CDSC | **Climate Data Steering Committee**

Climate Data Steering Committee Principals Meeting

This document summarizes a meeting of the Climate Data Steering Committee (CDSC or Committee) on September 23, 2024, held in New York City and virtually.[1]

Summary

The purpose of the meeting was to update the CDSC on progress being made in delivering the Net-Zero Data Public Utility (NZDPU) such that it provides a global repository for public good climate data. The meeting provided opportunity to discuss ways to improve discoverability and accessibility of climate data to support more efficient use of companies' climate reporting which is centrally important for the success of NZDPU. Solutions discussed included facilitating the development of digital repositories for climate data at both global and jurisdictional levels; improving the accessibility of climate data through the use of official digital tagging taxonomies; and supporting companies in reporting climate data in more accessible formats.

Discussion also focused on the NZDPU's progress to date in strengthening partnerships to ensure that it can serve as a central hub for climate transition-related data, and the meeting coincided with the news that the NZDPU and CDP would expand their partnership such that data from 10,000 companies reporting to CDP would become available in the NZDPU in the first half of 2025. The CDSC welcomed this announcement and supported the NZDPU's strategy of building partnerships with a broad set of partners, including public sector bodies, to enhance its coverage and build an interconnected and interoperable climate data ecosystem.

Introductory Remarks

The opening speaker welcomed participants and highlighted the importance of collaboration to drive progress toward the goals of the Paris Agreement. The speaker emphasized that the NZDPU aspires to fill the need for a global repository for private-sector emissions data and a central resource that provides reliable data on the net-zero transition for the public good.

The speaker noted that more climate-related data are being disclosed now than ever before because of the growing number of jurisdictions with mandatory climate-related reporting requirements for companies. However, stakeholders still face key challenges in effectively using private sector climate data, in particular, data discoverability (the ease with which users can find information) and accessibility (the ease with which users can retrieve, understand, and use information for decision-making).

- **Data Discoverability**: The speaker highlighted that even though more companies are disclosing climate data, much of that data remains difficult to find. A solution would be the development of digital repositories for climate disclosure at the jurisdictional level, noting that 10 of the G20 countries that require climate-related disclosure have or plan to have official repositories, which will make finding climate data significantly easier over time.

- **Data Accessibility**: The accessibility of climate data is also a challenge as even when it is discoverable, it is not always easy to extract from reporting. The speaker indicated that the application of official "digital tagging" taxonomies for climate-related disclosure could significantly enhance the efficiency of data access and analysis. The speaker noted that the finalization of digital tagging taxonomies by the International Sustainability Standards Board (ISSB) and EFRAG in 2024 are major steps forward in enhancing data accessibility.

In addition, the speaker emphasized that partnerships to expand company coverage are vital for the NZDPU's success. An expanded partnership with CDP, announced on September 24, will increase the NZDPU's coverage to around 10,000 companies. Future connectivity with jurisdictional disclosure repositories would also significantly

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[1] CDSC meetings are held under Chatham House Rule.

increase the NZDPU's coverage. The speaker concluded by urging continued efforts to build digital infrastructure, position the NZDPU as a central hub for emissions data, and foster long-term progress on climate data.

Forward-Looking Vision for NZDPU

A speaker described the role of NZDPU in providing critical transparency on global private sector climate data and progress toward the goals of the Paris Agreement to a broad range of stakeholders. The NZDPU's role is to ensure the public availability of foundational data on companies' emissions performance.

Looking ahead, the speaker described next steps to scale the NZDPU from a proof of concept to a fully operational platform, with the first production version expected in the first half of 2025. The first production version will include core climate data from around 10,000 companies, provided by CDP, and enhanced features in response to user feedback. The speaker requested guidance from the Committee on how the NZDPU should address outstanding gaps in data as well as working towards providing a comprehensive view of company progress against the Paris Agreement goals. It was not currently possible to include data on carbon credits, as the CDSC had said was needed, because there was insufficient data standardization and collection. Furthermore, supporting a positive feedback loop for corporate action, including future information drawn from transition plans, could be important.

The speaker concluded that continued collaboration between the many organizations involved in the climate data space will be critical to streamlining reporting, reducing the burden on companies, and ensuring data is accessible, consistent, and comparable so that the NZDPU can serve as a global repository for the public good.

Key Themes of Discussion

Participants discussed their perspectives on the NZDPU's forward-looking strategy and improving climate data, provided input on focus areas for the Committee, and shared information on their organizations' initiatives related to climate data. Topics covered in the discussions included the following:

- **Transparency in the Net-Zero Transition:** A speaker highlighted that climate change impacts are already harming communities globally, emphasizing the urgent need for action. The speaker noted that addressing these challenges requires transparency in emissions reporting. The speaker emphasized the critical role of the CDSC in ensuring that high-quality, reliable foundational data is available to all to guide decisions in business ventures and policy development. Two participants mentioned the importance of high-quality climate data to bridge the gap between microeconomic and macroeconomic evaluation.

- **Shift from Voluntary to Mandatory Reporting**: Several participants noted that a transition from voluntary to mandatory climate-related disclosure is underway, noting the progress toward adoption of IFRS S2 climate-related disclosure standards as well as the European Corporate Sustainability Reporting Directive (CSRD), which could lead to nearly 130,000 companies being covered by disclosure requirements in the coming years. Some participants noted that this shift will help make consistent, high-quality climate data available to investors, policymakers, companies, or others. The importance of collaborations with jurisdictions in improving data discoverability and accessibility was highlighted so that the NZDPU might access and make available data from those 130,000 companies. Most participants emphasized the importance of continued focus on data quality and integrity, and one mentioned that the OECD is currently performing a stocktake of existing climate disclosures to identify best practices and gaps.

- **Climate Data Discoverability and Accessibility**: Participants recognized the importance of data availability and discoverability for making climate data easily usable and comparable across various jurisdictions and platforms, including the NZDPU. Several participants specified the importance of digital tagging for company reporting and use of structured data, with some noting that digital tagging and automation are important tools for improving data quality and streamlining reporting processes. These solutions are expected to make climate data more reliable and easier to verify, helping enhance transparency.

  One speaker described efforts by EFRAG to create standard reporting structures, which will help to enhance discoverability of data. Another noted the importance of asking for data in decision-useful formats to reduce friction in data collection. Providing companies with support and guidance for digital

solutions and taxonomies was seen by some speakers as essential to enable wider adoption of consistent reporting.

- **NZDPU Progress, Strategy, and Objectives:** Participants expressed support for the NZDPU's progress, strategy, and objectives in their remarks. The NZDPU was described by one speaker as essential infrastructure to centralize and harmonize global climate data and enable stakeholders to better understand their role in reducing emissions. Another speaker expressed a goal for NZDPU to be a global portal where "everyone can track the entities contributing to or hindering climate progress."

  The discussion addressed various perspectives on the role of the NZDPU. A speaker noted that NZDPU is not only a technical tool but can also foster partnerships and drive improvements in emissions reporting, emphasizing that with strengthened collaborations, including those with the UNFCCC's Global Climate Action Portal, the NZDPU will become a public good that supports governments and businesses in making more informed, strategic decisions to tackle the climate crisis. One participant emphasized the need for data repositories to incentivize a "race to the top" among companies for better disclosure. Finally, one participant expressed hope that NZDPU will help their jurisdiction assess the penetration of renewable energy and pave the way for strong investment, to help attract private sector engagement when paired with clear regulations and guidelines.

- **NZDPU Data Gaps and Scope:** Several speakers spoke to data which has been difficult to collect for the NZDPU as well as considering further information that could be included. A few expressed the view that NZDPU can play a role in promoting consistency and interoperable approaches, especially for data categories where no global consensus exists.

  - *Carbon Credit Data:* It was highlighted that the CDSC had intended, in its 2022 recommendations for the development of the NZDPU, to include data on corporate use of carbon credits. This has proved hard to do so far, because there is insufficient standardization of carbon credit data, which is a challenge not only for data on companies' use of carbon credits, but also for the wider integrity of the market. Several participants highlighted that the CDSC could seek to address this data gap by supporting work to deliver data standardization for carbon credits through a common carbon credit data taxonomy, and that this would be important for completing the core data set on corporate climate action included in the NZDPU, as well as have the benefit of supporting greater transparency and integrity in wider carbon markets. Several participants expressed willingness to consider this idea further.

  - *Transition Plan Information:* Several participants highlighted that an increasing number of requirements to report transition plans were being phased in across a number of jurisdictions. With time, this could generate new data that is valuable for understanding corporate climate action and the scope to include key data points generated by transition plans should be kept under review. One participant shared that the NGFS had recently conducted a survey on transition plans, which showed that many financial institutions would like to introduce transition plans but that low quality data limits the ability for banks and companies to use that data to inform transition and physical risks.

  - *Physical Risk:* Two participants noted the importance of information on companies' physical risks and suggested that in the future physical risk information could be considered for inclusion in the NZDPU.

Collaboration and Partnerships: Participants discussed opportunities to build partnerships between the NZDPU and other disclosure repositories and stakeholders, including the following collaborations to support the NZDPU:

- There was broad support for the partnership with CDP and which would see data from 10,000 companies reporting to CDP made available in the NZDPU. It was noted by many that it would be important to continue to work to also ensure that as mandatory reporting requirements are phased in that the data generated becomes available in the NZDPU.

- One participant referenced the existing partnership between Singapore's Grpnt and NZDPU to expand data coverage and suggested efforts to expand connections across other sources including partner platforms, trade associations, financial institutions, and governments.

- One participant expressed that their jurisdiction would encourage companies to report their data into freely accessible data platforms that map disclosures for greater comparability, such as the NZDPU. They also noted that their jurisdiction was exploring developing a disclosure repository that could share relevant data from companies' regulatory reporting to NZDPU.[2]

- A number of participants called for the European Single Access Point (ESAP) to connect with NZDPU and noted that the approach to sectoral classification within the NZDPU should enable this connectivity. Several participants noted the need for NZDPU to adopt an approach to sectoral classifications that works across jurisdictions, calling upon the NZDPU or partners to invest in developing interoperability between the European Nomenclature of Economic Activities (NACE), United Nations International Standard Industrial Classification of All Economic Activities (ISIC), and other sectoral classification systems. One participant noted that the International Monetary Fund (IMF) is involved in developing mapping between NACE and ISIC sectoral classification hierarchies, emphasizing the importance of sectoral classification for statistical accuracy.

- One participant mentioned that connecting to more sources carried a risk of lower data quality, so efforts will need to continue to harmonize across data sets, and that Application Programming Interfaces to public data utilities or other technology partners could help with automation or data verification.

- **Climate Data Interoperability**: Several participants recognized efforts to drive interoperability across climate-related reporting frameworks, including jurisdictional implementation of the IFRS S2 climate-related disclosure standards and the European CSRD. The NZDPU was recognized as an initiative that could help to facilitate this interoperability. One speaker noted that interoperability in core climate metrics forms the foundation for tracking progress against targets and transition plans. Another speaker called for the Committee to consider how to reduce friction between different reporting systems and make it easier for companies to integrate their data into global platforms like the NZDPU.

- **Capacity Building and Support for Emerging Markets**: Several participants recognized the need to help companies build capacity for climate-related disclosure and digital tagging, especially in developing countries and emerging markets, to help these regions participate effectively in the global climate reporting ecosystem. One noted that NZDPU will also be an important resource for developing economies and emerging markets as it provides data to help them track private sector progress toward the Paris Agreement as well as make plans that help price the risk and drive the innovation required to reach net-zero emissions by 2050. One speaker mentioned that Singapore is undertaking initiatives to support small and medium enterprises (SMEs) with climate data reporting, given that challenges are most acute for SMEs and supply chains, including issuing disclosure portals in the coming weeks.

Note on CDSC Membership: In 2024, NGFS Chair Dr. Sabine Mauderer and the Honorable Herbert Krapa, Minister of State in Charge of Energy of Ghana, joined the CDSC as Members.

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[2] This participant shared their intervention in written form.