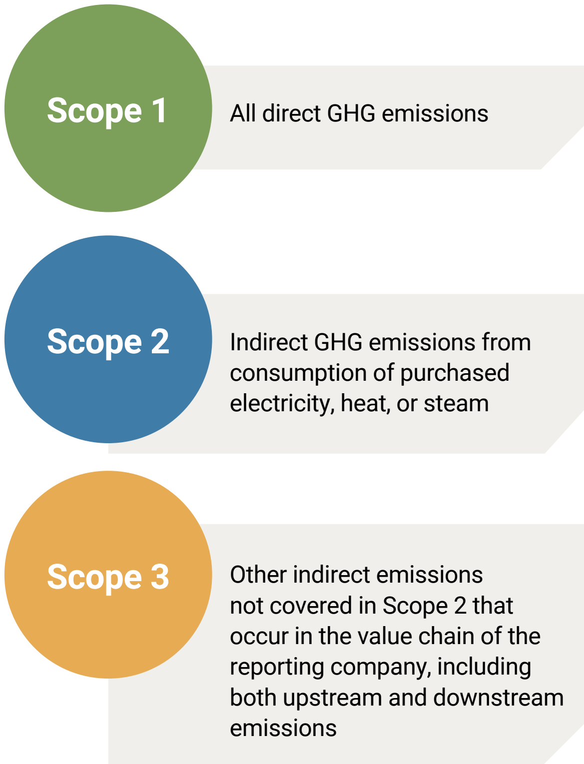

Figure 2: Scope 1, 2 and 3 emissions

In the TCFD's *Proposed Guidance on Climate-related Metrics, Targets, and Transition Plans*[35], the TCFD determined that data and methodologies have matured sufficiently such that Scope 3 disclosure is appropriate for all financial and non-financial sectors. It is proposing to update its Guidance for All Sectors in mid-October 2021 to include disclosure of relevant, material categories of Scope 3 emissions.

We are currently working through many choices regarding the requirements for Scope 3 emissions, particularly in terms of adoption provisions, the applicability of Scope 3 emissions requirements for different types of climate reporting entities, and issues relating to the assurance of Scope 3 emissions. There are also many other decisions to be made regarding the disclosure requirements relating to the other two recommended disclosures in the TCFD's Metrics and Targets thematic area.

10.3. Assurance

The Bill requires climate reporting entities to ensure that aspects of climate statements that disclose GHG emissions are the subject of an assurance engagement. It also requires that any assurance practitioners carrying out this work must comply with all applicable auditing and assurance standards issued by the XRB. These assurance requirements must apply, at the latest, to an accounting period that commences before, but ends after the third anniversary of Royal Assent.

For example, assuming the Bill receives Royal Assent by December 2021, and the XRB issues NZ CS 1 in December 2022, a reporting entity with a 31 December balance date would be required to prepare their first climate statement as part of their 31 December 2023 reporting. But it would only be required to have any climate-related disclosures relating to GHG emissions assured as part of their 31 December 2024 reporting.

We are working to determine whether the XRB will specify the level of assurance required over GHG emissions, and if so, what the level of assurance will be.

We are also aware that assurance over other disclosures beyond GHG emissions may be voluntarily obtained by reporting entities, and that such assurance may be required in the future (subject to any future legislative amendments).

10.4. Presentation requirements

The Bill requires the preparation of climate statements that comply with the climate-related disclosure framework, and that a copy of these climate statements must either be included in the entity's annual report, or the annual report must include the address of (or a link to) the internet site where a copy of those statements can be accessed. However, the Bill does not specify the format of the climate statement.

An important intent of the TCFD is to integrate an understanding of climate change across the reporting entity. For example, one of the TCFD's recommended disclosures under Risk Management asks for an entity to *Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management*. Accordingly, many voluntary reporters integrate their TCFD disclosures throughout their annual report, rather than separating climate risks from other risks or activities. However, it can be difficult for primary users to find relevant information when information is distributed throughout large reports.

35 The TCFD defines a transition plan as "an aspect of an organization's overall business strategy that lays out how an organization aims to minimize climate-related risks and increase opportunities as the world transitions toward a low-carbon economy, including by reducing emissions of its own balance sheet and that of its value chain." See TCFD. 2021. Proposed guidance on climate-related metrics, targets, and transition plans, page 7, available at: https://assets.bbhub.io/company/sites/60/2021/05/2021-TCFD-Metrics_Targets_Guidance.pdf

We want to ensure that the intent of the TCFD to integrate climate issues is upheld. We also want to allow an entity to describe its climate journey in a meaningful way, but acknowledge that the disclosures should meet primary user needs. Therefore, we are expecting to develop some form of presentation requirements (see Table 1). At this point, we are envisaging that, in cases where an entity wishes to integrate the disclosures throughout their annual report, entities will be required to provide a reference table in the climate statement. This reference table would cross-reference between the required disclosures and their location in the annual report. This approach will allow for both integrated and stand-alone climate statements to be prepared under the framework. We are discussing this issue with primary users and reporting entities.

10.5. Materiality

The concept of materiality is familiar to those who work in the field of financial reporting. Materiality in relation to financial statements is defined as follows: *Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.*

In standards, materiality is an overarching lens through which specific disclosure requirements are assessed. As the above quote explains, the purpose of the concept of materiality is so that the reporting entity can be guided as to the level of information that is relevant to the needs of primary users. This also means avoiding immaterial information that overloads the primary users and obscures material information through the disclosure of too much detail.

Materiality can depend on the nature or magnitude of information, or both. We consider that the nature of the information in the Governance and Risk Management sections of NZ CS 1 would, by its nature, be material. This means that we would expect an entity to disclose what processes are in place, or whether processes are absent. For example, if a board does not have any processes in place to be informed about climate-related issues, it would disclose that fact (rather than not providing any information at all). To take another example, if an entity considers that it is not exposed to climate-related risks, that fact could reasonably be expected to influence primary users' decisions. In other words, the lack of exposure to risk could be material information.

We are currently developing a definition of 'material' and related requirements for the application of materiality to climate-related disclosures. We anticipate providing a draft version of this definition as part of our consultation in March 2022.

11.

Summary of questions

1) **Primary users have been identified as existing and potential investors, lenders and insurance underwriters. Do you think that all of these users should be included in the primary user category?**

2) **Do you think the proposed Governance section of NZ CS 1 meets primary user needs?**

   a) Do you think that the information provided under this section of NZ CS 1 will provide information that is useful for decision making to primary users (existing and potential investors, lenders and insurance underwriters)? If not, please explain why not and identify any alternative proposals.

   b) Do you consider that this section of the standard is clear and unambiguous in terms of the information to be disclosed? If not, how could clarity be improved?

   c) Do you consider that this section of the standard is adequately comprehensive and achieves the right balance in terms of prescriptiveness and specificity? If not, what should be removed or added to achieve a better balance?

3) **Do you think the proposed Risk Management section of NZ CS 1 meets primary user needs?**

   a) Do you think that the information provided under this section of NZ CS 1 will provide information that is useful for decision making to primary users (existing and potential investors, lenders and insurance underwriters)? If not, please explain why not and identify any alternative proposals.

   b) Do you consider that this section of the standard is clear and unambiguous in terms of the information to be disclosed? If not, how could clarity be improved?

   c) Do you consider that this section of the standard is adequately comprehensive and achieves the right balance in terms of prescriptiveness and specificity? If not, what should be removed or added to achieve a better balance?

4) **The XRB has primarily drawn from the TCFD's definitions for its defined terms. Do you agree that we should align closely with the TCFD's definitions?**

5) **The XRB is particularly interested in feedback on the following defined terms as they are currently proposed: 'climate-related risk', 'climate-related opportunities', 'climate-related issues', 'physical risk', and 'transition risk'.**

   a) Do you consider that the XRB should align with the TCFD and use the terms 'climate-related opportunities' and 'climate-related issues', or should we only refer to 'climate-related risks'?

   b) Do you consider that the proposed definitions for these terms are accurate, sufficiently clear and well-explained? Do they need further detail or explanation? If so, should that detail be included in the defined terms or in guidance?

6) **Do you have any other views on the defined terms as they are currently proposed?**

7) **The XRB is currently of the view that adoption provisions for some of the specific disclosures in NZ CS 1 will be required. However, the XRB does not believe it is necessary to provide any adoption provisions for entities in relation to the Governance and Risk Management disclosures. Do you agree with this view? Why or why not?**

8) **The XRB currently intends NZ CS 1 to be concise and sector neutral, with sector specific requirements to be contained in guidance. Do you agree with this approach?**

9) **Do you have any other comments?**

12. Glossary

Climate-related issues	Climate-related risks and climate-related opportunities
COP-26	The 26th United Nations Climate Change Conference of the Parties
CRD	Climate-related disclosures
EFRAG	European Financial Reporting Advisory Group
GHG	Greenhouse gas(es)
IPCC	Intergovernmental Panel on Climate Change
ISSB	International Sustainability Standards Board
NZ CS 1	Aotearoa New Zealand Climate-related Disclosures Standard 1
TCFD	Task Force on Climate-related Financial Disclosures
XRB	External Reporting Board

13.

References

The XRB has referenced these publications in the development of NZ CS 1.

TCFD publications:

- TCFD. 2017. Final report: Recommendations of the Taskforce on Climate-related Financial Disclosures, https://assets.bbhub.io/company/sites/60/2020/10/FINAL-2017-TCFD-Report-11052018.pdf
- TCFD. 2017. Implementing the recommendations of the Task Force on Climate-related Financial Disclosures, https://assets.bbhub.io/company/sites/60/2020/10/FINAL-TCFD-Annex-Amended-121517.pdf
- TCFD. 2020. Task Force on Climate-related Financial Disclosures: Guidance on risk management integration and disclosure, https://assets.bbhub.io/company/sites/60/2020/09/2020-TCFD_Guidance-Risk-Management-Integration-and-Disclosure.pdf

Other publications:

- CDP. 2021. Climate change 2021 questionnaire, https://www.cdp.net/en/guidance/guidance-for-companies
- CDP, CDSB, GRI, IR, SASB. 2020. Reporting on enterprise value: Illustrated with a prototype climate-related financial disclosure standard, https://29kjwb3armds2g3gi4lq2sx1-wpengine.netdna-ssl.com/wp-content/uploads/Reporting-on-enterprise-value_climate-prototype_Dec20.pdf
- CDSB. 2020. Framework application guidance for climate-related disclosures, https://www.cdsb.net/sites/default/files/climateguidancesinglepage.pdf
- CDSB. 2019. Framework for reporting environmental & climate change information: Advancing and aligning disclosure of environmental information in mainstream reports, https://www.cdsb.net/sites/default/files/cdsb_framework_2019_v2.2.pdf
- European Financial Reporting Advisory Group. 2020. 'Climate standard prototype' working paper, https://www.efrag.org/Assets/Download?assetUrl=%2Fsites%2Fwebpublishing%2FSiteAssets%2FEFRAG%2520PTF-ESRS%2520Climate%2520standard%2520prototype%2520working%2520paper.pdf
- European Union. 2019. Guidelines on reporting climate-related information, https://ec.europa.eu/finance/docs/policy/190618-climate-related-information-reporting-guidelines_en.pdf
- GRI. 2016. GRI 102: General disclosures, https://www.globalreporting.org/standards/media/1037/gri-102-general-disclosures-2016.pdf
- International <IR> Framework, January 2021, https://integratedreporting.org/wp-content/uploads/2021/01/InternationalIntegratedReportingFramework.pdf
- SASB Standards Application Guidance, version 2018-10, https://www.sasb.org/wp-content/uploads/2018/11/SASB-Standards-Application-Guidance-2018-10.pdf

Annex 1: A brief history of climate-related disclosures

Calls for climate-related disclosures began due to a concern that climate change was not being taken seriously by financial sector entities, both in terms of an entity's impact on climate change, and the impact of climate change on its operations. One reason climate change is challenging to consider and assess is the incompatibility between relatively short business time horizons and the longer time horizons over which some of the effects of climate change may become apparent.

In 2015, the G20 Group of Ministers tasked the Financial Stability Board to review how the financial sector can take account of climate change. Their review identified the need for better information to support informed decision making for investment, lending and insurance purposes.

The Financial Stability Board created the Task Force on Climate-related Financial Disclosures (TCFD) to identify what 'better information' would help investors, lenders and insurance underwriters to appropriately assess climate-related risks. The TCFD published their recommendations in 2017, identifying four thematic areas of disclosures, with eleven associated recommended disclosures (Figure 1).

Between 2017 and now, many hundreds of entities across the globe have applied the TCFD's recommendations on a voluntary basis.[36] These include several New Zealand entities across the energy, property, transport, financial and other sectors.[37] The New Zealand Government endorsed the recommendations of the TCFD in 2019.

New Zealand is one of several jurisdictions that has decided to shift from voluntary to mandatory climate-related disclosures. Making climate-related disclosures mandatory is an important step in improving disclosure quality. Requiring entities to comply with the same reporting standard provides more comparable and consistent information for primary users of the disclosures, allowing entities to make more informed capital allocation decisions. It also enables reporting entities to benchmark themselves against their peers.

36 For more information, see: TCFD. 2020. Taskforce on Climate-related Financial Disclosures: Status Report, available at https://www.fsb.org/wp-content/uploads/P291020-1.pdf

37 See for example the list of New Zealand Stock Exchange (NZX)-listed entities providing TCFD information in: McGuinness Institute, 2021. Working Paper 2021/06 –Reviewing TCFD information in 2017–2020 Annual Reports of NZSX-listed companies, available at https://www.mcguinnessinstitute.org/wp-content/uploads/2021/07/20210723-8.11am-WP-2021-06-WEBSITE-Interactive.pdf.

Annex 2: Comparison with TCFD

Table 6 maps the TCFD recommendations for Governance and Risk Management to the proposed disclosure requirements in NZ CS 1.

Table 6: Comparison of proposed Governance and Risk Management sections with TCFD

TCFD Recommendations	XRB Proposed disclosures	Commentary
	Governance	
Recommendation Disclose the organization's governance around climate-related risks and opportunities	The objective of these disclosures is to enable primary users to understand both the role an entity's board plays in overseeing climate-related issues[38], and the role management plays in assessing and managing those issues. Such information supports evaluations by primary users of whether climate-related issues receive appropriate board and management attention [Disclosure objective]	Addition of disclosure objective.
Recommended Disclosure A Describe the board's oversight of climate-related risks and opportunities	a description of the board's oversight of climate-related risks and climate-related opportunities [Paragraph 3(a)]	No substantive change.
Guidance for All Sectors In describing the board's oversight of climate-related issues, organizations should consider including a discussion of the following	An entity must include the following information when describing a board's oversight of climate-related issues [Paragraph 4]	No substantive change.
– processes and frequency by which the board and/or board committees (e.g., audit, risk, or other committees) are informed about climate-related issues	processes and frequency by which the board and/or board committees are informed about climate-related issues [Paragraph 4(a)]	No substantive change.

38 Climate-related risks and climate-related opportunities are collectively referred to in NZ CS 1 as climate-related issues.

TCFD Recommendations	XRB Proposed disclosures	Commentary
– whether the board and/or board committees consider climate-related issues when reviewing and guiding strategy, major plans of action, risk management policies, annual budgets, and business plans as well as setting the organization's performance objectives, monitoring implementation and performance, and overseeing major capital expenditures, acquisitions, and divestitures	whether and if so, how, climate-related issues are incorporated into governance processes and decision making [Paragraph 4(e)]	Less detailed, excluded examples. Examples intended to be provided in guidance.
– how the board monitors and oversees progress against goals and targets for addressing climate-related issues	how the board sets and monitors progress against goals and targets for addressing climate-related issues [Paragraph 4(b)]	No substantive change.
—	how the board holds management accountable for the implementation of climate-related policies, strategies, and targets, including whether and how related performance metrics are incorporated into remuneration policies [Paragraph 4(c)]	Additional disclosure from the prototype climate-related financial disclosure standard.[39] CDP 2021 questionnaire.[40] And the CDSB Framework for reporting environmental and climate change information[41] also have similar disclosures.

39 See https://29kjwb3armds2g3gi4lq2sx1-wpengine.netdna-ssl.com/wp-content/uploads/Reporting-on-enterprise-value_climate-prototype_Dec20.pdf

40 See https://guidance.cdp.net/en/tags?cid=18&ctype=theme&gettags=0&idtype=ThemeID&incchild=1&microsite=0&otype=Questionnaire&page=1&tgprompt=TG-124%2CTG-127%2CTG-125

41 See https://www.cdsb.net/what-we-do/reporting-frameworks/environmental-information-natural-capital

TCFD Recommendations	XRB Proposed disclosures	Commentary
—	whether and how the board accesses expertise on climate-related issues, either from its own internal capacity and/or from external sources in order to provide appropriate oversight on climate-related issues [Paragraph 4(d)]	Additional disclosure based on the Guidelines on reporting climate-related information (EU Guidelines).[42] Feedback from users in the TCFD 2020 Status Report identified 'the measures the board has taken to access climate change expertise'.[43]
Recommended Disclosure B Describe management's role in assessing and managing climate-related risks and opportunities	a description of management's role in assessing and managing climate-related risks and climate-related opportunities [Paragraph 3(b)]	No substantive change.
Guidance for All Sectors In describing management's role related to the assessment and management of climate-related issues, organizations should consider including the following information	An entity must include the following information when describing management's role in assessing and managing climate-related issues [Paragraph 5]	No substantive change.
– whether the organization has assigned climate-related responsibilities to management-level positions or committees; and, if so, whether such management positions or committees report to the board or a committee of the board and whether those responsibilities include assessing and/or managing climate-related issues	whether the board has assigned climate-related responsibilities to management-level positions or management committees; and, if so, whether such management positions or committees report to the board or a committee of the board [Paragraph 5(a)]	No substantive change.

42 See https://ec.europa.eu/finance/docs/policy/190618-climate-related-information-reporting-guidelines_en.pdf

43 See https://www.fsb.org/wp-content/uploads/P291020-1.pdf

TCFD Recommendations	XRB Proposed disclosures	Commentary
– a description of the associated organizational structure(s)	a description of the related organisational structure(s) showing where these positions and committees lie [Paragraph 5(b)]	No substantive change.
– processes by which management is informed about climate-related issues	processes by which management is informed about, makes decisions on, and monitors, climate-related issues [Paragraph 5(c)]	No substantive change. Amalgamates two sentences of the guidance for all sectors.
– how management (through specific positions and/or management committees) monitors climate-related issues	Incorporated into Paragraph 5(c) above	No substantive change. Amalgamates two sentences of the guidance for all sectors.
	Risk Management	
Recommendation Disclose how the organization identifies, assesses, and manages climate-related risks.	The objective of these disclosures is to enable primary users to understand how an entity's climate-related risks are identified, assessed, and managed and whether those processes are integrated in existing risk management processes. Together with the strategy disclosures, such information supports evaluations by primary users of the entity's overall risk profile and the quality and robustness of the entity's risk management activities.[44]	Addition of disclosure objective.
Recommended Disclosure A Describe the organization's processes for identifying and assessing climate-related risks.	a description of its processes for identifying and assessing climate-related risks [Paragraph 3(a)]	No substantive change.
Guidance for All Sectors Organizations should describe their risk management processes for identifying and assessing climate-related risks. An important aspect of this description is how organizations determine the relative significance of climate-related risks in relation to other risks	how it determines the relative significance of climate-related risks in relation to other risks [Paragraph 5(b)]	No substantive change.

44 The Risk Management disclosures are about an entity's processes for identifying, assessing, and managing climate-related risks. The disclosure of the climate-related risks and climate-related opportunities an entity has identified is in the Strategy section.

TCFD Recommendations	XRB Proposed disclosures	Commentary
Organizations should describe whether they consider existing and emerging regulatory requirements related to climate change (e.g., limits on emissions) as well as other relevant factors considered. Organizations should also consider disclosing the following	—	Did not include this disclosure. Additional detail is intended to be provided in guidance.
– processes for assessing the potential size and scope of identified climate-related risks and	the tools and methods used to identify, and to assess the scope, size, and impact of the climate-related risk [Paragraph 4(a)]	Additional detail provided from prototype climate-related disclosure standard.
– definitions of risk terminology used or references to existing risk classification frameworks used.	—	Did not include this detailed disclosure. Definitions are provided in the standard. References to existing risk classification frameworks is intended to be captured in paragraph 4(a) (i.e., 'tools and methods used')
—	the short-, medium-, and long-term time horizons considered, including specifying the duration of each of these time horizons [Paragraph 4(b)]	Additional disclosure from CDP 2021 questionnaire.[45]
—	the value chain stage(s) covered [Paragraph 4(c)]	Additional disclosure from CDP 2021 questionnaire.
—	the frequency of assessment Paragraph 4(d)]	Additional disclosure from CDP 2021 questionnaire.

45 See https://guidance.cdp.net/en/tags?cid=18&ctype=theme&gettags=0&idtype=ThemeID&incchild=1&microsite=0&otype=Questionnaire&page=1&tgprompt=TG-124%2CTG-127%2CTG-125

TCFD Recommendations	XRB Proposed disclosures	Commentary
Recommended Disclosure B Describe the organization's processes for managing climate-related risks.	a description of its processes for managing climate-related risks [Paragraph 3(b)]	No substantive change.
Guidance for All Sectors Organizations should describe their processes for managing climate-related risks, including how they make decisions to mitigate, transfer, accept, or control those risks. In addition, organizations should describe their processes for prioritizing climate-related risks, including how materiality determinations are made within their organizations.	how it makes decisions to mitigate, transfer, accept, or control those climate-related risks [Paragraph 5(c)] how it determines the relative significance of identified climate-related risks, [Paragraph 5(a)]	No substantive change. Edit made to use consistent language with paragraph 5(b).
In describing their processes for managing climate-related risks, organizations should address the risks included in Tables A1 and A2 (pp. 72-73), as appropriate.	To achieve the disclosure objective in paragraph 1, an entity must disclose the following information for both transition risks and physical risks [Paragraph 3]	Less detailed. Detail on transition and physical risks is intended to be provided in guidance.
Recommended Disclosure C Recommended Disclosure c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	a description of how its processes for identifying, assessing, and managing climate-related risks are integrated into its overall risk management [Paragraph 3(c)]	No substantive change.

Table 7 maps the TCFD defined terms to the proposed defined terms for Governance and Risk Management in NZ CS 1.

Table 7: Comparison of proposed defined terms with TCFD

Defined Terms			
Term	**TCFD Recommendations**	**XRB Proposed disclosures**	**Commentary**
board of directors or board	refers to a body of elected or appointed members who jointly oversee the activities of a company or organization. Some countries use a two-tiered system where "board" refers to the "supervisory board" while "key executives" refers to the "management board."	A body of elected or appointed members who jointly oversee the activities of a company or entity.	No substantive change. Removed last sentence from TCFD definition.
climate-related issues	Not in a TCFD glossary.	An umbrella term to encompass climate-related risks and climate-related opportunities.	No substantive change. Added for clarification purposes. Term is used by TCFD in this manner, see page 1 of final TCFD report "… climate-related risks and opportunities (collectively referred to as climate-related issues.)"

Defined Terms			
Term	**TCFD Recommendations**	**XRB Proposed disclosures**	**Commentary**
climate-related risks	refers to the potential negative impacts of climate change on an organization. Physical risks emanating from climate change can be event-driven (acute) such as increased severity of extreme weather events (e.g., cyclones, droughts, floods, and fires). They can also relate to longer-term shifts (chronic) in precipitation and temperature and increased variability in weather patterns (e.g., sea level rise). Climate-related risks can also be associated with the transition to a lower-carbon global economy, the most common of which relate to policy and legal actions, technology changes, market responses, and reputational considerations	The potential negative impacts of climate change on an entity. Physical risks emanating from climate change can be event-driven (acute) such as increased severity of extreme weather events. They can also relate to longer-term shifts (chronic) in precipitation and temperature and increased variability in weather patterns. Climate-related risks can also be associated with the transition to a lower-emissions global and domestic economy, the most common of which relate to policy and legal actions, technology changes, market responses, and reputational considerations.	No substantive change. Examples deleted. See italic: Adjustment made to TCFD definition, to ensure clarity that it is all greenhouse gas emissions that need to be reduced. This is more relevant to New Zealand's emissions profile. See italic: Regarding the wording of 'global and domestic' this is arguably important for translation from a voluntary, global framework (TCFD) to a country level. From a New Zealand entity's perspective, it is the fact that both New Zealand and the rest of the world are (at least committing to) transitioning that is relevant.
climate-related opportunities	refers to the potential positive impacts related to climate change on an organization. Efforts to mitigate and adapt to climate change can produce opportunities for organizations, such as through resource efficiency and cost savings, the adoption and utilization of low-emission energy sources, the development of new products and services, and building resilience along the supply chain. Climate-related opportunities will vary depending on the region, market, and industry in which an organization operates.	The potential positive impacts related to climate change on an entity. Efforts to mitigate and adapt to climate change can produce opportunities for entities, such as through resource efficiency and cost savings, the adoption and utilization of low-emission energy sources, the development of new products and services, and building resilience along the supply chain. Climate-related opportunities will vary depending on the region, market, and industry in which an entity operates.	No substantive change.

Defined Terms			
Term	**TCFD Recommendations**	**XRB Proposed disclosures**	**Commentary**
governance	refers to "the system by which an organization is directed and controlled in the interests of shareholders and other stakeholders." "Governance involves a set of relationships between an organization's management, its board, its shareholders, and other stakeholders. Governance provides the structure and processes through which the objectives of the organization are set, progress against performance is monitored, and results are evaluated." [46]	The system by which an entity is directed and controlled in the interests of shareholders and other stakeholders. Governance involves a set of relationships between an entity's management, its board, its shareholders, and other stakeholders. Governance provides the structure and processes through which the objectives of the entity are set, progress against performance is monitored, and results are evaluated	No substantive change.
management	refers to those positions an organization views as executive or senior management positions and that are generally separate from the board.	Those positions an entity views as executive or senior management positions and that are generally separate from the board.	No substantive change.
physical risks	Not in a TCFD glossary.	Risk related to the physical impacts of climate change. Physical risks emanating from climate change can be event-driven (acute) such as increased severity of extreme weather events. They can also relate to longer-term shifts (chronic) in precipitation and temperature and increased variability in weather patterns.	This definition is distilled from TCFD definition of climate-related risks.
risk management	refers to a set of processes that are carried out by a company to support the achievement of its objectives by addressing its risks and managing the combined potential impact of those risks.	A set of processes that are carried out by an entity's board and management to support the achievement of the entity's objectives by addressing its risks and managing the combined potential impact of those risks.	No substantive change.

46 OECD, G20/OECD Principles of Corporate Governance, OECD Publishing, Paris, 2015.

Defined Terms			
Term	**TCFD Recommendations**	**XRB Proposed disclosures**	**Commentary**
risk profile	refers to a composite view of the risk assumed at a particular level of a company or aspect of the business that positions management to consider the types, severity, and interdependencies of risks and how they may affect performance relative to the strategy and business objectives	A composite view of the risk assumed at a particular level of a company or aspect of the business that positions management to consider the types, severity, and interdependencies of risks and how they may affect performance relative to the strategy and business objectives.	No substantive change.
transition risks	Not in a TCFD glossary.	Risks related to the transition to a lower-emissions global and domestic economy, such as policy and legal risks, technology risks, market risks and reputation risks.	This definition is distilled from TCFD definition of climate-related risks.
Primary users	Not in a TCFD glossary.	Existing and potential investors, lenders and insurance underwriters.	TCFD refers to primary users as Investors, lenders, and insurance underwriters. We have clarified that investors include existing and potential investors.

Defined Terms			
Term	**TCFD Recommendations**	**XRB Proposed disclosures**	**Commentary**
value chain	refers to the upstream and downstream life cycle of a product, process, or service, including material sourcing, production, consumption, and disposal/recycling. Upstream activities include operations that relate to the initial stages of producing a good or service (e.g., material sourcing, material processing, supplier activities). Downstream activities include operations that relate to processing the materials into a finished product and delivering it to the end user (e.g., transportation, distribution, and consumption)	the upstream and downstream life cycle of a product, process, or service, including material sourcing, production, consumption, and disposal/recycling. Upstream activities include operations that relate to the initial stages of producing a good or service (e.g., material sourcing, material processing, supplier activities). Downstream activities include operations that relate to processing the materials into a finished product and delivering it to the end user (e.g., transportation, distribution, and consumption).	No substantive change.

Note the TCFD definitions have been sourced from the glossaries of the various documents issued by the TCFD.

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