



Taskforce on Climate-related Financial Disclosures (TCFD) Statement

This section outlines the New Zealand Oil & Gas approach to climate change.

It addresses themes recommended by the G20 Task Force on Climate-Related Financial Disclosures (TCFD).



Statement from the managing director on TCFD and sustainability



New Zealand Oil & Gas is guided in everything we do by our values. We believe we can help to meet New Zealand's energy needs and run our business in a responsible, ethical way.

We are proud to set a standard for our industry among smaller cap companies, responding to climate challenges, and working on relationships in our community to develop our energy needs for the future.

This report sets out our progress.

In 2019 we completed a review of Taskforce on Climate related Financial Disclosures (TCFD) recommendations. As result, we have made changes to our governance approach to climate-related risks and opportunities. These changes have resulted in key climate risks and opportunities being considered in a structured way. We now provide for review at board-level through the board Operational Risk and Sustainability Committee (ORS).

Specific changes made as a result of this review include:

- | | |
|---|---|
| — Staff regularly consider climate issues in monthly HSSE meetings; | — Climate risk and opportunities are a standing item on the ORS Committee agenda; |
| — Executive management received TCFD specific training | — Changes were made to the corporate risk register to more clearly identify climate-related risk. |
| — We made reporting more transparent by changing to follow the TCFD structure where applicable. | |

The changes are outlined in more detail below following the TCFD structure: Governance, Strategy, Risk Management and Metrics and Targets. The structure is set out in the accompanying table.

New Zealand Oil & Gas accepts the science of climate change, and the role we have in helping to reduce global emissions. The world needs us to reduce the emission of carbon dioxide and methane from human activity.

In our own operations, we are taking steps to reduce our environmental footprint, but there is limited difference we can make. Direct emissions are produced from our small head office in Wellington, where we have reduced our carbon footprint, and we paid for 3,564 trees to be planted - enough to remove about 811 tonnes of carbon.

The broader challenge is around emissions from production of oil and gas, and use of the products themselves. The division between our use, and use by others are known in climate policy as Scope 1, 2 and 3 emissions. We can affect our Scope 1 emissions; we have less influence over ultimate uses, and less visibility over whether emissions are offset by the consumer and which alternative fuels are displaced. For example, gas exported to Asia as methanol may substitute for coal in the manufacture of petrochemicals or electricity generation, or it might be purchased because it provides cheaper baseload than a renewable alternative. Some of our production is re-sold in international markets, which sets a boundary to emissions reporting in this document.

We are pleased to set out in this section of our annual report the targets we adopted this year for climate-related performance and our performance metrics.

Our review of climate risk indicated that relevant risks were already carefully considered as part of our previous risk management framework. For example, risks of increasingly severe and frequent weather events are routinely considered in asset management risk plans. Risks of long term changes in demand and prices, access to investment capital and risks of regulatory responses to climate, have long been a standard feature of sensitivity testing in our economic models. However, as a result of the TCFD process, we have explicitly identified these risks as climate-related.

Caution is needed in giving undue weight to specific causes of risk.
A couple of examples

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- A pandemic was a predictable (and predicted) event, even if the particular covid-19 outbreak was not. The resulting general impact on demand is predictable as well. However, unlike climate-related risk, there is no clamour to highlight health-related risks within our risk reporting.
 - As there is no feasible path to transition without gas substituting for coal in global energy systems, this strategy offsets financial risk, if any, from disinvestment in the sector.

We weigh risks methodically, and we caution readers that the introduction of a special section emphasising climate-related risk in this report reflects regulatory trends more than changes in the underlying weighting of particular categories of risk for our Company.

We have responded to climate risk also by supporting our industry and business groups to promote economically efficient carbon trading because a trading scheme is the fairest, most effective and responsible policy for reducing carbon emissions.

In forecasting demand, we have been guided by International Energy Agency reports, which find the demand for natural gas is growing and will reach a market share of about a quarter of all global energy demand.

Natural gas and LNG are crucial to reducing carbon emissions. Emerging economies are looking to substitute lower carbon alternatives like natural gas for higher emission coal. To illustrate: If we can locate more natural gas at Ironbark in Western Australia later this year, and develop a discovery, we may be able to export LNG into Asian markets. Experts believe Australian LNG exports could reduce global emissions of CO² by up to 300 million tonnes a year. That's three times as much as Australia's annual emissions reduction target under the Paris Agreement. A big natural gas discovery could materially reduce global carbon emissions.

Natural gas is the best form of thermal back up for renewables - renewable energy systems literally cannot meet modern energy needs without them.

Just as importantly, plants such as Kupe in south Taranaki, New Zealand, produce natural gas as ethically as just about anywhere on Earth. Labour standards and environmental performance compare favourably to third world coal mines, or the world's lithium and cobalt sources [key ingredients in batteries].

Unlike some of the oil that comes from the world's largest producing jurisdictions, revenues from Kupe do not fund terrorism, criminal enterprises or political corruption. We pay our taxes and we observe the rules and laws of the places we work.

Our activities help to make the world a better place. We do our work by a set of values that make us proud, and which contribute to a healthier, wealthier, more sustainable world. I am pleased to commend our activities to you and set out our approach below.

A handwritten signature in blue ink, appearing to read 'Andrew Jefferies', with a large, sweeping flourish underneath.

Andrew Jefferies
Chief Executive

Executive Summary

TCFD report



Our Climate Commitment

We recognise that climate change is a significant issue affecting society, which demands a transition to a low-carbon economy, global political collaboration and citizen action.

We believe that we help the world move towards a low-carbon economy by being part of the energy mix that is required to deliver secure, reliable, sustainable and affordable energy.

We recognise and support global efforts to reduce climate change through clear and meaningful policy and market settings.

Our Climate Change policy

www.nzog.com/dmsdocument/493

Our Action

WE WILL



Actively identify, manage and mitigate material climate risk to our business, and report our governance, strategy, risk management and targets and metrics transparently



Meet the carbon reporting requirements of the regions we operate in



Actively promote the benefits of gas as a lower-emitting transition fuel that supports energy reliability and affordability, and is a strong companion for the uptake of renewables



Actively review and implement opportunities to reduce the carbon impact of our own operations



Support our joint venture partners to look for and implement low carbon solutions



Respond meaningfully to stakeholder views and expectations around climate change as it pertains to our activities

WHAT WE HAVE DONE



Aligned risk management processes, governance and reporting with Taskforce for Climate Financial Disclosures framework. Include TCFD statements in Sustainability/ Annual Report



Commenced analysis of an internal price on carbon to inform TCFD risk and commercial decisions



Developed and adopted a climate policy



We planted 3,564 trees to offset our Scope 1 emissions

Governance

Disclose the organisation's governance around climate-related risks and opportunities.

Recommended Disclosures

- A** Describe the board's oversight of climate-related risks and opportunities.
- B** Describe management's role in assessing and managing climate-related risks and opportunities.

See our response [pages 36–37](#) →

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.

Recommended Disclosures

- A** Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.
- B** Describe the impact of climate-related risks and opportunities on the organisation's business, strategy, and financial planning.
- C** Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Our responses [pages 38–40](#) →

Risk Management

Disclose how the organisation identifies, assesses, and manages climate-related risks.

Recommended Disclosures

- A** Describe the organisation's processes for identifying and assessing climate-related risks.
- B** Describe the organisation's processes for managing climate-related risks.
- C** Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

See pages 41–43 →

Metrics & Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Recommended Disclosures

- A** Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
- B** Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.
- C** Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Pages 44–47 →

Governance

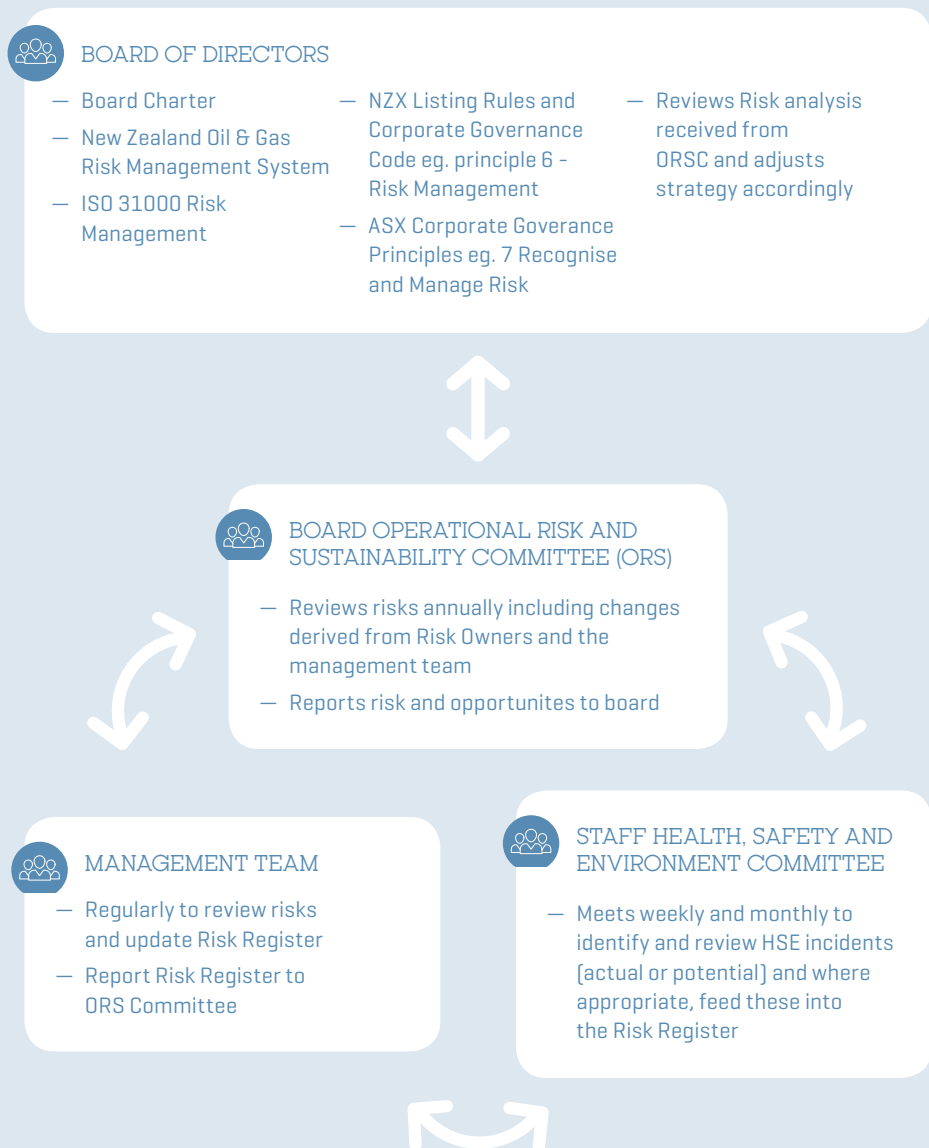
Climate risks are understood and managed.

Ultimately, the board has responsibility for reviewing all risks, including climate-related risk and opportunities, and ensuring these are appropriately managed to support delivery of our business strategy. The board's charter requires it to:

"Understand the material risks faced by the Company and ensure the Company has appropriate risk management strategies and control measures in place and is actively managing these."

The process for considering risks is set out in the risk management system framework. The framework aligns with International Standard ISO 31000 Risk Management - Principles and Guidelines and meets the requirements of the ASX Corporate Governance Principles and Recommendations, Principle 7: Recognise and Manage Risk.

This governance process is outlined in the graphic below.



The board Operational Risk and Sustainability Committee monitors risk and reviews the Company’s policies, including its response to climate change, and climate-related risk.

A series of formal policies and risk management processes relate to climate issues, including the climate change policy, environment policy, risk management framework and sustainability framework.

The Company’s risk register assesses climate impacts, both as stand alone risks, and as risks embedded in individual management plans. For example, asset management plans assess risks of increased severe weather impacts and coastal erosion effects that are forecast effects of climate change.

As outlined here, the Company adopted specific measurable targets in support of climate policy. These include:

- Making climate risks that were implicit in the risk register identifiable as climate-related risks.
- Assessing the Company’s emissions and purchasing trees that offset carbon emitted by the Company’s activities.
- Emphasising natural gas and LPG in its strategy. As gas emits much less carbon than coal, the IEA and other forecasters expect robust demand for gas for decades.

Management is responsible for identifying, assessing and managing risk and reporting this to the board through the ORS committee. Management risk owners continuously identify and manage risks. Management reviews the corporate risk framework including the risk register, regularly. The ORS committee receives a report on updates to the register.

The Company Health, Safety and Environment committee meets weekly and more formally monthly to identify and review actual or potential HSE incidents, including those at partner operated facilities. These reviews are integrated into the risk register, where appropriate. Climate-related risks may be raised in these processes.

Members of the Management Team, including the Chief Financial Officer and General Counsel undertook TCFD training in 2019.

At an operational level, responsibility for day-to-day oversight of climate risk and opportunity (including managing climate objectives and targets that sit within the Sustainability Framework), rests with the General Counsel.

All corporate charters and policies are available in the corporate governance section of the Company’s website.

The Operational Risk and Sustainability Committee charter

www.nzog.com/dmsdocument/370

Environment policy

www.nzog.com/dmsdocument/491

The risk management system framework

www.nzog.com/dmsdocument/1-risk-management-procedure

 Checklist

Recommendation	✓ ✗	Explanation of non-compliance
Disclose the organisation’s governance around climate-related risks and opportunities	✓	
Describe the board’s oversight of climate related risks and opportunities	✓	
Describe management’s role in assessing and managing climate-related risks and opportunities	✓	

Strategy

Low carbon opportunity for the Company.

The TCFD requires a description of climate-related risks and opportunities that the organisation has identified over the short, medium and long term, and a description of the impact of these risks on businesses, strategy and financial planning;

The relevant risks are shown in the table below, on Pages 42–43.

The main strategic impact of the risks and opportunities identified is that the Company has a preference for natural gas in its strategic planning processes. There is consensus across reputable modelling and projections, including the well-regarded World Energy Outlook produced by the International Energy Agency (IEA), that global energy demand will increase by a quarter to a third over the next 20 years. This demand will be met by renewables increasing quickly, along with a slower, but still increasing, supply of gas in the global energy supply.

The IEA World Energy Outlook projects more than two-thirds of global oil and gas imports will flow to Asia by 2040. The market for natural gas exported from New Zealand or Australia would be expected to be Asia. Imports of gas into China, India, Japan and South Korea will replace coal-fuelled electricity, or coal used to create methanol. A large gap in energy supply for Asia will not be filled with renewables, even with massive growth expected in renewable energy. Natural gas is therefore likely to avoid an expansion of coal use, which would be likely in the absence of natural gas availability.

This opportunity is a strategic focus for the Company. We anticipate increasing regulation, a higher price on carbon, and other limits to emissions and incentives for renewable energy uptake.

In anticipation of higher carbon prices, the Company is looking at these measures:

- 1 Applying a shadow carbon price to understand the potential impact of a carbon charge; and
- 2 The application of an internal levy to fund carbon mitigation projects

Initial investigation of a shadow carbon price appears to offer little analytical advantage, as price sensitivity is already a fundamental feature of the Company's economic models.

Some carbon mitigation is underway. The Company is offsetting its own travel emissions and some other office-related emissions. Few efficient policy mechanisms exist for offsetting Scope 3 emissions, which are emissions of carbon from use of the oil and gas that the Company sells. As carbon prices are applied to production of hydrocarbons (or to the import of oil in destination markets), further emissions offsets would double count the emissions impact.

Resilience of the organisation's strategy in different climate related scenarios.

The TCFD requires a description of the resilience of the Company's strategy, taking into consideration different climate related scenarios including a 2°C or lower scenario.

The Company keeps up to date with the International Energy Agency's World Energy Outlook, and models produced by other industry leaders such as the BP Energy Outlook. To further support our modelling assumptions, we seek information from our JV partners and potential commercial opportunities relating to management of climate change risk, including scenario analysis where undertaken, following the structure of TCFD. This investigation should alert us to climate change risk and opportunities across the jurisdictions we are active in.

Domestically, the Company applies analysis from the Business Energy Council of New Zealand's energy outlook scenarios.

Sensitivity testing is applied by checking outlooks against the IEA 'sustainable energy' scenario. In that model, policy mechanisms would be sufficient to reduce carbon emissions to a point where temperature increases would be limited to 1.5 degrees above long term natural averages]. It states:

The Sustainable Development Scenario maps out a way to meet sustainable energy goals in full, requiring rapid and widespread changes across all parts of the energy system. This scenario charts a path fully aligned with the Paris Agreement by holding the rise in global temperatures to "well below 2°C ... and pursuing efforts to limit [it] to 1.5°C", and meets objectives related to universal energy access and cleaner air. The breadth of the world's energy needs means that there are no simple or single solutions. Sharp emission cuts are achieved across the board thanks to multiple fuels and technologies providing efficient and cost-effective energy services for all.

...

In the Sustainable Development Scenario, natural gas consumption increases over the next decade at an annual average rate of 0.9% before reaching a high point by the end of the 2020s. After this, accelerated deployment of renewables and energy efficiency measures, together with a pickup in production of biomethane and later of hydrogen, begins to reduce consumption.

By 2040, natural gas demand in advanced economies is lower than current levels in all sectors apart from transport, where demand remains broadly similar to the level reached in the Stated Policies Scenario. In developing economies, gas growth in the power sector rises to 2030 but falls back due to a growing share of renewables, while growth in industrial demand is half the level of the Stated Policies Scenario. Although absolute consumption falls, natural gas gains market share at the expense of both coal and oil in sectors that are difficult to decarbonise, such as heavy-duty transport and the use of heat in industry. Even though natural gas-fired power generation declines, capacity grows compared with today as a consequence of the role of gas in providing power system flexibility.

Future demand for gas exported from the Company's areas of interest is heavily dependent on likely future demand for LNG. The IEA comments:

Developing economies in Asia are the main engines of LNG growth, with the market share of LNG in total gas demand growing from 20% in 2018 to 40% by 2040. By 2040, the average gas molecule travels over 5 000 kilometres to reach consumers in developing Asian markets, nearly twice as far as today.

There is significant uncertainty, however, as to the scale and the durability of demand for imported LNG. Emerging markets in Asia face higher costs for imports than for domestically produced gas. Even though spot gas prices fell to record lows in 2019 on the back of ample LNG supplies, over the long-term end-user prices generally seem set to rise.

The World Energy Outlook

www.iea.org/reports/world-energy-outlook-2019

The Company's strategy, which focuses on natural gas, aligns with this modelling.

By delivering gas and condensate into Asian markets, the Company is helping provide security of supply and downward price pressure that is contributing to reduced use of coal, and the poorer health outcomes and higher emissions that go with coal.

Checklist

Recommendation	✓ ✗	Explanation of non-compliance
Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	✓	
Describe the climate related risks and opportunities the organisation has identified over the short, medium and long term.	✓	
Describe the impact of these risks on businesses, strategy and financial planning.	✓	
Describe the resilience of the organisation's strategy, taking into consideration different climate related scenarios including a 2°C or lower scenario.	✓	

Risk Management

An integrated and active risk management approach

The TCFD requires the Company to disclose how climate-related risks are identified, assessed, and managed, and how the processes for climate risk are integrated into wider risk management processes.

The Company's Risk Management System Framework applies consistent and comprehensive risk management practices.

Risks, including climate risks, are recorded in the central risk register, which considers the risks, reviews the controls, assigns ownership of a risk and tracks treatment plans. Risk assurance and oversight of climate risk management is provided through internal review by the board Operational Risk and Sustainability Committee. The full climate risks are considered as part of the normal risk management process. See the discussion under Governance, at page 36–37 in this section, and the discussion of the Risk Management System Framework in the corporate governance section on page 76.

Responsibility for identifying, documenting and managing risks and opportunities is delegated to the appropriate level of management. The General Counsel has responsibility for climate risk. Asset managers are responsible for risks to individual assets, and the Chief Financial Officer has management responsibility for financial and investment risks associated with climate change.

Climate risks are identified on an ongoing basis. Consideration is given to industry and peer discussion, shareholder and community feedback, regulatory changes, and expertise of our own staff.

Primary risks to New Zealand Oil & Gas from climate change fall into the following broad categories: Policy and Legal, Physical (acute and chronic), Financial, Social/Political/Regulatory, and Technological. All these risks have potential financial and operational implications due to lost profitability and increased delays.

A summary of the main risks and mitigations, their time horizon (categorised as short, medium or long-term), and the strategy response to these is included in table on the following page.

The table uses the following time horizon categories **S** short 0-5 years **M** medium 5-10 years **L** long 10+ years

Risk Type	Description	Time	Control			
Non physical risks	<p>Policy and legal risks</p> <p>Litigation against companies and/or directors on climate grounds (claiming causation or seeking greater action to mitigate effects) could have reputational, development and operating cost impacts.</p> <p>Changing regulations including bans and restrictive regulations, taxes and emissions limits across all jurisdictions risk viability of projects</p>	<p>S M L</p>	<p>Robust internal processes.</p> <p>Ensure board and management understand their fiduciary duties around climate change risk.</p> <p>Update internal processes, including due diligence of commercial opportunities and joint venture processes to identify and manage climate risk.</p> <p>Monitor the jurisdictions where we undertake activities. Look to invest in a number of jurisdictions to mitigate changes to any individual regulatory environment.</p> <p>Actively participate in New Zealand's environmental regulation framework through our industry advocacy bodies PEPANZ, Business New Zealand and the Business Energy Council.</p> <p>Develop evidence for environmental business cases, including the role of natural gas in a net carbon-zero future.</p>			
			<p>Reputational and social license risks</p>	<p>Increased stakeholder disengagement and oppositional activism. Loss of social license, leading to project delays or stoppages.</p> <p>Recruitment and retention risk.</p> <p>Risk of partner misalignment from divergent approaches to carbon management.</p>	<p>S M L</p> <p>Strengthen corporate environmental performance through sustainability framework.</p> <p>Report value-add prominently, and engage skilled energy professionals in carbon response.</p> <p>Due diligence screening of commercial opportunities and joint venture processes to identify and manage climate risk.</p>	
				<p>Financial risks</p>	<p>Divestment movement increases, affecting availability and cost of capital.</p> <p>Insurance premiums increase. Potential for classes of assets and locations to become uninsurable.</p> <p>Capital cost increases if new environmental standards require more expensive supplies relative to alternatives].</p> <p>Carbon pricing adopted across jurisdictions, or inconsistently between them.</p> <p>Changes to price and cost forecasts result in stranded assets or reserves.</p>	<p>S M L</p> <p>Consider whether an internal shadow price on carbon helps to mitigate carbon price changes, or affects investment decisions.</p> <p>S M L</p> <p>Seek to align with JV partner approaches to achieve consistency in analysis.</p> <p>M L</p> <p>Due diligence screening of commercial opportunities and joint venture processes to identify and manage climate risk.</p> <p>Undertake assurance relating to insurance forecasts.</p> <p>S M L</p> <p>Have access to a range of funding options, including strong relationships with lending institutions, and access to liquid capital markets.</p> <p>S M L</p> <p>Robust reporting on ESG matters, including TCFD compliant reporting.</p> <p>Jurisdictional diversification to avoid impact of sudden, unilateral changes, confiscation or value destruction by regulation.</p>

Risk Type		Description	Time	Control
Physical risks	Acute & Chronic	Physical assets, especially our coastally-located gas production plant, may be subject to increased frequency and intensity of extreme weather events such as storms, flooding, coastal inundation, lack of water availability, or slips.	M L	Robust engineering for anticipated environmental conditions. Embedding internal procedures to ensure potential climate impacts are considered in development design. Carbon policy provides for review of climate issues in strategic and operational decisions. Examples include mitigation of operational emissions (flaring, fugitive emissions, use of renewable sources on site).
		Offshore drilling and production delayed or shut in by increased weather events.		
Opportunities	Commercial	Global reduction in high carbon sources such as coal is increasing demand for natural gas as a lower carbon partner to renewables.	S M L	Strategic preference for natural gas. Our role as non-operator but active JV partner presents opportunities to partner with and provide greater support for our joint venture partners in pursuing low carbon innovations on site, including addressing fugitive emissions. Review opportunity set to broaden exposure to lower emission possibilities, where New Zealand Oil & Gas has, or could realistically develop, competitive strengths. Further develop, evidence and communicate the environmental business case for gas displacing coal in Asia.
	Reputational	Partnering with local communities to support low carbon initiatives.	S M L	Maintain local relationships and discussions about contributing to socially desirable low carbon outcomes.

 Checklist

Recommendation	✓ X	Explanation of non-compliance
Disclose how the organisation identifies, assesses and manages climate-related risks	✓	
Describe the process for identifying and assessing climate risks.	✓	
Describe processes for managing climate risks.	✓	
Describe how processes for identifying, assessing and managing are integrated into overall risk management.	✓	

Metrics & Targets

Our targets reflect our current level of activity and the current size of the business

The TCFD requirement is to disclose the measures we use to assess climate-related risks and measure them, disclose emissions (by Scope 1,2 and 3), and describe the targets that we use to manage climate-related risk.

Risk management systems are described above.

Scope 1 emissions relate to New Zealand Oil & Gas-operated activities. Currently these include corporate office activities only.

Kupe emissions are included because they are material. Cue Energy emissions are the subject of Cue's reporting, and are not included in this statement.

Scope 2 emissions from power purchased for our head office are at such a low scale we consider a reduction target for this aspect would not be a meaningful use of resources. The Company intends to review an appropriate basis for an emissions targets if it commences significant exploration or other operational activity.

The Company has not reported **Scope 3** emissions.

However, air travel by our people prior to covid-19 was significant. Accordingly, we attempt to offset emissions from corporate air travel.

Read about tree planting carbon offsets

grow.treesthatcount.co.nz/funders/nzog#plantings

At reporting date



NEW ZEALAND
OIL & GAS



TREES THAT COUNT
TE RAHI O TĀNE

funded
10
planters

to plant
3,564
trees

estimates
811
tonnes of carbon
will be removed

The Trees That Count marketplace provides a place for all New Zealanders to fund or gift native trees. This support is matched with planters throughout the country who are restoring, and growing, precious wildlife corridors or pockets of native forest, turning small projects into mighty ones.



Here are some of the projects we have helped

Town Belt Kaitiaki

678 trees

Aotea Conservation Volunteers

527 trees

Halo Project

642 trees



Town Belt Kaitiaki is a long-term, student-led education programme currently involving 14 Dunedin schools and early childhood centres (over 5000 young people). The space they have adopted is the 204 ha Dunedin Town Belt. The aim is to engage, inspire and empower young people so that they can make an active difference in their local community right now. Schools are involved in planting, predator control and raising the profile of the Town Belt, a vision that was set by the Student Leadership Team that runs the programme.

Read more about this project

grow.treesthatcount.co.nz/planters/townbeltkaitiaki#funding

Aotea Conservation Volunteers are retired active senior suburban residents transforming reserves from weeds to natives near Porirua in Wellington.

Read more about this project

grow.treesthatcount.co.nz/planters/aoteaconservationvolunteers#funding

The **Halo Project**, administered by the Landscape Connections Trust (LCT), is an umbrella project for a range of community-driven conservation and environmentally focused initiatives. Some of these include a predator control program, healthy streams educational program, and the Forest Restoration Project (FRP).

The FRP aims to increase the quantity, quality and connectivity of forest in the coastal Otago landscape from North Dunedin through to Karitane by working with both private and public landowners. Current restoration sites are highly varied and include bare pastureland, coastal ngaio forest, dryland kowhai forest and mature podocarp forest, among others. By increasing the number, size and connectivity of forest fragments, we are aiming to provide more habitat for indigenous species and allow them to move through the landscape more easily. In turn, this will integrate indigenous biodiversity into agricultural and residential landscapes, and into the daily lives of local residents.

Read more about this project

grow.treesthatcount.co.nz/planters/jamestweed#funding

Focus Area	Target	Impact	Measured by
Ensure internal processes account for carbon risk ¹	<p>Investigate applying a shadow carbon price to understand the potential impact of a carbon charge.</p> <p>Investigate applying an internal levy to fund carbon mitigation projects.</p> <p>Undertake regular scan of regulatory and market impacts of climate change across operational jurisdictions, reported to the Operational Risk and Sustainability board committee.</p> <p>Ensure board and management understand duties around climate change risk.</p>	Risks of carbon pricing reflected in financing and investment decisions.	<p>Management reporting to Operational Risk and Sustainability board committee.</p> <p>Delivery of TCFD training module to ORS and Management in 2020</p>
Ensure internal processes account for carbon risk ²	Review risk management processes and governance.	Align risk management reporting with TCFD framework.	TCFD statements in Annual Report and posted online.
Mitigate the Company's operational emissions ³	Environmental contribution through tree planting programme.	Helps to offset Scope 1 emissions from corporate air travel	<p>Reporting of offset of annual emissions from flights.</p> <p>Carbon mitigation through Trees That Count methodology.</p>
Provide alternative to energy sources associated with high emissions and poor human health outcomes (eg coal, heavy oil), especially in Asia. ⁴	Deliver natural gas, LPG and condensate energy into New Zealand, Australia and Asian markets.	Baseload stability to support the uptake of renewables.	Public reporting of production, quarterly and annually.

¹ The potential purpose of an internal carbon price is to make more transparent the risks of long term changes in demand and prices, access to investment capital and risks of regulatory responses to climate such as carbon pricing. Risks to these factors are a standard part of the Company's economic modelling, which apply sensitivity testing to long-term prices, and market forecasts. Jurisdictional risk is a standard part of due diligence and risk management. Consequently, the Company has been able to identify little advantage from labelling a component of these risks as an internal carbon price. The issue is being kept under review, however, because further information is being collected.

² This report. Alignment commenced 9 March 2020, with the upload of initial TCFD statement, available here: www.nzog.com/assets/Uploads/TCFD-statement-NZOG.pdf

³ See pages 44-45

⁴ See Production data, pages 6-10

 Checklist

Recommendation	✓ ✗	Explanation of non-compliance
Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	✓	
Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process.	✓	
Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.	✓	The Company does not disclose Scope 3 emissions, as the information is not obtainable.
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	✓	