

Comparison tables: Comparison of XRB proposed disclosures for Strategy and Metrics and Targets against TCFD Recommendations and TRWG Prototype

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For further details on key decisions please see sections 6.5 and 7.6 in the *Strategy, and Metrics and Targets consultation document*¹.

¹ <https://xrb.govt.nz/standards/climate-related-disclosures/>

How to read Table 1 and Table 3 (proposed disclosures):

Column 1	TCFD recommendations	<p>The content for this column comes from the updated TCFD Annex “<i>Implementing the Recommendations of the Task Force on Climate-related Financial Disclosures</i>” issued in October 2021 (2021 Annex), which updates and supersedes the 2017 Annex.²</p> <p>This column includes the TCFD recommendations, supporting recommended disclosures and Guidance for All Sectors. See 2021 Annex, Strategy pages 18 and 19 and Metrics and Targets pages 22 and 23.</p> <p>For the disclosures on scenario analysis, we have also included in this column TCFD content from the TCFD “<i>Guidance on Scenario Analysis for Non-Financial Companies</i>” issued in October 2020.³</p>
Column 2	TRWG prototypes	<p>The content for this column comes from the TRWG prototypes issued on 3 November 2021.⁴ These documents are all recommendations from the TRWG for consideration by the International Sustainability Standards Board (ISSB). The TRWG issued two prototypes. The Climate Prototype sets out the requirements for the identification, measurement and disclosure of climate-related financial information, and the General Requirements Prototype sets out the overall requirements for disclosing sustainability-related financial information relevant to the sustainability-related risks and opportunities faced by the entity.</p> <p>All references in the comparison table are to the Climate Prototype unless we have specified the General Requirements Prototype.</p>
Column 3	XRB proposed disclosures	<p>These are the XRB proposed disclosures for the Strategy and Metrics and Targets sections. The full sections are provided in the Section 6.1 and 7.1 in the <i>Strategy, and Metrics and Targets Consultation Draft</i>.</p> <p>All references in the comparison table are to the proposed disclosures in NZ CS 1 <i>Climate-related Disclosures</i> unless we have specified that they will be in NZ CS 3 <i>General Requirements for Climate-related disclosures</i>.</p>
Column 4	Commentary	<p>Commentary on alignment between TCFD recommendations, the TRWG prototype(s) and XRB proposed disclosures.</p>

² https://assets.bbhub.io/company/sites/60/2021/07/2021-TCFD-Implementing_Guidance.pdf

³ https://assets.bbhub.io/company/sites/60/2020/09/2020-TCFD_Guidance-Scenario-Analysis-Guidance.pdf

⁴ <https://www.ifrs.org/groups/technical-readiness-working-group/#resources>

How to read tables 2 and 4 (proposed defined terms)

Column 1	Term	This column contains the defined term. Note: these tables include the defined terms used by TCFD, TRWG and XRB in their Strategy and Metrics and Targets sections.
Column 2	TCFD definition	The content for this column comes from the glossaries of the various documents issued by the TCFD. In some cases, terms are defined/explained in TCFD guidance but not included in a glossary.
Column 3	TRWG proposed definition (in prototype)	The content for this column comes from Appendix A of the TRWG Prototypes issued on 3 November 2021. ⁵ Terms defined in Appendix A are in italics the first time that they appear in the [draft] Standard.
Column 4	XRB Proposed definition	These are the XRB proposed defined terms for the strategy and metrics and targets sections. These defined terms are in italics the first time they appear in the [draft] Standard.
Column 5	Commentary	Commentary on alignment and use of terms.

⁵ <https://www.ifrs.org/groups/technical-readiness-working-group/#resources>

High level comparison for Strategy

The diagram below illustrates at a high level the mapping between TCFD Strategy recommendations, TRWG proposed Strategy disclosures and XRB proposed Strategy disclosures.

We consider that there is broad consistency between the TCFD's recommendations, the TRWG and XRB proposed Strategy disclosures. Key detailed differences as shown in the table below include:

- We added a fourth high level disclosure relating to scenario analysis methodologies and assumptions (paragraph 3(d)). TRWG requires much of this information to be disclosed under their paragraph 5e).
- TRWG effectively disaggregated TCFD's recommended disclosure b) into three high level disclosures, TRWG paragraph 5 b) c) and d). We have remained closer to the TCFD recommended disclosures.
- TRWG have required slightly more detailed disclosures in some areas, such as in relation to impacts and financial impacts and in effect, have drawn more of the underlying TCFD guidance into their prototype.

Strategy		
TCFD Strategy	TRWG Strategy	XRB Strategy
Recommendation	Included in paragraph 5	Disclosure objective
a)	5a) → paragraph 6	3(a) → paragraph 4
Relevant guidance		
b)	5b) → paragraph 7 5c) → paragraph 8 5d) → paragraph 9	3(b) → paragraph 5
Relevant guidance		
c)	5e) → paragraph 10	3(c) → paragraph 6 3(d) → paragraph 7
Relevant guidance		

Table 1: Comparison of XRB proposed disclosures for Strategy against TCFD Recommendations and TRWG Prototype

Table 1 Strategy Comparison			
TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB proposed disclosures	Commentary
<p>Recommendation ^[footnote]</p> <p>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.</p> <p>Guidance for All Sectors</p> <p>Investors and other stakeholders need to understand how climate-related issues may affect an organization’s businesses, strategy, and financial planning over the short, medium, and long term. Such information is used to inform expectations about the future performance of an organization.</p> <p>^[Footnote] The Task Force’s Guidance on Metrics, Targets, and Transition Plans may be useful to organizations in disclosing information under this recommendation</p>	<p>An entity shall disclose information that enables users of general purpose financial reporting to understand its strategy for addressing climate-related risks and opportunities, including the entity’s assessment of:</p> <p>[Paragraph 5]</p>	<p>Disclosure Objective</p> <p>The objective of these disclosures is to enable primary users to understand the impacts of the climate-related risks and opportunities on an entity’s <i>business model, strategy and financial planning</i> over the short, medium, and long term, including actual and potential financial impacts. How an entity has employed scenario analysis to evaluate the resilience of its business model and strategy is a key factor in realising this objective. Such information is used to inform expectations about the future performance of an entity.</p> <p>[Paragraph 1]</p>	<p>We use the term ‘business model’ (aligned to TRWG) as opposed to ‘businesses’ used by TCFD.</p> <p>We highlight the importance of scenario analysis in our disclosure objective.</p>
<p>Recommended Disclosure a)</p> <p>Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.</p>	<p>the significant climate-related risks and opportunities that it reasonably expects could affect its business model, strategy and cash flows over the short, medium or long term (see paragraph 6);</p> <p>[Paragraph 5(a)]</p>	<p>a description of the climate-related risks and opportunities it has identified over the short, medium, and long term (see paragraph 4);</p> <p>[Paragraph 3(a)]</p>	<p>We note that the TRWG refer to ‘significant’ climate-related risks and opportunities throughout their prototypes. We consider there to be the potential for confusion in how the term ‘significant’ relates to the concept of materiality. We think materiality is sufficient on its own to ensure that only significant risks and opportunities are disclosed, and that judgement is applied.</p>

Table 1 Strategy Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB proposed disclosures	Commentary
<p>Guidance for All Sectors Organizations should provide the following information: – a description of what they consider to be the relevant short-, medium-, and long-term time horizons, taking into consideration the useful life of the organization’s assets or infrastructure and the fact that climate-related issues often manifest themselves over the medium and longer terms,</p>	<p>An entity shall disclose information that enables users of general purpose financial reporting to understand the significant climate-related risks and opportunities that are reasonably expected to affect the entity’s business model, strategy and cash flows over the short, medium or long term. Specifically, the entity shall disclose: how it defines short, medium and long term and how the definitions are linked to the entity’s strategic planning horizons and capital allocation plans. [Paragraph 6(b)]</p>	<p>An entity must include the following information when describing its climate-related risks and opportunities (see paragraph 3(a)): how it defines short, medium and long term and how the definitions are linked to its strategic planning horizons and capital deployment plans; [Paragraph 4(a)]</p>	<p>We aligned with TRWG for this disclosure because we consider this better aligns with strategy-related considerations. Entities can still consider the useful life of assets or infrastructure, and this will appear in guidance.</p>
<p>Guidance for All Sectors – a description of the specific climate-related issues potentially arising in each time horizon (short, medium, and long term) that could have a material financial impact on the organization, and</p>	<p>a description of significant climate-related risks or opportunities and the time horizon over which each could reasonably be expected to have a financial effect on the entity. [Paragraph 6(c)]</p>	<p>a description of the time horizon over which each climate-related risk or opportunity could reasonably be expected to have a financial impact on the entity; and [Paragraph 4(b)]</p>	<p>No substantive differences. We are proposing an adoption provision for disclosure 4(b). <i>See Proposed first-time adoption provisions in section 6.3 of the Strategy, and Metrics and Targets Consultation Document for further detail.</i></p>
<p>Guidance for All Sectors – a description of the process(es) used to determine which risks and opportunities could have a material financial impact on the organization.</p>	<p>a description of the processes in place to identify climate-related risks and opportunities that it reasonably expects could positively or negatively affect its business model, strategy, and cash flows. [Paragraph 6(a)]</p>	<p>-</p>	<p>We did not include this disclosure because we consider this is largely covered by our proposed disclosures in the risk management section, noting the inclusion here of opportunities and the specific reference to financial impacts. We will continue to reflect on the overall approach to disclosure of processes and the coverage of processes that relate to opportunities as we work towards the full exposure draft of the standard. We wish to remain principles-based and avoid repetition as far as possible so for now are not proposing to include this disclosure.</p>

Table 1 Strategy Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB proposed disclosures	Commentary
<p>Guidance for All Sectors Organizations should consider providing a description of their risks and opportunities by sector and/or geography, as appropriate. In describing climate-related issues, organizations should refer to Tables A1.1 and A1.2 (pp. 75–76).</p>	<p>whether the risks identified are physical risks or transition risks. For example, acute physical risks such as increased severity of extreme weather events such as cyclones and floods, and chronic physical risks could include rising sea levels or rising mean temperatures. Transition risks could include regulatory, technological, market, legal or reputational risks. [Paragraph 6(d)]</p>	<p>whether the risks and opportunities identified are physical or transition risks or opportunities and, where relevant, their sector and/or geography. [Paragraph 4(c)]</p>	<p>No substantive differences. We are less detailed than TCFD, not referring to Tables A1.1 and A1.2. as we are proposing to include this content in guidance. TRWG have taken a similar approach to us by just requiring disclosure of whether risks are physical or transition risks.</p>
<p>Recommended Disclosure b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.</p>	<p>the impact of significant climate-related risks and opportunities on its business model (see paragraph 7); [Paragraph 5(b)]</p> <p>the impact of significant climate-related risks and opportunities on management’s strategy and decision making (see paragraph 8); [Paragraph 5(c)]</p> <p>the impact of significant climate-related risks and opportunities on its financial position, financial performance and cash flows at the reporting period end, and the <i>anticipated</i> effects over the short, medium and long term (see paragraph 9) [Paragraph 5(d)]</p>	<p>a description of the impact of climate-related risks and opportunities on its business model, strategy and financial planning (see paragraph 5); [Paragraph 3(b)]</p>	<p>TRWG has split the TCFD Recommended Disclosure b) into:</p> <ul style="list-style-type: none"> • Impact on business model • Impact on strategy and decision-making • Financial impacts (both actual and anticipated) <p>We have aligned with the three TCFD high-level recommendations. TCFD and XRB disclosures on potential financial impacts are included under TCFD Recommended Disclosure c) (see below). Paragraph 5(d) of the TRWG Prototype requires the disclosure of both actual (‘at the reporting period end’) and potential (‘and the anticipated’) financial impacts.</p>
<p>-</p>	<p>-</p>	<p>An entity must include the following information when describing the impact of climate-related risks and opportunities on its business model, strategy and financial planning (see paragraph 3(b)): a description of its business model and strategy; [Paragraph 5(a)]</p>	<p>XRB additional disclosure. We believe this disclosure is important to provide relevant contextual information necessary to understanding the climate impacts on the business model and strategy. <i>See key decision in section 6.5.1 of the Strategy, and Metrics and Targets Consultation Document for further detail.</i></p>

Table 1 Strategy Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB proposed disclosures	Commentary
<p>Guidance for All Sectors Building on recommended disclosure (a), organizations should discuss how identified climate-related issues have affected their businesses, strategy, and financial planning.</p>	<p>the impact of significant climate-related risks and opportunities on its business model (see paragraph 7); [Paragraph 5(b)]</p> <p>the impact of significant climate-related risks and opportunities on management's strategy and decision making (see paragraph 8); [Paragraph 5(c)]</p> <p>the impact of significant climate-related risks and opportunities on its financial position, financial performance and cash flows at the reporting period end, and the anticipated effects over the short, medium and long term (see paragraph 9) [Paragraph 5(d)]</p>	<p>the actual impacts of climate-related risks and opportunities on its business model, strategy and financial planning; [Paragraph 5(b)]</p>	<p>TCFD and XRB disclosures on potential financial impacts are included under TCFD Recommended Disclosure c) (see below). Paragraph 5(d) of the TRWG Prototype requires the disclosure of both actual ('at the reporting period end') and potential ('and the anticipated') financial impacts. <i>See key decision in section 6.5.2 of the Strategy, and Metrics and Targets Consultation Document for further detail.</i></p>
<p>Guidance for All Sectors Organizations should consider including the impact on their businesses and strategy, and financial planning in the following areas:</p> <ul style="list-style-type: none"> • Products and services • Supply chain and/or value chain • Adaptation and mitigation activities • Investment in research and development • Operations (including types of operations and location of facilities) • Acquisitions or divestments • Access to capital 	<p>An entity shall disclose information that enables users of general purpose financial reporting to understand its assessment of the impact of significant climate-related risks and opportunities on its business model. Specifically, the entity shall disclose: [Paragraph 7]</p> <p>a description of the current and anticipated effects of significant climate-related risks and opportunities on its value chain for producing goods or services (for example, supply chains, operations, workforce, marketing and distribution channels); and [Paragraph 7(a)]</p> <p>where in its value chain significant climate-related risks or opportunities are concentrated, (for example, geographical</p>	<p>-</p>	<p>We have not included because we consider this list of considerations is more appropriate in guidance. We are trying to avoid lists of considerations to take into account being in the standard where possible as not all will be relevant for all entity types and we don't want to encourage a tick box mentality to the standard but one of applying judgement and reason.</p>

Table 1 Strategy Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB proposed disclosures	Commentary
	areas, facilities or types of assets, inputs, outputs or distribution channels). [Paragraph 7(b)]		
Guidance for All Sectors Organizations should describe how climate-related issues serve as an input to their financial planning process, the time period(s) used, and how these risks and opportunities are prioritized.	how significant climate-related risks and opportunities are included in the entity's financial planning decision making (for example, in relation to investment decisions and funding) [Paragraph 8(d)]	how climate-related risks and opportunities serve as an input to its financial planning processes, including for capital deployment and funding [Paragraph 5(d)]	No substantive difference. We believe the TCFD disclosure on the prioritisation of risks is already covered in our proposed risk management section.
Guidance for All Sectors Organizations' disclosures should reflect a holistic picture of the interdependencies among the factors that affect their ability to create value over time.	-	-	We consider this to be more appropriately covered in guidance as a more contextual point about how to approach the analysis.
Guidance for All Sectors Organizations should describe the impact of climate-related issues on their financial performance (e.g., revenues, costs) and financial position (e.g., assets, liabilities). ^[Footnote] ^[Footnote] These impacts may be described in qualitative, quantitative, or a combination of both qualitative and quantitative terms. The Task Force encourages organizations to include quantitative information, where data and methodologies allow.	the impact of significant climate-related risks and opportunities on its financial position, financial performance and cash flows at the reporting period end, and the <i>anticipated</i> effects over the short, medium and long term (see paragraph 9) [Paragraph 5(d)] An entity shall disclose information that enables users of general purpose financial reporting to understand the impact of significant climate-related risks and opportunities on its financial position, financial performance and cash flows at the reporting period end, and the anticipated effects over the short, medium and long term. Specifically, the entity shall disclose qualitatively, and quantitatively when feasible: [Paragraph 9] how significant climate-related risks and opportunities have affected its most recently	the actual financial impacts of climate-related risks and opportunities on its financial position, financial performance and cash flows; [Paragraph 5(c)]	TCFD and XRB include disclosures of potential financial impacts under TCFD Recommended Disclosure c). We are proposing an adoption provision for disclosure 5(c). See Proposed first-time adoption provisions in section 6.3 of the <i>Strategy, and Metrics and Targets Consultation Document</i> for further detail. Both TCFD and TRWG recognise the disclosure of financial impacts is unlikely to be easy to do quantitatively first up.

Table 1 Strategy Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB proposed disclosures	Commentary
	reported financial performance, financial position and cash flows; [Paragraph 9(a)]		
<p>Guidance for All Sectors If climate-related scenarios were used to inform the organization’s strategy and financial planning, such scenarios should be described.</p>	-	-	We consider this to be adequately covered by other disclosures.
<p>Guidance for All Sectors Organizations that have made GHG emissions reduction commitments, operate in jurisdictions that have made such commitments, or have agreed to meet investor expectations regarding GHG emissions reductions should describe their plans for transitioning to a low-carbon economy, which could include GHG emissions targets and specific activities intended to reduce GHG emissions in their operations and value chain or to otherwise support the transition. ^[Footnote]</p> <p>^[Footnote] Organizations may agree to meet investor expectations regarding GHG emissions reductions for various reasons, including concerns about access to or the cost of capital if they fail to do so.]</p>	<p>An entity shall disclose information that enables users of general purpose financial reporting to understand its assessment of the impact of significant climate-related risks and opportunities on management’s strategy and decision making, including its transition plans. Specifically, the entity shall disclose: [Paragraph 8]</p> <p>how it is responding to significant climate-related risks and opportunities including but not restricted to: [Paragraph 8(a)]</p> <p>how it plans to achieve any climate-related targets it has set, including how these plans will be resourced, the processes in place for review of those targets, and assumptions about the use of carbon offsets in achieving the target, including minimum quality or certification thresholds for the offsets. [Paragraph 8(a)(i)]</p> <p>how it is advancing research and development related to climate-change mitigation, adaptation, or opportunities. [Paragraph 8(a)(ii)]</p> <p>whether it is adopting new technologies.</p>	<p>the transition and adaptation plan aspects of its strategy, including the extent to which financial plans are aligned with these plans. [Paragraph 5(e)]</p>	<p>We have included adaptation plans as well as transition plans, and are proposing to complement this with first-time adoption provisions and guidance on adaptation plans given TCFD has not yet developed guidance on this matter and has focused on transition plans.</p> <p><i>See key decision in section 6.5.3 of the Strategy, and Metrics and Targets Consultation Document for further detail.</i></p> <p><i>See Proposed first-time adoption provisions in section 6.3 of the Strategy, and Metrics and Targets Consultation Document for further detail.</i></p> <p>Guidance does already exist relating to adaptation plans that entities can begin to make use of, such as the ISO 14090 suite of voluntary standards and guidance on adaptation planning.</p> <p>TRWG does not specifically refer to adaptation plans, but it does refer to disclosure of direct and indirect adaptation efforts the entity is undertaking (see paragraphs 8(a)(iv) and (v)).</p> <p>Paragraph 8(a), (b) and (c) largely include disclosures that we consider to be aspects of transition plans. We think a lot of this is preferable in guidance and again we are</p>

Table 1 Strategy Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB proposed disclosures	Commentary
	<p>[Paragraph 8(a)(iii)]</p> <p>what direct adaptation and mitigation efforts it is undertaking (for example, through workforce, changes in materials used or product specifications, or introduction of efficiency measures).</p> <p>[Paragraph 8(a)(iv)]</p> <p>what indirect adaptation and mitigation efforts it is undertaking (for example, through working with customers and supply chains or use of certification schemes (for example, an internationally recognised scheme providing certification for the sustainability of a commodity such as lumber or palm oil)).</p> <p>[Paragraph 8(a)(v)]</p> <p>the extent to which mitigation efforts rely on offsetting strategies and the factors affecting the choice of any offsetting strategy; for example, following an assessment of multiple schemes, a technology company has decided to offset residual emissions within its value chain via an afforestation programme to meet its strategic commitment to mitigate climate risk. The company selected [] offset programmes because they led to permanent and additional outcomes, and met an accredited verification standard. The entity described each project, the geography in which the projects operate, the number of metric tonnes of offsets, the cost per metric tonne, the year in which the emission reduction occurred and the verification standard applying to the scheme.</p> <p>[Paragraph 8(a)(vi)]</p>		<p>trying to avoid long lists of considerations wherever possible as some of the considerations may not be relevant to all entities.</p>

Table 1 Strategy Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB proposed disclosures	Commentary
	<p>plans and critical assumptions for legacy assets, including strategies to manage carbon-energy- and water-intensive operations, and to decommission carbon-energy- and water-intensive assets. [Paragraph 8(b)]</p> <p>quantitative and qualitative information about the progress of plans previously disclosed in accordance with paragraphs 8(a) and 8(b). [Paragraph 8(c)]</p>		
<p>Recommended Disclosure c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>the <i>resilience</i> of the entity's strategy to significant climate-related risks associated with the physical impacts of climate change and the transition to a lower-carbon economy (see paragraph 10). [Paragraph 5(e)]</p>	<p>a description of the resilience of its business model and strategy to different climate-related scenarios (see paragraph 6); and [Paragraph 3(c)]</p>	<p>We have included business model to be consistent throughout the section more broadly.</p> <p>This may be a slightly broader scope of analysis for some entities, but we consider it to be an ordinary part of scenario analysis when done well. Ultimately it is important to be considering both dimensions and we consider this is in line with information primary users want. Any additional costs of considering this are likely to be worth the long term benefits that come from a resilient business model and strategy.</p>

Table 1 Strategy Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB proposed disclosures	Commentary
<p>Guidance for All Sectors</p> <p>Organizations should describe how resilient their strategies are to climate-related risks and opportunities, taking into consideration a transition to a lower-carbon economy consistent with a 2°C or lower scenario and, where relevant to the organization, scenarios consistent with increased physical climate-related risks. ^[Footnote]</p> <p>^[Footnote] In interpreting the phrase “2°C or lower,” organizations should consider aligning their scenario analysis with Article Two of the 2015 Paris Agreement which commits parties to “holding the increasing in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.”]</p>	<p>An entity shall disclose an analysis of the resilience of the entity’s strategy to significant climate-related risks (physical and transition), including: [Paragraph 10]</p>	<p>An entity must include the following information when describing the resilience of its business model and strategy (see paragraph 3(c)):</p> <p>a description of the scenario analysis it has undertaken, using a range of climate-related scenarios including, at a minimum, a 1.5°C scenario and a greater than 2°C scenario (see paragraph 7).</p> <p>[Paragraph 6(d)]</p>	<p>We are proposing that an entity uses a minimum of a 1.5°C scenario and a greater than 2°C scenario.</p> <p>We have decided to refer directly to a 1.5°C scenario. We consider this to be aligned with the TCFD (see footnote) and the TRWG’s references to a Paris-aligned scenario (see paragraph 10(a)(i) below).</p> <p>In our view this provides clarity to both primary users and entities applying the standard.</p> <p><i>See key decision in section 6.5.4 of the Strategy, and Metrics and Targets Consultation Document for further detail.</i></p>
<p>Organizations should consider discussing: – where they believe their strategies may be affected by climate-related risks and opportunities;</p>	<p>An entity shall disclose an analysis of the resilience of the entity’s strategy to significant climate-related risks (physical and transition), including: [Paragraph 10]</p>	<p>the potential impacts of climate-related risks and opportunities on its business model and strategy; [Paragraph 6(a)]</p>	<p>We include business model for consistency here. See commentary above.</p>
<p>– how their strategies might change to address such potential risks and opportunities;</p>	<p>the results of the analysis together with an assessment demonstrating how the entity’s financial position and financial performance supports the resilience of the entity’s strategy and business model over the short, medium and long term, including: [Paragraph 10(b)]</p> <p>how assets and investments are aligned with or are sufficiently flexible to be reallocated, decommissioned, repaired and upgraded, in the event of physical disruption or chronic changes in weather patterns resulting from climate change; and [Paragraph 10(b)(i)]</p>	<p>how the entity’s business model and strategy might change to address such risks and opportunities; [Paragraph 6(b)]</p>	<p>We include business model for consistency here. See commentary above.</p>

Table 1 Strategy Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB proposed disclosures	Commentary
	<p>the current or planned investment in lower-carbon alternatives (and what proportion that represents of overall investment), reskilling the workforce and the degree of capital flexibility available to withstand the physical effects of climate change.</p> <p>[Paragraph 10(b)(ii)]</p>		
<p>– the potential impact of climate-related issues on financial performance (e.g., revenues, costs) and financial position (e.g., assets, liabilities); ^{Footnote}</p> <p>[Footnote]: These impacts may be described in qualitative, quantitative, or a combination of both qualitative and quantitative terms. The Task Force encourages organizations to include quantitative information, where data and methodologies allow</p>	<p>how management expects the entity’s financial position to change over time in line with its strategy to address significant climate-related risks and opportunities, reflecting:</p> <p>[Paragraph 9(b)]</p> <p>the entity’s current and committed capital allocation plans and their anticipated impact on the financial position (for example, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas and asset retirements); and</p> <p>[Paragraph 9(b)(i)]</p> <p>the entity’s planned sources of funding to implement the strategies; and</p> <p>[Paragraph 9(b)(ii)]</p> <p>how management expects the entity’s financial performance to change over time given its strategy to address significant climate-related risks and opportunities (for example, increased revenue from or costs of products and services aligned with a lower-carbon economy, consistent with the Paris Agreement; physical damage to assets from climate events; and the total costs of climate adaptation or mitigation); and</p> <p>[Paragraph 9(c)]</p>	<p>the potential financial impacts of climate-related risks and opportunities on its financial position, financial performance and cash flows; and</p> <p>[Paragraph 6(c)]</p>	<p>TRWG have pulled a relatively high degree of detail up from TCFD guidance.</p> <p>We are proposing an adoption provision for disclosure 6(c).</p> <p>See Proposed first-time adoption provisions in section 6.3 of the <i>Strategy, and Metrics and Targets Consultation Document</i> for further detail.</p>

Table 1 Strategy Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB proposed disclosures	Commentary
-	<p>how the entity's assessment of significant climate-related risks and opportunities has affected judgements made or present sources of estimation uncertainty in the financial statements.</p> <p>[Paragraph 9(d)]</p>	-	<p>This relates to the interconnection of information in financial statements to climate-related disclosures.</p> <p>We will consider this issue when developing disclosures for inclusion in NZ CS 3.</p>
<p>Guidance for All Sectors – the climate-related scenarios and associated time horizon(s) considered.</p> <p>Refer to Section D in the Task Force's report for information on applying scenarios to forward-looking analysis.</p> <p>Guidance on Scenario Analysis for Non-Financial Companies time horizon, and endpoints used by the company [page 47]</p>	<p>how the analysis has been conducted, including: [Paragraph 10(a)]</p> <p>whether it has been conducted by comparing a diverse range of climate-related scenarios and whether it has used a Paris-aligned scenario and scenarios consistent with increased physical climate-related risks; [Paragraph 10(a)(i)]</p> <p>the time horizons over which the analysis has been conducted; [Paragraph 10(a)(iv)]</p>	<p>a description of the scenario analysis it has undertaken, using a range of climate-related scenarios including, at a minimum, a 1.5°C scenario and a greater than 2°C scenario. [Paragraph 6(d)]</p> <p>An entity must disclose the following information when describing the methodologies and assumptions underlying the climate-related scenarios used, and the scenario analysis process employed (see paragraph 3(d)): [Paragraph 7]</p> <p>the climate-related scenarios it has used, including: [Paragraph 7(a)]</p> <p>the time horizons considered, including endpoints and whether the endpoints are determined by a year or a temperature target; [Paragraph 7(a)(ii)]</p>	<p>Note that both the XRB and TRWG's disclosures have drawn on the TCFD's Guidance for Scenario Analysis, particularly page 47 and the information discussed under the heading '2.2 Disclosure Around Scenarios'.</p> <p><i>See key decision in section 6.5.5 of the Strategy, and Metrics and Targets Consultation Document.</i></p>
<p>Guidance on Scenario Analysis for Non-Financial Companies a brief description of each scenario narrative, [page 47]</p>	-	<p>a brief description of each scenario narrative; [Paragraph 7(a)(i)]</p>	<p>We have included because we consider this to be important for enabling primary users to understand the key points of the scenario, without having to review the detailed pathways and projections used. They are also important parts of scenarios more generally.</p>

Table 1 Strategy Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB proposed disclosures	Commentary
<p>Guidance on Scenario Analysis for Non-Financial Companies</p> <p>a description of the various pathways in each scenario and the key assumptions underlying pathway development over time in response to the forces and drivers; [page 47]</p>	<p>which scenarios were used for the assessment and the sources of the scenarios used (for example, Network for Greening the Financial System Net Zero 2050 scenarios, the International Energy Agency Net Zero 2050 scenario and the Intergovernmental Panel on Climate Change Representative Concentration Pathway 1.9 and 2.6); [Paragraph 10(a)(ii)]</p> <p>the inputs into the scenario analysis, including but not limited to— the scope of risks (for example, the scope of physical risks included in the scenario analysis), the scope of operations covered (for example, the operating locations used), and the level of detail in the assumptions (for example, geospatial coordinates specific to company locations or national- or regional-level broad assumptions); and [Paragraph 10(a)(v)]</p> <p>management’s assumptions about the way the transition to a lower-carbon economy will affect the entity, including policy assumptions for the jurisdictions in which the entity operates, macroeconomic trends, energy usage and mix, and technology assumptions; and [Paragraph 10(a)(vi)]</p>	<p>a description of the various pathways in each scenario and the key assumptions underlying pathway development over time, including the scope of operations covered, policy assumptions, macroeconomic trends, energy pathways, carbon sequestration from afforestation and nature-based solutions and technology assumptions including negative emissions technology; [Paragraph 7(a)(iii)]</p> <p>the sources of data used to construct each scenario; [Paragraph 7(a)(v)]</p>	<p>We have included specific reference to afforestation and nature-based solutions due to their important role in New Zealand’s mitigation and adaptation planning as a heavily agriculture-based economy with significant land-use related emissions and sequestration.</p> <p>This section also includes specific reference to some aspects of emissions pathways and mitigation and adaptation planning at a national level that are particularly important to the New Zealand context with significant land-use related emissions. We also specifically made reference to negative emissions technology to help ensure transparency on its role in any given emissions pathway</p> <p>We have specifically separated negative emissions technology to ensure transparency around its role in any given emissions pathway.</p> <p>We think that disclosure of data used is likely to be impractical and overly burdensome for entities, providing insufficient value to primary users. We do however consider it is important that primary users can understand what data has been used (covered above by describing pathways and assumptions used) and where it is from (covered by 7(a)(v)).</p>
<p>Guidance on Scenario Analysis for Non-Financial Companies</p> <p>a discussion of why the company believes the range of scenarios used covers its plausible risks and uncertainties [page 47]</p>	<p>an explanation of why the entity believes the chosen scenarios are relevant to assessing its resilience to climate-related risks and opportunities; [Paragraph 10(a)(iii)]</p>	<p>an explanation of why the entity believes the chosen scenarios are relevant and appropriate to assessing the resilience of the entity’s business model and strategy to climate-related risks and opportunities; and [Paragraph 7(a)(iv)]</p>	<p>We include business model for consistency here.</p> <p>See commentary above.</p>

Table 1 Strategy Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB proposed disclosures	Commentary
<p>Guidance on Scenario Analysis for Non-Financial Companies</p> <p>Describe processes used for scenario analysis; the range and assumptions of scenarios used; key findings [page 45]</p> <p>whether a company's scenarios were developed internally or externally and the methodology used</p> <p>the key forces and drivers taken into consideration in each scenario and why they are important/relevant to the company</p> <p>key inputs and constraints of the scenarios [page 47]</p>	-	<p>how the scenario analysis process has been conducted, including: [Paragraph 7(b)]</p>	<p>We see this as important to enable primary users to distinguish between scenario analysis that has not involved the board or management discussing strategic implications in workshops and/or meetings and working through implications, and approaches that are more akin to outsourcing the work to consultants.</p>
<p>Guidance on Scenario Analysis for Non-Financial Companies</p> <p>whether it is a standalone analysis or integrated with company's risk management and strategy processes [page 45]</p>	-	<p>whether scenario analysis is a standalone analysis or integrated within the entity's strategy processes; [Paragraph 7(b)(i)]</p>	<p>We have included because this is important information for users regarding the degree to which the approach to scenario analysis is connected to and having regard for other internal strategy work, and is properly resourced and funded over time.</p>
<p>Guidance on Scenario Analysis for Non-Financial Companies</p> <p>A company may also wish to describe the governance process it used to oversee and manage the scenario process, including the role of the board and senior management [page 47]</p>	-	<p>the governance process used to oversee and manage the scenario analysis process, including the role of the board and management; [Paragraph 7(b)(ii)]</p>	<p>We see this as an important dimension of scenario analysis. We understand that there are concerns among primary users around the degree to which the board and senior management of entities see this as a priority and something they play a role in, or whether it is not a priority and something that someone or a team within the organisation 'does' for them. This disclosure will help to bring transparency on this point to primary users. It may ultimately be more appropriate in the governance section of NZ CS 1 and we will consider moving it as part of the July exposure draft.</p>

Table 1 Strategy Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB proposed disclosures	Commentary
-	-	if modelling has been undertaken, a clear description of what modelling was undertaken and why the model/s were chosen as the appropriate model/s; and [Paragraph 7(b)(iii)]	We included this disclosure to provide transparency to primary users on whether entities are making use of existing models (which we understand to be relatively common practice). This will help to ensure that entities are being driven by what is most appropriate for the particular analysis being undertaken in this context rather than using existing modelling that was designed for another purpose in a way it was not intended.
engagement of internal and external stakeholders, and use of external experts. [page 47]	-	which external partners and stakeholders are involved. [Paragraph 7(b)(iv)]	We consider that it is important that primary users can understand what expertise and perspectives have been drawn on beyond the board and management, i.e. from both within the entity and external.

Table 2: Comparison of XRB proposed defined terms for Strategy against TCFD Recommendations and TRWG Prototype

Table 2 Defined Terms for Strategy				
XRB Term	TCFD definition	TRWG proposed definition (in prototype)	XRB Proposed definition	Commentary
actual	Does not appear in a TCFD glossary but 'Actual Impact' is described (see below) in the TCFD <i>Guidance on Metrics, Targets and Transition Plans</i> . 'Actual impact refers to financial impact that has already occurred as a result of climate-related risks or opportunities.' [Page 46]	Not defined	The use of the term actual in this context refers to either impacts or financial impacts that have already occurred.	We have separated this term from financial impacts so that it is clear it applies more generally to both impacts and financial impacts. <i>See key decision in section 6.5.2 of the Strategy, and Metrics and Targets Consultation Document for further detail.</i>
adaptation plan	Does not appear in a TCFD glossary but is described (see below) in the TCFD <i>Guidance on Metrics, Targets and Transition Plans</i> . Referred to in guidance as 'An adaptation plan lays out how an organization aims to minimize risks and capture opportunities associated with physical climate changes.' [Page 39]	Not defined	An aspect of an entity's overall strategy that lays out how an entity aims to minimize risks and capture opportunities associated with physical climate changes.	The term adaptation plan is not yet particularly common in New Zealand. We are aware of increasing work on adaptation planning among corporate entities, including work at the sector level. The scope of the definition is important for entities to understand, and its link to the entity's overall strategy.
anticipated	Not defined	Refers to the effects of risks and opportunities in future periods. If the anticipated effect in future periods is provided as a monetary amount it can be expressed as a single amount or a range.	Not defined	We adopted TCFD term 'potential' (see definition below).
business model	Not defined	The integrated set of processes by which the entity seeks to create value and generate cash flows, including in the long term.	An entity's system of transforming inputs through its business activities (including operations) into outputs and outcomes that aims to fulfil the entity's strategic purposes and	XRB definition sourced from <IR> Framework.

Table 2 Defined Terms for Strategy				
XRB Term	TCFD definition	TRWG proposed definition (in prototype)	XRB Proposed definition	Commentary
			create value over the short, medium, and long term.	
cash flows	Not defined	Not defined	An entity's actual cash flows as reflected in its statement of cash flows or potential cash flows under different climate-related scenarios.	XRB have aligned terminology to that used in financial reporting.
carbon offset	Not defined	An emissions unit issued by a carbon crediting program that represents an emission reduction or removal of a greenhouse gas emission. Carbon offsets are uniquely serialised, issued, tracked, and cancelled by means of an electronic registry.	Not defined	-
climate-related scenario	Scenarios are a plausible description of how the future may develop based on a coherent and internally consistent set of assumptions about key driving forces (e.g., rate of technological change, prices) and relationships. Note that scenarios are neither predictions nor forecasts, but are used to provide a view of the implications of developments and actions.	-	A plausible, challenging description of how the future may develop based on a coherent and internally consistent set of assumptions about key driving forces and relationships covering both physical and transition risks in an integrated manner. Note that climate-related scenarios are not intended to be probabilistic or predictive, or to identify the 'most likely' outcome(s) of climate change.	We emphasised that because climate-related scenarios in the context of NZ CS 1 are about strategy resilience, they need to be both integrated and exploratory rather than probabilistic or predictive.
climate resilience or resilience to climate change	Strategy resilience is the characteristic of a company's strategy that allows it to adapt to climate-related changes materially affecting its business, while maintaining operations and profitability and safeguarding people, assets, and overall reputation. Strategy resilience has two main pillars: vulnerability and preparedness. Vulnerability	Involves an entity developing capacity to adapt to climate change to manage the associated risks and seize opportunities, including the ability to respond to transition risks and physical risks. Opportunities include improving efficiency, designing new production processes and developing new products. Opportunities related to resilience may be especially	The characteristic of an entity's strategy that allows it to adapt to climate-related changes materially affecting it, while maintaining operations and profitability and safeguarding people, assets, and overall reputation. Strategy resilience has two main pillars: vulnerability and preparedness. Vulnerability incorporates the elements of exposure, sensitivity,	The TCFD defined term is 'strategy resilience'. We considered that it was important to frame resilience in terms of the strategy rather than more broadly about any subject matter. The XRB defined term is 'resilience (in the context of the entity's strategy)'.

Table 2 Defined Terms for Strategy

XRB Term	TCFD definition	TRWG proposed definition (in prototype)	XRB Proposed definition	Commentary
	incorporates the elements of exposure, sensitivity, and adaptive capacity. Preparedness incorporates the elements of strategic planning and adaptive capacity. Strategic planning is primarily a forward-looking exercise. Assessment of adaptive capacity involves both present and forward-looking aspects.	relevant for entities with long-lived fixed assets or extensive supply or distribution networks; those that depend critically on utility and infrastructure networks or natural resources in their value chain; and those that may require longer-term financing and investment.	and adaptive capacity. Preparedness incorporates the elements of strategic planning and adaptive capacity. Strategic planning is primarily a forward-looking exercise. Assessment of adaptive capacity involves both present and forward-looking aspects.	
financial impacts	Referred to more generally in guidance.	Not defined	The translation of impacts into actual or potential impacts on financial position and/or financial performance and cash flows.	<p>This standalone definition is made necessary because we separated out actual and potential from financial impacts.</p> <p>We have also tried to emphasise the difference of considering impacts and financial impacts.</p> <p><i>See key decision in section 6.5.2 of the Strategy, and Metrics and Targets Consultation Document for further detail.</i></p>
financial performance	Financial performance refers to an organization's income and expenses as reflected on its income and cash flow statements (actual) or potential income and expenses under different climate-related scenarios.	Not defined	An entity's action income and expenses as reflected in its statement of financial performance or potential income and expenses under different climate-related scenarios.	We have aligned terminology to that used in financial reporting.
financial planning	Financial planning refers to a company's consideration of how it will achieve and fund its objectives and strategic goals. The process of financial planning allows companies to assess future financial positions and determine how resources can be utilized in pursuit of short- and long-term objectives. As part of	Not defined	An entity's consideration of how it will achieve and fund its objectives and strategic goals. The process of financial planning allows entities to assess future financial positions and determine how resources can be utilized in pursuit of short- and long-term objectives. As part of financial planning, entities often	-

Table 2 Defined Terms for Strategy

XRB Term	TCFD definition	TRWG proposed definition (in prototype)	XRB Proposed definition	Commentary
	<p>financial planning, companies often create “financial plans” that outline the specific actions, assets, and resources (including capital) necessary to achieve these objectives over a one-to-five-year period.</p> <p>However, financial planning is broader than the development of a financial plan as it includes long-term capital allocation and other considerations that may extend beyond the typical three-to-five-year financial plan (e.g., investment, research and development, manufacturing, markets).</p>		<p>create “financial plans” that outline the specific actions, assets, and resources (including capital) necessary to achieve these objectives over a 1–5 year period. However, financial planning is broader than the development of a financial plan as it includes long-term capital deployment and other considerations that may extend beyond the typical 3–5 year financial plan (e.g., investment, research and development, manufacturing, and markets).</p>	
financial position	<p>Financial position refers to an organization’s assets, liabilities, and equity as reflected on its balance sheet (actual) or potential assets, liabilities, and equity under different climate-related scenarios.</p>	Not defined	<p>An entity’s actual assets, liabilities, and equity as reflected in its statement of financial position or potential assets, liabilities, and equity under different climate-related scenarios.</p>	<p>We have aligned terminology to that used in financial reporting.</p>
impacts	<p>‘(Consequences, Outcomes) are the effects on natural and human systems. In this report, the term “impact” is used primarily to refer to the effects on natural and human systems of extreme weather and climate events and of climate change. Impacts generally refer to effects on lives, livelihoods, health, ecosystems, economies, societies, cultures, services, and infrastructure due to the interaction of climate changes or hazardous climate events occurring within a specific time period, and the</p>	Not defined.	<p>The effects of climate-related risks and opportunities materialising on the entity, which will in turn depend on the impacts of climate change on the broader socioeconomic and ecological systems the entity operates within. These impacts are driven by the specific climate-related risks and opportunities to which the entity is exposed, and its strategic and risk management decisions on seizing those opportunities and managing those risks.</p>	<p>XRB definition adapted from two separate TCFD definitions, ensuring the focus is specific to the entity while retaining broader contextual relationships which TCFD drew from the IPCC definition.</p>

Table 2 Defined Terms for Strategy

XRB Term	TCFD definition	TRWG proposed definition (in prototype)	XRB Proposed definition	Commentary
	<p>vulnerability of an exposed society or system. Impacts are also referred to as consequences and outcomes. The impacts of climate change on geophysical systems, including floods, droughts, and sea level rise, are a subset of impacts called physical impacts.' In the TCFD <i>Guidance on Scenario Analysis for Non-Financial Companies</i>.</p> <p>Also defined as 'the extent to which a risk event might affect a company' in the <i>TCFD Guidance on Risk Management Integration and Disclosure</i></p>			
legacy asset	Not defined	An asset that has remained on an entity's statement of financial position for a long period of time and has since become obsolete or has lost nearly all of its initial value.	Not defined	-
Paris-aligned scenario	<p>Not defined</p> <p>TCFD guidance does refer to the 1.5 degrees ambition of the Paris Agreement.</p>	Scenarios consistent with limiting global warming to below 2 degrees Celsius above pre-industrial levels and pursuing efforts to limit warming to 1.5 degrees Celsius.	Not defined	We decided not to add this label and consider that it the reference to 1.5 degrees is sufficiently clear and allows us to refer to a 'greater than 2 degree' scenario in a consistent way.
potential	<p>Does not appear in a TCFD glossary but 'Potential impact' is described (see below) in the TCFD <i>Guidance on Metrics, Targets and Transition Plans</i>.</p> <p>'Potential impact refers to financial impact that may occur in the future due to climate-related risks or opportunities.' See Box F1 of the TCFD's Guidance at page 46 here.</p>	Not defined	The use of the term potential in this context refers to impacts or financial impacts that may plausibly occur in the future.	<p>We have separated this term from financial impacts so that it is clear it applies more generally to both impacts and financial impacts.</p> <p>See key decision in section 6.5.2 of the <i>Strategy, and Metrics and Targets Consultation Document</i> for further detail.</p>

Table 2 Defined Terms for Strategy

XRB Term	TCFD definition	TRWG proposed definition (in prototype)	XRB Proposed definition	Commentary
scenario analysis	<p>Scenario analysis is a process for identifying and assessing a potential range of outcomes of future events under conditions of uncertainty. In the case of climate change, for example, scenarios allow an entity to explore and develop an understanding of how the physical and transition risks of climate change may impact its businesses, strategies, and financial performance over time.</p>	<p>Scenario analysis is a process for identifying and assessing a potential range of outcomes of future events under conditions of uncertainty. In the case of climate change, for example, scenarios allow an entity to explore and develop an understanding of how the physical and transition risks of climate change may impact its businesses, strategies, and financial performance over time.</p>	<p>A process for systematically exploring the effects of a range of plausible future events under conditions of uncertainty. In the case of climate change, climate-related scenarios allow an entity to explore and develop an understanding of how physical and transition risks and opportunities may impact its business model and strategy over time.</p>	<p>The defined term used by TRWG is climate scenario analysis.</p> <p>We have emphasised the need to systematically consider both physical and transition risks in any given scenario. This is consistent with TCFD guidance, given the need to create plausible and internally consistent worlds to explore the resilience of strategy. Approaching risks and opportunities in an integrated way from the outset will help to ensure entities avoid seeing them as divergent future worlds, which is important because all futures faced by all entities globally will involve some combination of physical and transition risks and opportunities.</p>
strategy	<p>An organization's desired future state. An organization's strategy establishes a foundation against which it can monitor and measure its progress in reaching that desired state. Strategy formulation generally involves establishing the purpose and scope of the organization's activities and the nature of its businesses, taking into account the risks and opportunities it faces and the environment where it operates.</p>	<p>Not defined</p>	<p>An entity's desired future state. An entity's strategy establishes a foundation against which it can monitor and measure its progress in reaching that desired state. Strategy formulation generally involves establishing the purpose and scope of the entity's activities and the nature of its business model, taking into account the risks and opportunities it faces and the environment in which it operates.</p>	<p>-</p>

Table 2 Defined Terms for Strategy

XRB Term	TCFD definition	TRWG proposed definition (in prototype)	XRB Proposed definition	Commentary
transition plan	An aspect of an organization's overall business strategy that lays out a set of targets and actions supporting its transition toward a low-carbon economy, including actions such as reducing its GHG emissions.	An aspect of an entity's overall strategy that lays out a set of targets and actions supporting its transition toward a lower-carbon economy, including actions such as reducing its greenhouse gas emissions.	An aspect of an entity's overall strategy that lays out a set of targets and actions supporting its transition toward a low-emissions, economy, including actions such as reducing its GHG emissions.	We considered other terms more commonly used in New Zealand at present but consider international alignment is important and the term works adequately in our context. The scope of the transition plan definition and its important link into the overall strategy is important for entities to understand and consider.

High level comparison for Metrics and Targets

The diagram below illustrates at a high level the mapping between TCFD Metrics and Targets recommendations, TRWG proposed Metrics and Targets disclosures and XRB proposed Metrics and Targets disclosures.

We consider that there is broad consistency between the TCFD's recommendations, the TRWG and XRB proposed Metrics and Targets disclosures. Key differences are:

- TCFD repeated GHG emissions disclosures in a) as a cross-industry metric and b) as a stand-alone disclosure. We have considered it as a cross-industry metric.
- We have additional disclosure requirements for GHG emissions. These disclosures are subject to assurance under our regime and some of our additional requirements are to enable this. We have also been more specific around disclosures to enable greater comparability for primary users.
- We have not included industry-specific metrics. The TCFD suggests some sector-specific metrics in their guidance and the TRWG have included a long list based on SASB Standards.

Metrics and Targets		
TCFD M&T	TRWG M&T	XRB M&T
Recommendation	Included in paragraph 12	Disclosure objective
a)	12(a) → paragraph 13 12(b) → Appendix B 12(d)	3(a) → paragraphs 4, 5, 6 3(c) → paragraphs 11, 12
Relevant guidance		
b)	13(a) 14	4(a) → paragraphs 8, 9, 10 4(b) 3(c) → paragraphs 11, 12
Relevant guidance		
c)	12(c) 15	3(b) → paragraph 7 3(c) → paragraphs 11, 12
Relevant guidance		

Table 3: Comparison of XRB proposed disclosures for Metrics and Targets against TCFD Recommendations and TRWG Prototype

Table 3 Metrics and Target Comparison			
TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB Proposed disclosures	Commentary
<p>Recommendation ^[Footnote] Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p> <p>Guidance for All Sectors Investors and other stakeholders need to understand how an organization measures and monitors its climate-related risks and opportunities. Access to the metrics and targets used by an organization allows investors and other stakeholders to better assess the organization’s potential risk-adjusted returns, ability to meet financial obligations, general exposure to climate-related issues, and progress in managing or adapting to those issues.</p> <p>^[Footnote] The Task Force’s Guidance on Metrics, Targets, and Transition Plans should be reviewed by organizations disclosing information under this recommendation</p>	<p>An entity shall disclose information that enables users of general purpose financial reporting to understand the entity’s performance in managing significant climate-related risks and opportunities.</p> <p>[Paragraph 12]</p>	<p>Disclosure objective The objective of these disclosures is to enable primary users to understand how an entity measures and manages its climate-related risks and opportunities. Such information supports primary user’s evaluations of the entity’s potential risk-adjusted returns, ability to meet financial obligations, general exposure to climate-related risks and opportunities, and progress in managing or adapting to those risks and opportunities. They also provide a basis upon which primary users can compare entities within a sector or industry.</p> <p>[Paragraph 1]</p>	<p>No substantive differences.</p>
<p>Recommended Disclosure a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.</p>	<p>cross-industry metrics (see paragraph 13) [Paragraph 12(a)]</p> <p>industry-based metrics (see Appendix B) [Paragraph 12(b)]</p>	<p>the <i>metrics</i> used to measure and manage climate-related risks and opportunities in line with its strategy and risk management processes (see paragraphs 4, 5 and 6) [Paragraph 3(a)]</p>	<p>See below for commentary on the alignment between proposed cross-industry metrics of TCFD, TRWG and XRB.</p>
<p>Guidance for All Sectors Organizations should provide the key metrics used to measure and manage climate related risks and opportunities, as described in Tables A1.1 and A1.2 (pp. 75–76), as well as metrics consistent with the cross-industry,</p>	<p>cross-industry metrics (see paragraph 13) [Paragraph 12(a)]</p> <p>industry-based metrics (see Appendix B) [Paragraph 12(b)]</p> <p>Appendix B</p>	<p>An entity must disclose cross-industry metrics consistent with the climate-related metric categories below (see paragraph 3(a)): [Paragraph 4]</p>	<p>See below for commentary on the alignment between proposed cross-industry metrics of TCFD, TRWG and XRB.</p> <p>The XRB decided not to prescribe industry-based metrics at this time.</p>

Table 3 Metrics and Target Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB Proposed disclosures	Commentary
<p>climate-related metric categories described in Table A2.1 (p. 79). ^[Footnote]</p> <p>^[Footnote] Financial organizations may find it more difficult to quantify exposure to climate-related risks because of challenges related to portfolio aggregation and data availability. The Task Force suggests financial organizations provide qualitative and quantitative information, where data and methodologies allow.</p>	<p>To meet the requirements in paragraph 12(b) an entity shall use the tables below, which contain a summary of the industry-based disclosure requirements.</p> <p>[Paragraph 1]</p> <p>The disclosure topics and associated metrics below are listed by reference to industry-based activities. An entity shall disclose those metrics relevant to its activities in line with its business model and in relation to specific climate-related risks or opportunities. Some entities will have a range of activities that span across more than one industry.</p> <p>[Paragraph 3]</p> <p>Please note we have not included in this table the full content of Appendix B of the TRWG Prototype. Appendix B of the TRWG Prototype contain a summary of industry-based disclosure requirements (23 pages). These industry metrics have been extracted from the SASB Standards. The TRWG have also produced a Prototype Climate-related Disclosures Standard Supplement: Technical Protocols for Disclosure requirements This contains the full requirements from the SASB Standards (581 pages).</p>	<p>An entity must disclose the industry-specific metrics it uses to measure and manage its climate-related risks and opportunities.</p> <p>[Paragraph 5]</p> <p>An entity must include any other key performance indicators used to measure and manage climate-related risks and opportunities.</p> <p>[Paragraph 6]</p>	<p>See key decisions in sections 7.6.2 and 7.6.3 of the <i>Strategy, and Metrics and Targets Consultation Document</i> for further detail.</p> <p>We are clear that reporting entities are embarking on a journey – no-one is expecting perfection on day one.</p>
<p>Table A2.1 GHG Emissions Absolute Scope 1, Scope 2, and Scope 3; emissions intensity MT of CO₂e</p>	<p><i>greenhouse gas emissions</i>—in terms of absolute gross <i>Scope 1, Scope 2 and Scope 3</i>, expressed as metric tonnes of CO₂ equivalent, in accordance with the Greenhouse Gas Protocol, and emissions intensity;</p> <p>[Paragraph 13(a)]</p>	<p>Greenhouse gas emissions: <i>gross Scope 1, Scope 2, Scope 3</i> (value chain) <i>emissions</i> in metric tonnes of CO₂e (see paragraphs 8, 9 and 10)</p> <p>[Paragraph 4(a)] GHG <i>emissions intensity</i> [Paragraph 4(b)]</p>	<p>We have used gross rather than absolute. See key decisions in section 7.6.5 of the <i>Strategy, and Metrics and Targets Consultation Document</i> for further detail.</p> <p>We have included Scope 3 emissions. for all CREs.</p> <p>See key decisions in section 7.6.5 of the <i>Strategy, and Metrics and Targets Consultation Document</i> for further detail.</p>

Table 3 Metrics and Target Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB Proposed disclosures	Commentary
			<p>Guidance will direct preparers to the GHG Protocol suite of documents. The GHG Protocol will not be referenced in NZ CS 1. <i>See key decisions in section 7.6.5 of the Strategy, and Metrics and Targets Consultation Document for further detail.</i></p> <p>We have required GHG emissions intensity as a separate disclosure to be clear that it is not required to be assured under the Act.</p> <p>See below for additional GHG emissions disclosures included in our standard drawn from TCFD disclosure b) and TRWG.</p>
<p>Table A2.1 Transition Risks Amount and extent of assets or business activities vulnerable to transition risks Amount or percentage</p>	<p>transition risks—the amount and percentage of assets or business activities vulnerable to transition risks; [Paragraph 13(b)]</p>	<p>transition risks: amount or percentage of assets or business activities vulnerable to transition risks [Paragraph 4(c)]</p>	<p>We have used ‘or’ rather than ‘and’. TCFD use ‘amount and extent’ in their metric category description in tables A2.1. The suggested metric states ‘amount or percentage’. In rationale they use ‘amount and extent’ for transition risks and ‘amount or extent’ for physical risks. We believe that ‘or’ allows some flexibility for entities if they feel this information may be sensitive.</p>
<p>Table A2.1 Physical Risks Amount and extent of assets or business activities vulnerable to physical risks* Amount or percentage <i>*Transition and Physical Risks: Due to challenges related to portfolio aggregation and sourcing data from companies or third-party fund managers, financial organizations may find it more difficult to quantify exposure to climate-related risks. The Task Force suggests that financial organizations provide qualitative and quantitative information, when available</i></p>	<p>physical risks—the amount and percentage of assets or business activities vulnerable to physical risks; [Paragraph 13(c)]</p>	<p>physical risks: amount or percentage of assets or business activities vulnerable to physical risks [Paragraph 4(d)]</p>	<p>We have used ‘or’ rather than ‘and’. TCFD use ‘amount and extent’ in their metric category description in tables A2.1. The suggested metric states ‘amount or percentage’. In rationale they use ‘amount and extent’ for transition risks and ‘amount or extent’ for physical risks. We believe that ‘or’ allows some flexibility for entities if they feel this information may be sensitive.</p> <p>We are clear that reporting entities are embarking on a journey – no-one is expecting perfection on day one.</p>
<p>Table A2.1</p>	<p>climate-related opportunities—the proportion of revenue, assets or other business activities</p>	<p>climate-related opportunities: proportion of revenue, assets, or other business activities</p>	<p>No substantive differences.</p>

Table 3 Metrics and Target Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB Proposed disclosures	Commentary
Climate-Related Opportunities Proportion of revenue, assets, or other business activities aligned with climate-related opportunities Amount or percentage	aligned with climate-related opportunities, expressed as an amount or as a percentage; [Paragraph 13(d)]	aligned with climate-related opportunities, expressed as an amount or percentage. [Paragraph 4(e)]	
Table A2.1 Capital Deployment Amount of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities Reporting currency	capital deployment—the amount of capital expenditure, financing or investment deployed toward climate-related risks and opportunities, expressed in the reporting currency; [Paragraph 13(e)]	capital deployment: amount, in reporting currency, of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities. [Paragraph 4(f)]	No substantive differences.
Table A2.1 Internal Carbon Prices Price on each ton of GHG emissions used internally by an organization Price in reporting currency, per MT of CO ₂ e	internal <i>carbon prices</i> —the price for each metric tonne of greenhouse gas emissions used internally by an entity, including how the entity is applying the carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis), expressed in the reporting currency per metric tonne of CO ₂ equivalent; and [Paragraph 13(f)]	<i>internal emissions price</i> : price on each tonne of greenhouse gas emissions used internally by an entity, expressed in reporting currency per metric tonne of CO ₂ e. [Paragraph 4(g)]	We have used emissions rather than carbon throughout our standard. This reflects that methane is also an important component of New Zealand’s emissions. We have followed TCFD requirements. The additional information in the TRWG prototype is considered guidance.
Table A2.1 Remuneration Proportion of executive management remuneration linked to climate considerations** Percentage, weighting, description, or amount in reporting currency <i>**Remuneration: While the Task Force encourages quantitative disclosure, organizations may include descriptive language on remuneration policies and practices, such as how climate change issues are included in balanced scorecards for executive remuneration.</i>	remuneration—the proportion of executive management remuneration affected by climate-related considerations in the current period (also see paragraph 4(f)), expressed in a percentage, weighting, description or amount in reporting currency. [Paragraph 13(g)]	remuneration: proportion of management remuneration linked to climate-related risks and opportunities in the current period expressed as a percentage, weighting, description or amount in reporting currency. [Paragraph 4(h)]	We have used climate-related risks and opportunities to be consistent with the rest of our standard. We have not required a particular metric.

Table 3 Metrics and Target Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB Proposed disclosures	Commentary
<p>Guidance for All Sectors Organizations should consider including metrics on climate-related risks associated with water, energy, land use, and waste management where relevant and applicable.</p>	<p>industry-based metrics (see Appendix B); [Paragraph 12(b)]</p>	<p>An entity must disclose the industry-specific metrics it uses to measure and manage its climate-related risks and opportunities. [Paragraph 5]</p> <p>An entity must include any other key performance indicators used to measure and manage climate-related risks and opportunities. [Paragraph 6]</p>	<p>The XRB are not proposing to require entities to disclose against a list of industry-based metrics.</p> <p><i>See key decisions in section 7.6.3 of the Strategy, and Metrics and Targets Consultation Document for further detail.</i></p>
<p>Guidance for All Sectors Where climate-related issues are material, organizations should consider describing whether and how related performance metrics are incorporated into remuneration policies.</p>	<p>The TRWG proposes the following disclosure in the Governance section: how the body oversees the setting of climate-related targets and monitors progress towards them, including whether and how related performance metrics are incorporated into remuneration policies [Paragraph 4(f)]</p>	<p>The XRB proposed the following disclosure in the Governance section: 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</p>	<p>No substantive differences.</p>
<p>Guidance for All Sectors Where relevant, organizations should provide their internal carbon prices as well as climate-related opportunity metrics such as revenue from products and services designed for a low-carbon economy. Comment: These are duplicated in TCFD Table A2.1 (see above).</p>	<p>internal carbon prices—the price for each metric tonne of greenhouse gas emissions used internally by an entity, including how the entity is applying the carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis), expressed in the reporting currency per metric tonne of CO2 equivalent; and [Paragraph 13(f)]</p> <p>climate-related opportunities—the proportion of revenue, assets or other business activities aligned with climate-related opportunities, expressed as an amount or as a percentage; [Paragraph 13(d)]</p>	<p>internal emissions price: price on each tonne of greenhouse gas emissions used internally by an entity, expressed in reporting currency per metric tonne of CO2e [Paragraph 4 (g)]</p> <p>climate-related opportunities: proportion of revenue, assets, or other business activities aligned with climate-related opportunities, expressed as an amount or percentage. [Paragraph 4(e)]</p>	<p>We have used emissions rather than carbon throughout our standard. This reflects that methane is also an important component of New Zealand’s emissions.</p> <p>We have followed TCFD requirements. The additional information in the TRWG prototype is considered guidance.</p>

Table 3 Metrics and Target Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB Proposed disclosures	Commentary
<p>Guidance for All Sectors Metrics should be provided for historical periods to allow for trend analysis.</p>	<p>General requirements prototype Comparative information Unless IFRS Sustainability Disclosure Standards permit or require otherwise, an entity shall present comparative information regarding the previous period for all amounts including metrics and key performance indicators reported in the current period. When relevant to understanding the current period's sustainability-related financial disclosures an entity shall also disclose comparative information for narrative and descriptive information [Paragraph 48]</p>	<p>Will be included in NZ CS 3 <i>General Requirements for Climate-related Disclosures</i>. Proposed content: An entity must present comparative information regarding the previous period for all amounts including metrics reported in the current period. When relevant to understanding the current period's climate-related disclosures an entity must also disclose comparative information for narrative and descriptive information For each metric reported in the current period an entity must disclose at least two years of comparative information to provide a basis for tracking progress</p>	<p>TCFD encourages organizations to provide a least two years of historical data to provide a basis for tracking progress (link to TCFD metrics and targets guidance) We agree with TCFD and will propose similar requirements.</p>
<p>Guidance for All Sectors Where appropriate, organizations should consider providing forward-looking metrics for the cross-industry, climate-related metric categories described in Table A2.1 (p. 79), consistent with their business or strategic planning time horizons.</p>		<p>An entity must disclose cross-industry metrics consistent with the climate-related metric categories below (see paragraph 3(a)):</p>	<p>We have not been explicit about providing forward-looking metrics. This will be included in guidance.</p>
<p>Guidance for All Sectors In addition, where not apparent, organizations should provide a description of the methodologies used to calculate or estimate climate-related metrics.</p>	<p>General requirements prototype explanations of the methods used to calculate the targets and inputs to the calculation, including the significant assumptions made and the limitations of those methods. [Paragraph 43(e)]</p>	<p>the methodologies and assumptions used to calculate its metrics and targets (see paragraphs 11 and 12) [Paragraph 3(c)] An entity must provide a description of the methodologies and assumptions used to calculate or estimate climate-related metrics and targets where they are not apparent including the limitations of those methods. [Paragraph 11] An entity must identify metrics it has disclosed that have significant estimation uncertainty, disclosing the sources and nature of the</p>	<p>TCFD repeats this paragraph under targets. We have provided combined paragraphs for simplicity.</p>

Table 3 Metrics and Target Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB Proposed disclosures	Commentary
		estimation uncertainties and the factors affecting the uncertainties. [Paragraph 12]	
	<p>General requirements prototype</p> <p>When metrics cannot be quantified directly and can only be estimated, measurement uncertainty arises. The use of reasonable estimates is an essential part of preparing sustainability-related metrics and does not undermine the usefulness of the information if the estimates are clearly and accurately described and explained. Even a high level of measurement uncertainty does not necessarily prevent such an estimate from providing useful information. An entity shall identify metrics it has disclosed that have significant estimation uncertainty, disclosing the sources and nature of the estimation uncertainties and the factors affecting the uncertainties.</p> <p>[Paragraph 74]</p>	<p>An entity must identify metrics it has disclosed that have significant estimation uncertainty, disclosing the sources and nature of the estimation uncertainties and the factors affecting the uncertainties.</p> <p>[Paragraph 12]</p>	<p>We believe the TRWG requirements are useful for primary users to understand the disclosures and have used the requirement from paragraph 74. The earlier part of the paragraph is considered guidance.</p>
<p>Recommended Disclosure b)</p> <p>Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<p><i>greenhouse gas emissions</i>—in terms of absolute gross <i>Scope 1, Scope 2 and Scope 3</i>, expressed as metric tonnes of CO₂ equivalent, in accordance with the Greenhouse Gas Protocol, and emissions intensity</p> <p>[Paragraph 13(a)]</p>	<p>Greenhouse gas emissions: <i>gross scope 1, scope 2, scope 3 (value chain) emissions</i> in metric tonnes of CO₂e (see paragraphs 8, 9 and 10)</p> <p>[Paragraph 4(a)]</p> <p>GHG <i>emissions intensity</i></p> <p>[Paragraph 4(b)]</p>	<p>It is unclear what would be disclosed by 'and related risks' that would not already be covered in risk disclosures so this is not included. This requirement is not included in the TCFD list of cross-industry metrics.</p> <p>We have used gross rather than absolute. See key decisions in section 7.6.5 of the <i>Strategy, and Metrics and Targets Consultation Document</i> for further detail.</p> <p>We have included Scope 3 emissions for all CREs.</p> <p>See key in section 7.6.5 of the <i>Strategy, and Metrics and Targets Consultation Document</i> decisions for further detail.</p>

Table 3 Metrics and Target Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB Proposed disclosures	Commentary
			<p>Guidance will direct preparers to the GHG Protocol suite of documents. The GHG Protocol will not be referenced in NZ CS 1. See key decisions in section 7.6.5 of the Strategy, and Metrics and Targets Consultation Document for further detail.</p> <p>We have required GHG emissions intensity as a separate disclosure to be clear that it is not required to be assured under the Act.</p>
<p>Guidance for All Sectors</p> <p>Organizations should provide their Scope 1 and Scope 2 GHG emissions independent of a materiality assessment, and, if appropriate, Scope 3 GHG emissions and the related risks.^[Footnote] All organizations should consider disclosing Scope 3 GHG emissions.^[Footnotes]</p> <p>^[Footnote] Emissions are a prime driver of rising global temperatures and, as such, are a key focal point of policy, regulatory, market, and technology responses to limit climate change. As a result, organizations with significant emissions are likely to be impacted more significantly by transition risk than other organizations. In addition, current or future constraints on emissions, either directly by emission restrictions or indirectly through carbon budgets, may impact organizations financially.</p> <p>^[Footnote] The Task Force strongly encourages all organizations to disclose Scope 3 GHG emissions. While the Task Force recognizes the data and methodological challenges associated with calculating Scope 3 GHG emissions, it believes such emissions are an important metric reflecting an organization’s exposure to climate-related risks and opportunities. For guidance on reporting Scope 3 GHG emissions, see the GHG Protocol’s The Corporate Value Chain (Scope 3) Accounting and Reporting Standard</p>	<p><i>greenhouse gas emissions</i>—in terms of absolute gross <i>Scope 1, Scope 2 and Scope 3</i>, expressed as metric tonnes of CO₂ equivalent, in accordance with the Greenhouse Gas Protocol, and emissions intensity</p> <p>[Paragraph 13(a)]</p>	<p>Greenhouse gas emissions: <i>gross scope 1, scope 2, scope 3 (value chain) emissions</i> in metric tonnes of CO₂e (see paragraphs 8, 9 and 10)</p> <p>[Paragraph 4(a)]</p> <p>GHG <i>emissions intensity</i></p> <p>[Paragraph 4(b)]</p>	<p>We have used gross rather than absolute. See key decisions in section 7.6.5 of the Strategy, and Metrics and Targets Consultation Document for further detail.</p> <p>We have included Scope 3 emissions for all CREs.</p> <p>See key decisions in section 7.6.5 of the Strategy, and Metrics and Targets Consultation Document for further detail.</p> <p>Guidance will direct preparers to the GHG Protocol suite of documents. The GHG Protocol will not be referenced in NZ CS 1. See key decisions in section 7.6.5 of the Strategy, and Metrics and Targets Consultation Document for further detail.</p> <p>We have required GHG emissions intensity as a separate disclosure to be clear that it is not required to be assured under the Act.</p> <p>Materiality</p> <p>See section 9.2 and 9.3 of the Strategy, and Metrics and Targets Consultation Document for further detail</p>

Table 3 Metrics and Target Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB Proposed disclosures	Commentary
<p><small>[Footnote]</small> When considering whether to disclose Scope 3 GHG emissions, organizations should consider whether such emissions are a significant portion of their total GHG emissions. For example, see discussion of 40% threshold in the Science Based Targets initiative's (SBTi's) paper SBTi Criteria and Recommendations, Version 4.2, April 2021, Section V, p. 10.</p>			
<p>Guidance for All Sectors GHG emissions should be calculated in line with the GHG Protocol methodology to allow for aggregation and comparability across organizations and jurisdictions.<small>[Footnote]</small></p> <p><small>[Footnote]</small> While challenges remain, the GHG Protocol methodology is the most widely recognized and used international standard for calculating GHG emissions. Organizations may use national reporting methodologies if they are consistent with the GHG Protocol methodology.</p>	<p><i>greenhouse gas emissions</i>—in terms of absolute gross <i>Scope 1, Scope 2 and Scope 3</i>, expressed as metric tonnes of CO₂ equivalent, in accordance with the Greenhouse Gas Protocol, and emissions intensity</p> <p>[Paragraph 13(a)]</p>		<p>Guidance will direct preparers to the GHG Protocol suite of documents. The GHG Protocol will not be referenced in NZ CS 1. See key decisions in section 7.6.5 of the Strategy, and Metrics and Targets Consultation Document for further detail</p>
<p>Guidance for All Sectors As appropriate, organizations should consider providing related, generally accepted industry-specific GHG efficiency ratios.<small>[Footnote]</small></p> <p><small>[Footnote]</small> For industries with high energy consumption, metrics related to emission intensity are important to provide. For example, emissions per unit of economic output (e.g., unit of production, number of employees, or value-added) is widely used.</p>	<p><i>greenhouse gas emissions</i>—in terms of absolute gross Scope 1, Scope 2 and Scope 3, expressed as metric tonnes of CO₂ equivalent, in accordance with the Greenhouse Gas Protocol, and emissions intensity</p> <p>[Paragraph 13(a)]</p>	<p>GHG <i>emissions intensity</i></p> <p>[Paragraph 4(b)]</p>	<p>No substantive differences</p>
<p>Guidance for All Sectors GHG emissions and associated metrics should be provided for historical periods to allow for trend analysis.</p>	<p>General requirements prototype Comparative information Unless IFRS Sustainability Disclosure Standards permit or require otherwise, an entity shall present comparative information regarding the previous period for all amounts including metrics and key performance</p>	<p>Comment: Will be included in NZ CS 3 <i>General Requirements for Climate-related Disclosures</i>. Proposed content: An entity must present comparative information regarding the previous period for all amounts including metrics reported in the current period. When relevant to</p>	<p>TCFD encourages organisations to provide a least two years of historical data to provide a basis for tracking progress (link to TCFD metrics and targets guidance).</p>

Table 3 Metrics and Target Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB Proposed disclosures	Commentary
	<p>indicators reported in the current period. When relevant to understanding the current period's sustainability-related financial disclosures an entity shall also disclose comparative information for narrative and descriptive information [Paragraph 48]</p>	<p>understanding the current period's climate-related disclosures an entity must also disclose comparative information for narrative and descriptive information For each metric reported in the current period an entity must disclose at least two years of comparative information to provide a basis for tracking progress</p>	
<p>Guidance for All Sectors In addition, where not apparent, organizations should provide a description of the methodologies used to calculate or estimate the metrics.</p>	<p>General requirements prototype explanation of the methods used to calculate the targets and inputs to the calculation, including the significant assumptions made and the limitations of those methods. [Paragraph 43(e)]</p>	<p>a statement describing the standards, protocols, and methodologies that the entity's GHG emissions report has been prepared in accordance with. [Paragraph 8(c)] the methodologies and assumptions used to calculate its metrics and targets. [Paragraph 3(c)] An entity must provide a description of the methodologies and assumptions used to calculate or estimate climate-related metrics and targets where they are not apparent including the limitations of those methods. [Paragraph 11]</p>	<p>TCFD repeats this paragraph in a), b) and c)</p>
		<p>An entity must disclose the following in relation to its GHG emissions: the cross-industry GHG emissions metrics set out in paragraph 4(a) a statement that the GHG emissions have been extracted from its GHG emissions report (see paragraph 9) a statement describing the standards, protocols, and methodologies that the entity's GHG emissions report has been prepared in accordance with</p>	<p>These requirements have been added to enable an assurance opinion to be formed. See key decisions in section 7.6.5 of the <i>Strategy, and Metrics and Targets Consultation Document</i> for additional information. We believe 8 (c) to (e) are key information to enable primary users to understand reported emissions. See below for our paragraph 8 (f) which we also believe is key information.</p>

Table 3 Metrics and Target Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB Proposed disclosures	Commentary
		<p>the <i>consolidation</i> approach for emissions: whether equity share, financial control, or operational control</p> <p>the source of <i>emission factors</i> and the <i>global warming</i> potential (GWP) rates used or a reference to the GWP source [Paragraph 8(a) to (e)]</p> <p>An entity must prepare a GHG emissions report to support its disclosures of GHG emissions at paragraphs 4(a) and 8(b) to (f). The GHG emissions report must be linked or cross-referenced in its disclosures. [Paragraph 9]</p> <p>An entity's GHG emissions disclosures in its climate statement must be drawn from and consistent with information presented in its GHG emissions report for the relevant periods. Where information in the GHG emissions report has subsequently been restated, the information in the climate statement shall be drawn from, and be consistent with, that restated information. [Paragraph 10]</p>	
	<p>For Scope 3 greenhouse gas emissions, the entity shall provide an explanation of the activities included within the disclosed metric. For example, an online retailer may be exposed to risks or opportunities related to the greenhouse gas emissions arising out of third party transportation and distribution services purchased by the reporting entity for outbound logistics of products sold to customers. The retailer may determine that information about such emissions is material to the users of its general purpose financial</p>	<p>a summary of specific exclusions of sources, facilities and/or operations. [Paragraph 8(f)]</p>	<p>We believe this is key information to enable primary users to understand reported emissions. This is additional to TCFD but similar to the TRWG disclosure.</p>

Table 3 Metrics and Target Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB Proposed disclosures	Commentary
	<p>reports in their assessment of its enterprise value. Therefore, the retailer will explain how the emissions information provided by entities in its supply chain has been included in the determination of Scope 3 greenhouse gas emissions.</p> <p>[Paragraph 14]</p>		
<p>Recommended Disclosure c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.</p>	<p>targets set by management to mitigate or adapt to climate-related risks or maximise climate-related opportunities</p> <p>[Paragraph 12(c)]</p>	<p>the <i>targets</i> used to manage climate-related risks and opportunities and performance against targets (see paragraph 7)</p> <p>[Paragraph 3(b)]</p>	<p>No substantive difference to TCFD.</p>
<p>Guidance for All Sectors Organizations should describe their key climate-related targets such as those related to GHG emissions, water usage, energy usage, etc., in line with the cross-industry, climate related metric categories in Table A2.1 (p. 79), where relevant, and in line with anticipated regulatory requirements or market constraints or other goals. Other goals may include efficiency or financial goals, financial loss tolerances, avoided GHG emissions through the entire product life cycle, or net revenue goals for products and services designed for a low-carbon economy.</p>	<p>The entity shall disclose its climate-related targets</p> <p>[Paragraph 15]</p>	<p>the <i>targets</i> used to manage climate-related risks and opportunities and performance against targets (see paragraph 7)</p> <p>[Paragraph 3(b)]</p>	<p>We believe the additional TCFD information is guidance so it has not been included in the standard.</p>
	<p>the objective of the targets (for example, mitigation, adaptation and conformance with sector and science-based initiatives)</p> <p>[Paragraph 15(a)]</p>		<p>This is additional to TCFD and has not been included.</p> <p>We have included science-based targets as a disclosure in paragraph 7 (b) see below</p>
<p>Guidance for All Sectors In describing their targets, organizations should consider including the following: – whether the target is absolute or intensity based;</p>	<p>whether the target is <i>absolute</i> or <i>intensity-based</i></p> <p>[Paragraph 15(b)]</p>	<p>whether the target is absolute or intensity based</p> <p>[Paragraph 7(a)]</p>	<p>Aligned</p>

Table 3 Metrics and Target Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB Proposed disclosures	Commentary
	whether the target is <i>science-based</i> , and if so, whether it has been validated by a third party [Paragraph 15(c)]	whether the target is science-based, and if so, whether it has been validated by a third party [Paragraph 7(b)]	We believe that understanding if emissions reductions targets are science-based helps with comparability.
	whether the target was derived using a sectoral decarbonisation approach [Paragraph 15(d)]		This is additional to TCFD and has not been included.
Guidance for All Sectors – time frames over which the target applies;	the timeframe over which the target applies [Paragraph 15(e)]	the time frame over which the target applies [Paragraph 7(c)]	Aligned
Guidance for All Sectors – base year from which progress is measured; and	the base year from which progress is measured [Paragraph 15(f)]	the <i>base year</i> from which progress is measured [Paragraph 7(e)]	Aligned
Guidance for All Sectors – key performance indicators used to assess progress against targets.	other key performance indicators used by the board or management to measure progress towards the targets identified in paragraph 12(c). [Paragraph 12(d)] metrics used to assess progress towards reaching targets and achieving strategic goals [Paragraph 15(h)]	An entity must include any other key performance indicators used to measure and manage climate-related risks and opportunities. [Paragraph 6] a description of performance against targets [Paragraph 7(f)]	No substantive differences
Guidance for All Sectors Organizations disclosing medium-term or long-term targets should also disclose associated interim targets in aggregate or by business line, where available.	any milestones or interim targets [Paragraph 15(g)]	the associated <i>interim targets</i> [Paragraph 7(d)]	No substantive differences
Guidance for All Sectors Where not apparent, organizations should provide a description of the methodologies used to calculate targets and measures.	General requirements prototype explanation of the methods used to calculate the targets and inputs to the calculation, including the significant assumptions made and the limitations of those methods. [Paragraph 43(e)]	the methodologies and assumptions used to calculate its metrics and targets (see paragraphs 11 and 12 [Paragraph 3(c)] An entity must provide a description of the methodologies and assumptions used to	TCFD repeats this paragraph under metrics. We have provided combined paragraphs for simplicity.

Table 3 Metrics and Target Comparison

TCFD Recommendations	TRWG proposed disclosures (in prototypes)	XRB Proposed disclosures	Commentary
		<p>calculate or estimate climate-related metrics and targets where they are not apparent including the limitations of those methods [Paragraph 11]</p> <p>An entity must identify metrics it has disclosed that have significant estimation uncertainty, disclosing the sources and nature of the estimation uncertainties and the factors affecting the uncertainties. [Paragraph 12]</p>	

Table 4: Comparison of XRB proposed defined terms for Metrics and Target against TCFD Recommendations and TRWG Prototype

<i>Table 4 Defined Terms for Metrics and Targets</i>				
XRB Term	TCFD definition	TRWG proposed definition (in prototype)	XRB Proposed definition	Commentary
absolute target	Not defined	A target defined by reduction in absolute emissions over time, for example, reducing CO ₂ emissions by 25% below 1994 levels by 2010.	Not defined	-
base year	Not defined	Not defined	An historic datum (a specific year or an average over multiple years) against which an entity's emissions are tracked over time.	XRB proposed definition sourced from GHG Protocol.
carbon price	TCFD defined term is internal carbon price.	<p>Price used by entities to assess the financial implications of changes to investment, production, and consumption patterns, as well as potential technological progress and future emissions abatement costs. Entities' internal carbon prices can be used for a range of business applications.</p> <p>There are two types of internal carbon prices commonly used by Entities.</p> <p>The first type is a shadow price, which is a theoretical cost or notional amount that the organization does not charge but that can be used in assessing the economic implications or trade-offs for such things as risk impacts, new investments, net present value of projects, and the cost-benefit of various initiatives.</p> <p>The second type is an internal tax or fee, which is a carbon price charged to a business activity,</p>	XRB defined term is internal emissions price.	See internal emissions price.

Table 4 Defined Terms for Metrics and Targets

XRB Term	TCFD definition	TRWG proposed definition (in prototype)	XRB Proposed definition	Commentary
		<p>product line, or other business unit based on its greenhouse gas emissions (these internal taxes or fees are similar to intracompany transfer pricing).</p> <p>Note the TRWG defined term is 'carbon price'.</p>		
CO ₂ e	Carbon dioxide equivalent	The universal unit of measurement to indicate the global warming potential of each of the seven greenhouse gases, expressed in terms of the global warming potential of one unit of carbon dioxide for 100 years. It is used to evaluate releasing (or avoiding releasing) any greenhouse gas against a common basis.	Carbon dioxide equivalent. The universal unit of measurement to indicate the global warming potential of each of the seven greenhouse gases, expressed in terms of the global warming potential of one unit of carbon dioxide for 100 years. It is used to evaluate releasing (or avoiding releasing) any greenhouse gas against a common basis.	Additional information from TRWG Prototype.
consolidation	Not defined	Not defined	Combination of GHG emissions data from separate operations that form part of one company or group of companies.	Sourced from GHG Protocol.
emissions	Not defined	Not defined	The release of greenhouse gases into the atmosphere.	Sourced from GHG Protocol.
emission factor	Not defined	Not defined	A factor allowing GHG emissions to be estimated from a unit of available activity data (for example, tonnes of fuel consumed, tonnes of product produced) and absolute GHG emissions.	Sourced from GHG Protocol.
emissions intensity	Not defined	Not defined	Intensity ratios express GHG impact per unit of physical activity or unit of economic output. A physical intensity ratio is suitable	Sourced from GHG Protocol.

Table 4 Defined Terms for Metrics and Targets

XRB Term	TCFD definition	TRWG proposed definition (in prototype)	XRB Proposed definition	Commentary
			<p>when aggregating or comparing across businesses that have similar products. An economic intensity ratio is suitable when aggregating or comparing across businesses that produce different products. A declining intensity ratio reflects a positive performance improvement. Many companies historically tracked environmental performance with intensity ratios. Intensity ratios are often called 'normalised' environmental impact data.</p> <p>Examples of intensity ratios include product emission intensity (for example, tonnes of CO₂ emissions per electricity generated); service intensity (for example, GHG emissions per function or per service); and sales intensity (for example, emissions per sales).</p>	
internal emissions price	<p>A monetary value on GHG emissions an organization uses internally to guide its decision-making process in relation to climate change impacts, risks, and opportunities.</p> <p>Note the TCFD defined term is 'internal carbon price'</p>	See above definition of carbon price	A monetary value on GHG emissions an entity uses internally to guide its decision-making process in relation to climate change impacts, risks and opportunities.	Aligned with TCFD.

Table 4 Defined Terms for Metrics and Targets

XRB Term	TCFD definition	TRWG proposed definition (in prototype)	XRB Proposed definition	Commentary
GHG emissions report	Not defined	Not defined	The report from which GHG disclosure data is extracted for the climate statement. This contains all the details required by the recognised standards or methodologies (basis of preparation) used to calculate emissions.	Informed by GHG Protocol.
global warming potential (GWP)	Not defined	Not defined	A factor describing the radiative forcing impact (degree of harm to the atmosphere) of one unit of a given GHG relative to one unit of carbon dioxide (CO ₂).	Sourced from GHG Protocol.
greenhouse gases (GHG)	Not defined	The seven greenhouse gases listed in the Kyoto Protocol: carbon dioxide (CO ₂); methane (CH ₄); nitrous oxide (N ₂ O); hydrofluorocarbons (HFCs); nitrogen trifluoride (NF ₃); perfluorocarbons (PFCs); and sulphur hexafluoride (SF ₆).	The seven greenhouse gases listed in the Kyoto Protocol: carbon dioxide (CO ₂); methane (CH ₄); nitrous oxide (N ₂ O); hydrofluorocarbons (HFCs); nitrogen trifluoride (NF ₃); perfluorocarbons (PFCs); and sulphur hexafluoride (SF ₆).	Sourced from TRWG Prototype
gross emissions	Not defined	Not defined	The total of emissions excluding any purchase, sale or transfer of GHG emission offsets or allowances.	Informed by GRI Standards.
intensity target	Not defined	A target defined by reduction in the ratio of emissions to a business metric over time, for example, reduce CO ₂ per tonne of cement by 12% by 2008.	Not defined	-
interim target	Refers to a short-term milestone between the organization's medium- or long-term target and current period.	Not defined	Refers to a short-term milestone between the organization's medium- or long-term target and current period.	Aligned with TCFD.

Table 4 Defined Terms for Metrics and Targets

XRB Term	TCFD definition	TRWG proposed definition (in prototype)	XRB Proposed definition	Commentary
internal emissions price	A monetary value on GHG emissions an entity uses internally to guide its decision-making process in relation to climate change impacts, risks and opportunities	See definition of carbon price	A monetary value on GHG emissions an entity uses internally to guide its decision-making process in relation to climate change impacts, risks and opportunities.	Note, TCFD use internal carbon price rather than internal emissions price.
metric	Not defined	Not a defined term.	<p>A metric is a quantity indicative of the level of historical, current, and forward-looking climate related risks and opportunities for a given entity.</p> <p>These indicators are used to track climate-related risks and opportunities and can also be used to measure progress against climate-related targets over the duration of the period for which a target is set.</p> <p>Metrics includes cross-industry, industry-specific and entity-specific metrics.</p>	First two paragraphs drawn from TCFD consultation document which has been superseded.
scope 1	All direct GHG emissions.	Direct greenhouse gas emissions that occur from sources that are owned or controlled by an entity, for example, emissions from combustion in owned or controlled boilers, furnaces, vehicles; or emissions from chemical production in owned or controlled process equipment.	All direct GHG emissions.	Aligned with TCFD

Table 4 Defined Terms for Metrics and Targets

XRB Term	TCFD definition	TRWG proposed definition (in prototype)	XRB Proposed definition	Commentary
scope 2	Indirect GHG emissions from consumption of purchased electricity, heat, or steam.	Indirect greenhouse gas emissions that occur from the generation of purchased electricity, heat or steam consumed by an entity. Purchased electricity is defined as electricity that is purchased or otherwise brought into an entity's boundary. Scope 2 emissions physically occur at the facility where electricity is generated.	Indirect GHG emissions from consumption of purchased electricity, heat, or steam.	Aligned with TCFD
scope 3	Other indirect emissions not covered in Scope 2 that occur in the value chain of the reporting entity, including both upstream and downstream emissions. Scope 3 emissions include: the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g., transmission and distribution losses), outsourced activities, and waste disposal.	Indirect emissions outside of scope 2 that occur in the value chain of the reporting entity, including both upstream and downstream emissions. The 15 categories of scope 3 emissions, per the GHG Protocol are— <ol style="list-style-type: none"> 1. Purchased Goods and Services 2. Capital Goods 3. Fuel- and Energy-Related Activities Not Included in scope 1 or scope 2 4. Upstream Transportation and Distribution 5. Waste Generated in Operations 6. Business Travel 7. Employee Commuting 8. Upstream Leased Assets 9. Downstream Transportation and Distribution 10. Processing of Sold Products 11. Use of Sold Products 12. End-of-Life Treatment of Sold Products# 	Other indirect emissions not covered in scope 2 that occur in the value chain of the reporting entity, including both upstream and downstream emissions. Scope 3 categories are: purchased goods and services; capital goods; fuel- and energy-related activities; upstream transportation and distribution; waste generated in operations; business travel; employee commuting; upstream leased assets; downstream transportation and distribution; processing of sold products; end-of-life treatment of sold products; downstream leased assets; franchises; and investments.	Aligned with TCFD. Second paragraph drawn from GHG Protocol and aligned with TRWG.

Table 4 Defined Terms for Metrics and Targets

XRB Term	TCFD definition	TRWG proposed definition (in prototype)	XRB Proposed definition	Commentary
		13. Downstream Leased Assets 14. Franchises 15. Investments Scope 3 emissions could include—the extraction and production of purchased materials and fuels; transport-related activities in vehicles not owned or controlled by the reporting entity; electricity-related activity (for example, transmission and distribution losses), outsourced activities, and waste disposal.		
target	Not defined	Not defined. See above definition of interim target.	A target is a specific level, threshold, or quantity of a metric that the entity wishes to meet over a defined time horizon in order to achieve the entity's overall climate-related ambition and strategy.	Drawn from TCFD consultation document which has been superseded.

Table 4 Defined Terms for Metrics and Targets

XRB Term	TCFD definition	TRWG proposed definition (in prototype)	XRB Proposed definition	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).	Not defined	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).	Aligned with TCFD.