

19th November 2021

RE: Transition Pathway Initiative's position on the "Task Force on Climate-related Financial Disclosures Guidance on Metrics, Targets, and Transition Plans" report

In mid-July this year Transition Pathway Initiative (TPI) published two responses to the TCFD's consultation on its website. One focusing on the guidance for asset owners and portfolio alignment methodologies entitled "Transition Pathway Initiative Response to the TCFD Forward-Looking Financial Sector Metrics Consultation" ([link](#)), the other focusing on the technical guidance for greenhouse gas (GHG) reduction targets entitled "Technical submission to the TCFD Forward-Looking Financial Sector Metrics Consultation" ([link](#)).

This document sets out TPI's position regarding the final TCFD guidance updates, amendments and additions as published in TCFD's "Guidance on Metrics, Targets, and Transition Plans" document published in October 2021 ([link](#)).

General Comments:

- Overall, the TCFD recommendations and guidelines remain influential and play an important role in enabling actors in the financial markets to assess financial risk related to climate change. This is due to the broad applicability of its recommendations across geographies, sectors and types of organizations.

TCFD guidance on metrics and targets

- Although we acknowledge the effort made by the TCFD to update its guidance so that it remains the reference point on metrics and targets in the reporting space, we find that the guidance remains vague and ambiguous.
- We recognize that the guidance is a step forward by recommending companies to disclose in formats leading to better standardisation but as such it remains too general. What it falls short on is specificity on target disclosure, as indicated in our target disclosure template included in TPI's submission to the TCFD. This is particularly important as regards target boundaries, offsetting and emissions intensity methodologies.
- Therefore, in our judgement, the updated guidance will miss opportunity of materially improving the quality of corporate metrics and targets by reducing the diversity of formats they are disclosed in. Lack of standardisation will not allow for target comparability and will leave the door open to greenwashing.

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- These remaining bottlenecks can hinder investors' ability to accurately assess and price transition risk and thus can lead to misinformed voting decisions.

TCFD guidance on transition plans

- TPI welcomes the direction taken by TCFD on transition plan disclosure. We judge it a critical step forward in helping investors understand actions and strategies developed by companies to reach net zero.
- We are pleased that the TCFD guidance drew on methodologies developed by TPI and CA100+. It helped to ensure a high degree of complementarity between TCFD guidelines for Transition Plans and the TPI and CA100+ frameworks across a number of areas, including on board oversight, senior accountability and reporting and assurance. We find that this complementarity is critical to ensure harmonisation and coherence in the climate space.
- We expect the TCFD guidelines on transition plans to result in material improvements of companies' disclosure, including on the metrics we use within the TPI and CA100+ frameworks.

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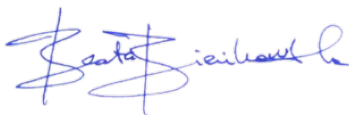
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Yours faithfully,



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