

Climate Data Steering Committee Proposes Recommendations for the Development of First-Ever Publicly Accessible Climate Data Utility

The Utility would make climate transition-related data openly available in a single place for the first time and providing accurate, trusted, and verifiable data – a potential game-changer to enabling the delivery of a net-zero economy

September 21, 2022 – Today, the Climate Data Steering Committee unveiled recommendations on the design of a new open-data utility, the Net-Zero Data Public Utility (NZDPU), and how it should address data gaps, inconsistencies, and inaccessibility that slow climate action. The recommendations were agreed today on the margins of the United Nations General Assembly and will be issued for public consultation until October 20, 2022.

The Climate Data Steering Committee was formed by French President Emmanuel Macron, following the announcement of a One Planet Data Initiative, and by UN Special Envoy for Climate Ambition and Solutions Michael R. Bloomberg. The Committee, chaired by Mary Schapiro, brings together individuals from international organizations, regulators, global standard setters, policymakers, and data service providers. The Committee will also consult with leading non-profit climate data organizations and technical experts.

Representatives of international organizations and global standard setters, including the United Nations (UN), Organization for Economic Co-operation and Development (OECD), International Monetary Fund (IMF), Financial Stability Board (FSB), International Organization of Securities Commissions (IOSCO), International Sustainability Standards Board (ISSB), Network for Greening the Financial System (NGFS), International Energy Agency (IEA), and policymakers and relevant bodies, including the European Commission and European Financial Reporting Advisory Group (EFRAG), France, Singapore, Switzerland, and the United Kingdom will help bring the NZDPU to fruition. In the context of the development of the NZDPU, such entities will work alongside and provide guidance to financial data service providers participating in the Committee, including Bloomberg LP, London Stock Exchange Group, Moody's, Morningstar, MSCI Inc., and S&P Global. CDP will also be joining the Committee. Each data service provider recognizes that openly available data is critical to achieve the pace of change needed to meet the climate challenge.

The Committee recommends that the foundational data needed to facilitate and scale the transition be made openly available to all. Today, regulators, investors, civil society, and other stakeholders struggle to evaluate the climate risks and progress made by businesses and financial institutions in alignment with the Paris Climate Agreement. This, in turn, limits the ability of governments, regulators, and private markets to address climate change.

The Committee recommends the Utility should be designed and built to be part of the United Nations Framework Convention on Climate Change (UNFCCC) Global Climate Action Portal and include in its first phase of development:

1. Company and financial institution-level data for direct emissions (Scope 1) and indirect emissions (Scopes 2 and 3), reported in units of CO₂ equivalent (CO₂e).
2. Transparently reported net-zero targets that also detail the specific actions intended to reach net zero, including transparency on carbon credits or other strategies, where applicable.
3. Openly accessible statistical classification information and an accessible user interface.

The Utility will be designed to augment transparency and, through coordination with policy-oriented bodies, will, to the fullest extent possible, harmonize the data it offers with existing and upcoming reporting regulatory requirements.

Currently, most climate data is only accessible through commercial subscriptions or by paying platform fees – preventing the public and many institutions from conveniently accessing it. Data providers cover different company universes, with varying levels of coverage by region, sector, or company size. Data is often presented in proprietary formats – making it harder to aggregate information or compare the performance of companies covered by different sources. Data quality is rapidly improving, but it is not yet comprehensive or consistent.

The NZDPU is a continuation of critical efforts by existing initiatives to support the transition of global private finance and business to net zero. It builds on the commitments made at COP26 by Mike Bloomberg to support the UNFCCC in strengthening climate data capacity.

The proposed design of the NZDPU was informed by outreach and engagement with a wide set of stakeholders. This led to the following findings:

- Limited disclosure of corporate greenhouse gas (GHG) emissions was consistently cited as one of the greatest challenges to the development of transition plans.
- Financial institutions confirmed that they cannot establish an emissions baseline from which to set targets and develop plans without consistent data that allows them to accurately compare clients' and portfolio companies' emissions.
- A lack of consistency, comprehensibility, and quality across existing climate data sets was cited to impede the work of stakeholders seeking to interpret the targets and plans.

At COP27 in Sharm el-Sheikh, Egypt, the Committee plans to release a Request for Proposal for technical resources to build the Utility. When completed, the Utility will support efforts in developing and developed nations to enhance transparency and bring accountability around

business climate action commitments by the private sector, and be available to the market, regulators, climate scientists, and civil society.

To participate in the consultation, which closes on October 20, 2022, please visit www.NZDPU.com.

Michael R. Bloomberg, UN Special Envoy for Climate Ambition and Solutions, said, “Data is one of the most powerful tools we have in the fight against climate change. Companies and investors understand that climate change presents enormous financial opportunities and risks, and the more they know about both – and about the sources of emissions that are driving climate change – the faster they can act. The data Utility will give investors and the public information they need to make informed decisions and hold companies accountable for backing up climate promises with real action.”

Bruno Le Maire, Minister for the Economy, Finance and Industrial and Digital Sovereignty, France, said, “Europe and France have introduced, over the last two decades, robust regulations providing quality reporting requirements on both the impact of climate risks on companies and the impact of companies on sustainability factors. The implementation of the Corporate Sustainability Reporting Directive (CSRD) will provide the markets with an unprecedented volume of reliable climate data on more than 50 000 European companies, that will contribute to fuel the new open-data utility we are starting to design today: the Net-Zero Data Public Utility (NZDPU). We congratulate and welcome the NZDPU for making these data freely and easily accessible to the world and hence, even more importantly, for encouraging other jurisdictions and private entities to produce and report similar quality and comparable data.”

Simon Stiell, Executive Secretary, United Nations Framework Convention on Climate Change (UNFCCC), said, “We need to vastly accelerate climate action in order to safeguard the global economy and all of humanity, and non-state actors have a crucial role to play. Whilst it is heartening to see the growing number of commitments and pledges made by businesses and investors around the world, it is equally important to ensure their promises are being turned into real action. We at the UN Climate Change secretariat are looking forward to relaunch the Global Climate Action Portal, with more precise data that can inform investment decisions. These recommendations can play an important role in the design of the new portal and contributing to much greater transparency of non-state climate action.”

Mary Schapiro, Chair, Climate Data Steering Committee (CDSC), said, “Given the urgent need for climate action, we need to eliminate the data gaps and inconsistencies that prevent meaningful progress against our climate commitments. Building the Net-Zero Data Public Utility

at pace will accelerate the collective efforts of policymakers, companies and financial institutions in supporting the transition to net zero.”

Mathias Cormann, Secretary-General, Organization for Economic Co-operation and Development (OECD), said, “The world urgently needs a globally more coherent, better coordinated and therefore more effective approach to tackling climate change. For this, we need to better understand the diverse range of climate mitigation measures pursued by governments and businesses right across the world. Over time, better data and information sharing about different mitigation approaches - including by the private sector - will help inform better decisions on climate action. The Net-Zero Data Public Utility (NZDPU) will significantly contribute to that effort, helping to address gaps and differences across existing data sources. Evidence-based, comparative data analysis is part of the OECD’s DNA. We will continue to actively support the drive for enhanced transparency and understanding of the effectiveness of global efforts to tackle climate change.”

Mairead McGuinness, European Commissioner for Financial Stability, Financial Services and the Capital Markets Union, said, “Europe has led the way on mandatory sustainability disclosure for ESG. Building this platform – a global climate data public utility – will support business and investors in developing their climate strategies. We need to accelerate our efforts and overcome challenges such as the lack of available and quality data. This initiative can help us achieve our common global efforts to drive more sustainable investment and will complement ongoing EU regulatory efforts in this area.”

Kristalina Georgieva, Managing Director of the International Monetary Fund (IMF), said, “Better data, disclosures, and aligned approaches to sustainable finance are critical to ensuring investors and consumers can support companies that are accelerating the transition to net zero. The IMF is deeply committed to strengthening the climate information architecture in the financial sector, and improving the quality, consistency, and comparability of data.”

Klaas Knot, Chair, Financial Stability Board (FSB), said, “The Financial Stability Board has highlighted both the importance of enhanced data to monitor and address climate-related financial risks, and the gaps that currently exist. We support this initiative to help ensure that this foundational data becomes widely available, and in a form that is consistent with the common global baseline that the ISSB is developing.”

Ashley Alder, Chair, International Organization of Securities Commissions (IOSCO), said, “Good information underpins well-functioning markets. IOSCO is very pleased to see this important initiative respond to continuing challenges financial markets are facing with getting and analysing key information about issuers of securities. With other critical initiatives to improve the quality of sustainable finance information, this database can work extremely well by

boosting the circulation of important information about the climate impacts of the issuers of traded securities.”

Emmanuel Faber, Chair, International Sustainability Standards Board (ISSB), said, “Businesses are increasingly recognising the need to consider climate as part of their strategy. A common language of reliable and comparable information is necessary for financial markets to appropriately allocate capital to these transitions. As the ISSB develops a global baseline of sustainability disclosures for the capital markets, I commend the NZDPU initiative as a complementary and timely opportunity to increase both availability and consistency of climate data.”

Ravi Menon, Managing Director of the Monetary Authority of Singapore (MAS) and Chair of the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), said, “Be it effective management of climate risks, robust sustainability reporting, or credible transition plans towards net zero, high-quality data are critical. The NZDPU is an important initiative to improve not just the availability of relevant data but also its quality and comparability. I am heartened that the initiative brings together financial data service providers and financial institutions alongside international organisations and global standards setters: a shining example of the kind of public-private partnership we need to address the climate challenge and secure a net zero world.”

Fatih Birol, Executive Director, International Energy Agency (IEA), said, “The IEA believes in the urgent need to open energy and climate data to the public to allow for meaningful global progress on climate mitigation. We are pleased to be aligned with this effort to make key climate-transition related data accessible and transparent. Together we can unlock the information the public truly needs to fight climate change.”

Daniela Stoffel, State Secretary for International Finance, said, “The climate commitments of private sector firms and financial institutions need to be credible, comparable and trackable over time. The Net-Zero Data Public Utility is an important step toward high quality, consistent and accessible data, which will greatly help in monitoring private sector mitigation and transition efforts.”

Patrick de Cambourg, European Financial Reporting Advisory Group (EFRAG) Sustainability Reporting Board member and Chair of ANC, said, “Providing relevant and comparable data on climate is key to meet the challenges of climate change. A major effort is required at all levels. Within the EU legal framework EFRAG is committed to play its part and will deliver in November a climate standard (ESRS E1) that builds on the TCFD recommendations and other climate-related initiatives and best practices and intends to foster

international momentum to the maximum extent possible. Beyond standard-setting the NZDPU initiative is more than welcome since once data is elaborated in accordance with quality standards it is paramount to make sure that data is easily accessible to all stakeholders. Without such a crucial step, policies and action plans would fall short of expectations and targets.”

David Schwimmer, CEO, London Stock Exchange Group (LSEG), said, “High quality, verifiable climate data is essential for decision-making, but over 40% of companies in the FTSE All World do not disclose scope 1 and 2 emissions data. Climate data must be more accessible and transparent for everyone. LSEG is proud to be part of a group of forward-thinking data providers, regulators and others partnering to address this issue.”

Kunal Kapoor, CEO, Morningstar, Inc., said, “This is an urgent opportunity to democratize access to the climate data that investors deserve. Open, accessible data is critical so each of us can examine long-term material risks and achieve success on our own terms.”

Henry Fernandez, Chairman and CEO, MSCI, said, “Democratizing access to reported climate data will help promote the transparency, action, and accountability the world needs to reach net-zero emissions. As governments and market participants learn more about climate-related risks and opportunities, it will be easier for them to drive low-carbon solutions. MSCI is proud to support this initiative and build on its recommendations.”

Douglas Peterson, President and CEO, S&P Global, said, “More than ever, governments, investors and companies seek evidence-based insights, high quality data and advanced analytics to support the decisions driving their strategies focused on sustainable outcomes. At S&P Global, we recognize the vital role of access to climate data in supporting market participants to navigate and realize the transition to a net zero, sustainable and equitable future. We are delighted to support this initiative.”

Paul Dickinson, Founder Chair, CDP, said, “CDP welcomes the White Paper on the proposed Net-Zero Data Public Utility. As the global independent disclosure mechanism for over 20 years, we look forward to working closely with the Climate Data Steering Committee and other partners to ensure we continue to harness the power of data to drive increasing environmental transparency, ambition, accountability and action.”