

## Appendix 2: Cross-Industry, Climate-Related Metric Categories

As part of the Task Force's work to monitor and promote organizations' adoption of its recommendations, it has periodically published guidance to support preparers in their implementation efforts (see [Section A.5. Summary of Additional Supporting Materials](#)). In October 2021, the Task Force published [Guidance on Metrics, Targets, and Transition Plans](#), which includes seven metric categories ([Table A2.1](#)) the Task Force believes are generally applicable to all organizations.<sup>137</sup> Importantly, the seven metric categories are not additions to the Metrics and Targets recommendation as they relate to metrics that have been part of the Task Force's guidance for all sectors since the release of its 2017 report.

The Task Force is highlighting these specific metric categories because they are important proxies for measuring climate-related risks and opportunities, form the basis for estimating climate-related financial impact, and are important inputs into investment, lending, and insurance underwriting decisions. While these metric categories are relevant across organizations, they may be operationalized differently to reflect industry-specific risks and opportunities. More information regarding the cross-industry, climate-related metric categories can be found in the [Guidance on Metrics, Targets, and Transition Plans](#).

While some organizations already disclose metrics consistent with the cross-industry, climate-related metric categories, the Task Force recognizes others—especially those in the early stages of disclosing climate-related financial information—may need time to adjust internal processes before disclosing such information. In addition, some of the metric categories may be less applicable to certain organizations. For example, data and methodologies for certain metrics for asset owners (e.g., impact of climate change on investment income) are in early stages of development. In such cases, the Task Force recognizes organizations will need time before such metrics are disclosed to their stakeholders.

Table A2.1

### Cross-Industry, Climate-Related Metric Categories

Metric Category	Example Unit of Measure <sup>138</sup>	Rationale for Inclusion
<b>GHG Emissions</b> Absolute Scope 1, Scope 2, and Scope 3; emissions intensity <sup>139</sup>	MT of CO <sub>2</sub> e	Disclosure of GHG emissions is crucial for users to understand an organization's exposure to climate-related risks and opportunities. Disclosure of both absolute emissions across an organization's value chain and relevant emissions intensity provides insight into how a given organization may be affected by policy, regulatory, market, and technology responses to limit climate change.
<b>Transition Risks</b> Amount and extent of assets or business activities vulnerable to transition risks*	Amount or percentage	Disclosure of the amount and extent of an organization's assets or business activities vulnerable to climate-related transition risks allows users to better understand potential financial exposure regarding such issues as possible impairment or stranding of assets, effects on the value of assets and liabilities, and changes in demand for products or services.

<sup>137</sup> TCFD, [Guidance on Metrics, Targets, and Transition Plans](#), October 14, 2021.

<sup>138</sup> The Task Force has noted the most common unit of measure. There are multiple ways to measure and disclose metrics, and different jurisdictions or industries may follow different practices. Allowing for differences in units of measure can help provide organizations with flexibility without significantly impacting comparability as long as units are clearly stated.

<sup>139</sup> The Task Force believes Scope 3 GHG emissions are an important metric reflecting an organization's exposure to climate-related risks and opportunities and recognizes the data and methodological challenges associated with calculating such emissions. The Task Force encourages organizations to refer to the GHG Protocol's [The Corporate Value Chain \(Scope 3\) Accounting and Reporting Standard](#) for guidance on reporting these emissions.

Table A2.1

**Cross-Industry, Climate-Related Metric Categories** (*continued*)

Metric Category	Example Unit of Measure <sup>140</sup>	Rationale for Inclusion
<b>Physical Risks</b> Amount and extent of assets or business activities vulnerable to physical risks*	Amount or percentage	Disclosure of the amount or extent of an organization's assets or business activities vulnerable to material climate-related physical risks allows users to better understand potential financial exposure regarding such issues as impairment or stranding of assets, effects on the value of assets and liabilities, and cost of business interruptions.
<b>Climate-Related Opportunities</b> Proportion of revenue, assets, or other business activities aligned with climate-related opportunities	Amount or percentage	Disclosure of the proportion of revenue, assets, or business activities aligned with climate-related opportunities provides insight into the position of organizations relative to their peers and allows users to understand likely transition pathways and potential changes in revenue and profitability over time.
<b>Capital Deployment</b> Amount of capital expenditure, financing, or investment deployed toward climate-related risks and opportunities	Reporting currency	Capital investment disclosure by non-financial organizations and financing by financial organizations gives an indication of the extent to which long-term enterprise value might be affected.
<b>Internal Carbon Prices</b> Price on each ton of GHG emissions used internally by an organization	Price in reporting currency, per MT of CO <sub>2</sub> e	Internal carbon prices provide users with an understanding of the reasonableness of an organization's risk and opportunity assessment and strategy resilience. The disclosure of internal carbon prices can help users identify which organizations have business models that are vulnerable to future policy responses to climate change and which are adapting their business models to ensure resilience to transition risks.
<b>Remuneration</b> Proportion of executive management remuneration linked to climate considerations**	Percentage, weighting, description, or amount in reporting currency	Remuneration policies are important incentives for achieving an organization's goals and objectives and may provide insight on an organization's governance, oversight, and accountability for managing climate-related issues.

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<sup>140</sup> The Task Force has noted the most common unit of measure. There are multiple ways to measure and disclose metrics, and different jurisdictions or industries may follow different practices. Allowing for differences in units of measure can help provide organizations with flexibility without significantly impacting comparability as long as units are clearly stated.

Table A2.1

## Cross-Industry, Climate-Related Metric Categories (*continued*)

Metric Category	Example Unit of Measure <sup>140</sup>	Rationale for Inclusion
A. Introduction	<p>Note: While some organizations already disclose metrics consistent with these categories, the Task Force recognizes others—especially those in the early stages of disclosing climate-related financial information—may need time to adjust internal processes before disclosing such information.<sup>141</sup> In addition, some of the metric categories may be less applicable to certain organizations. For example, data and methodologies for certain metrics for asset owners (e.g., impact of climate change on investment income) are in early stages of development. In such cases, the Task Force recognizes organizations will need time before such metrics are disclosed to their stakeholders.</p>	
	<p>On the application of materiality, the Task Force believes all organizations should disclose absolute Scope 1 and Scope 2 GHG emissions independent of a materiality assessment. The disclosure of Scope 3 GHG emissions is subject to materiality; however, the Task Force encourages organizations to disclose such emissions. The other cross-industry, climate-related metric categories remain subject to materiality. Organizations should determine materiality for climate-related metrics consistent with how they determine the materiality of other information included in their financial filings.</p>	
	<p><b>*Transition and Physical Risks:</b> 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.</p>	
	<p><b>**Remuneration:</b> 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.</p>	
B. Recommendations		
C. Guidance for All Sectors		
D. Supplemental Guidance for the Financial Sector		
E. Supplemental Guidance for Non-Financial Groups		
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### Appendices

<sup>141</sup> Organizations may need time to evaluate and determine which metrics are relevant to disclose, identify and collect data and other information needed for the calculation of metrics, implement new or update existing processes to address or include relevant metrics, etc. The Task Force recognizes the amount of time needed to disclose certain metrics (e.g., physical risks) consistent with the categories identified in Table A2.1.