NZDPU

JPX

Japan Roundtable Series on Climate Transition-Related Data

March 2025

Japan Exchange Group (JPX)

JPX is the main financial instruments exchange operator in Japan, with subsidiaries including Tokyo Stock Exchange (cash equity markets), Osaka Exchange and Tokyo Commodity Exchange (derivative markets), Japan Securities Clearing Corporation (clearing), and JPX Market Innovation & Research (data and digital services). Positioning sustainability as a key focus of its management strategy, it works to assist the creation of a sustainable capital market and society through encouraging sustainable practices and information disclosure at its listed companies and providing ESG products and services to investors.

Net-Zero Data Public Utility (NZDPU)

The NZDPU is a global, centralized, open repository for private sector climate transition-related data. The NZDPU will allow users to easily access and interpret a core set of private sector data that is critical for accelerating progress toward meeting the goals of the Paris Agreement. It provides access to data in a transparent, consistent, and open format that is publicly accessible and will draw on existing and forthcoming climate-related reporting initiatives and platforms.

The NZDPU is overseen by the Climate Data Steering Committee (CDSC), which is comprised of global leaders, including regulators, policymakers and standards setters. It is informed by data providers and civil society organizations to accelerate climate action by driving forward global momentum for the private sector to report and disclose key company-level climate transition-related data critical to delivering a net-zero economy.

Disclaimer

The views and statements in this document should not be attributed to specific organizations unless explicitly noted.

The NZDPU: A Global, Centralized, and Open Repository of Climate Transition-Related Data

In June 2022, French President Emmanuel Macron and the United Nations (UN) Special Envoy on Climate Ambition and Solutions Michael R. Bloomberg founded the CDSC. The CDSC aims to support the climate objectives of the UN and accelerate climate action by driving forward global momentum for the private sector to report and disclose key climate transition-related data critical to delivering a net-zero economy.

In November 2022, the CDSC published recommendations for the development of a unified, global, and open climate data repository: the NZDPU. The NZDPU is ultimately designed to be integrated with the UN Framework Convention on Climate Change's Global Climate Action Portal. The CDSC and its advisors oversee the NZDPU's ongoing and iterative development and will consider further recommendations for enhancements going forward.

Proof of Concept

To demonstrate the NZDPU's potential, the NZDPU's Proof of Concept was launched at COP28 in November 2023. The Proof of Concept included a core set of climate transition-related data from approximately 400 companies that disclose publicly through CDP, a global independent environmental disclosure system for investors, companies, cities, states, and regions to disclose their environmental impacts. This allowed users to experience the initial set of features and functionality of the NZDPU and provide feedback to help inform its future releases. The Proof of Concept included the NZDPU's Core Data Model, an innovative data structure enabling better transparency and comparability across a range of climate transition-related data reporting standards and locations. The open data repository is available at NZDPU.com and provides an intuitive and user-friendly interface for accessing the data.

From Proof of Concept to Production

In September 2024, the NZDPU announced plans to expand its partnership with CDP as part of the NZDPU's launch of its production version. This next phase of collaboration will make core climate transition-related data from over 10,000 companies that publicly disclose to CDP - representing more than half of global market capitalization - accessible on the NZDPU website. CDP and the NZDPU, through continued collaboration, are working to streamline reporting, avoid duplication, and increase access to consistent, comparable, voluntarily disclosed private-sector climate transition-related data.

While the launch of the NZDPU's first production version represents significant progress towards realizing the CDSC's vision, it is only the first step. Over time, the NZDPU will continue to evolve, grow its coverage, and diversify its global data sources - drawing increasingly through time on the reporting associated with an increasing number of countries moving to mandatory disclosure requirements.

Despite this progress, challenges remain. Much of the company-level climate transition-related data that exists today lacks standardization, is found in numerous locations, and stored in difficult-to-access formats. Furthermore, challenges regarding the quality of disclosed climate transition-related data, including for Scope 3, hinders users' ability to confidently integrate this data into their decision-making workflows. Users need greater confidence that the greenhouse gas (GHG) emissions data that companies disclose are a comparable and accurate representation of a company's activities and emissions inventory.

Ultimately, the NZDPU seeks to be a central source within the climate transition-related data ecosystem, connecting with existing and planned sources of climate transition-related data globally without creating an additional reporting burden for companies. With the projected scaling of company-level climate transition-related data disclosures globally, driven largely by mandatory disclosure requirements, the NZDPU has been engaging directly with stakeholders across numerous jurisdictions to better understand the climate transition-related data landscape in each jurisdiction.[1]

This paper will focus on the NZDPU's outreach in Japan in the form of a roundtable series co-hosted with JPX, and the opportunities and challenges that the Japanese market faces.

[1] The NZDPU has held engagements across jurisdictions, such as Singapore, the United States, Switzerland, the United Kingdom, and the United Arab Emirates.

Roundtable Series Overview

Following the launch of the NZDPU's Proof of Concept in November 2023 at COP28, JPX and the NZDPU partnered to convene a group of leading Japanese financial institutions and non-financial corporates to better understand the pain points that Japanese companies face when either disclosing or working with climate transition-related data. The goal of the roundtable series was to enable the NZDPU to use the findings and feedback from participants to inform its ongoing and iterative product development process, while also making sure that the opinions of Japanese investors and issuers are reflected in the discussion on global data platform development. The NZDPU seeks to bring the voice of the user to the forefront, providing the broader market with insights into the challenges that companies face. JPX hopes that the discussion will also contribute to improving the quality and quantity of this kind of information in the Japanese market.

Roundtable Series Agenda:

Session 1

- Date and Location: March 15, 2024; Tokyo
- Topics Discussed: Introduction to the NZDPU, climate transition-related data disclosure, climate data use, GHG emissions reduction target setting.

Session 2

- Date and Location: August 2, 2024; Online
- Topics Discussed: NZDPU's future roadmap, climate transition-related data sourcing, climate transition-related data disclosure incentives.

Session 3

- Date and Location: October 29, 2024; Online
- Topics Discussed: Roundtable paper contents, NZDPU updates and developments.

Participating Entities:

Ten entities, including: Ajinomoto Co., Inc., Asset Management One Co, Ltd., Dai-ichi Life Holdings, Inc., Hitachi, Ltd., Mitsubishi Corporation, Mitsubishi UFJ Financial Group, NTT DATA Group Corporation, Tokio Marine Holdings, Inc., and Tokyo Electric Power Company Holdings, Inc.

Roundtable Observer: Financial Services Agency of Japan

Comment from the Financial Services Agency of Japan

The achievement of net-zero carbon emissions by 2050 is one of the most critical issues for people around the world, and it is becoming increasingly important to take action on climate change. Accurate and extensive data collection on climate change is essential for decision-making by companies, investors, and other stakeholders. I believe that the NZDPU, a global data platform for climate-related data, is an important initiative in terms of improving data aggregation and transparency. I also believe that it is significant that the opinions of Japanese market participants, such as those on the importance of reducing the reporting burden on the reporting company, were shared with the secretariat through the discussions at this roundtable and utilized in the process of building the platform. It is also noteworthy that participants deepened their understanding of the NZDPU.

I expect that the development of the NZDPU will improve the utility of data in Japan as well, and that finance aiming at achieving net zero, including transition finance, will advance further.

In Japan, the Sustainability Standards Board of Japan (SSBJ) is developing sustainability disclosure standards that are designed to deliver functionally aligned outcomes with standards developed by the International Sustainability Standards Board (ISSB), and it is expected that climate-related disclosures, such as emissions and target settings, will also advance gradually. By making these corporate disclosures available to anyone around the world through the NZDPU, which is a freely accessible and comparable data platform, efforts to address climate change will be further promoted. We will continue to support the NZDPU.

Satoshi Ikeda

Chief Sustainable Finance Officer (CSFO)

Financial Services Agency of Japan

Japan Climate Data Disclosure Landscape Overview

To understand the climate data disclosure landscape in Japan, it is first necessary to look at voluntary disclosure initiatives. In terms of information targeted at investors, in particular, climate disclosure in Japan has developed primarily in voluntary formats, most notably using the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). After these recommendations were published in 2017, many Japanese companies declared their support and started using them as a framework for disclosure. As of November 2023, 1,488 Japanese companies and organizations had declared their support for TCFD.

Providing a tailwind to these voluntary disclosure efforts, Japan's Corporate Governance Code, as last revised by Tokyo Stock Exchange (TSE) in 2021, asks that companies "appropriately disclose their initiatives on sustainability when disclosing their management strategies," and that those listed on the TSE Prime Market in particular "collect and analyze the necessary data on the impact of climate change-related risks and earning opportunities on their business activities and profits, and enhance the quality and quantity of disclosure based on the TCFD recommendations."

While a corporate governance report is required by TSE for compliance with the Corporate Governance Code, outside of this climate-related information has previously been disclosed mostly in non-statutory documents such as integrated reports, sustainability reports, company websites, and the CDP questionnaire. As of 2022, a survey by JPX[1] showed that over three quarters of JPX-Nikkei Index 400 companies were disclosing information on at least some of the categories recommended by the TCFD in statutory or non-statutory reports, and that disclosure was most common in integrated or annual reports for all categories. Disclosure via CDP is also increasing year by year, with 1,244 Japanese companies providing answers to the climate change questionnaire in 2023, including those which were not requested to respond (requests were sent to all Prime-listed companies, of which 1,182 (64%) responded). 112 Japanese companies were selected for the CDP A List in 2023.[2]

In terms of statutory disclosure, while some companies had already been disclosing climate-related information in their annual securities reports, this disclosure was expanded with the January 2023 amendments to the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc., which added an "Approach to Sustainability and Related Initiatives" section in said reports for disclosure of climate and other sustainability-related information. These rules leave it up to companies to decide what information is material and should therefore be disclosed. According to a survey[3] by KPMG, which covered 2,264 listed companies' annual securities reports for the fiscal year to March 2024, 19% (424 companies, up from 14% the previous year) disclosed Scope 1 emissions for said fiscal year, while around the same number disclosed Scope 2, and 6% (145)

disclosed Scope 3. With no third-party assurance mandated at present, only 12 of the surveyed companies reported having assurance on their climate data for the most recent fiscal year.

To improve the effectiveness of the above addition to annual securities reports, in December 2023 the Financial Services Agency of Japan (JFSA) updated the digital disclosure taxonomy for Electronic Disclosure for Investors' Network (EDINET), the platform where said reports are posted, to introduce digital tags for Scopes 1, 2, and 3 emissions as well as the four disclosure pillars of governance, strategy, risk management, and metrics and targets[4].

Given the importance of making sure that disclosure through annual securities reports is based on specific standards in order to improve comparability and deliver decision-useful information to investors, in October 2023 a "Working Group on Disclosure and Assurance of Sustainability-related Financial Information" under the Financial System Council of the JFSA was established to discuss the possible incorporation in statutory disclosures of the SSBJ standards, which are being formulated based on those from the ISSB, along with potential rules on assurance. Although this is still under discussion, the Working Group has suggested a market capitalization-based phased implementation of the SSBJ standards, starting with reports covering the fiscal year to March 2026, and assurance requirements from those covering the fiscal year to March 2028. The JFSA also plans to expand digital tagging to cover the SSBJ standards after their implementation.[5]

Disclosure of climate-related information is also expanding through the GX League, a government initiative that forms part of its "GX" (green transformation) strategy. The League's information platform, the GX Dashboard, is designed to collect decision-useful information on the climate-related activities of participant companies (company fundamentals, GHG emissions reductions from their own operations, initiatives in their supply chains, entries into green businesses, etc.) and provide this information in an easily browsable and comparable format so that it can be used to enable appropriate investment decisions and company evaluations. The Dashboard is expected to play an important role in ensuring the effectiveness of the government's GHG emissions trading system, serving as the platform for the "pledge-and-review" framework.[6]

In addition to the above, there are also reporting/publication requirements within the Act on Promotion of Global Warming Countermeasures, which is a framework for companies to report GHG emissions. Since 2006, this act requires companies emitting large amounts of greenhouse gases to calculate and report their own emissions to the government. However, the prescribed methods of calculation and other elements of disclosure differ from widely recognized international standards such as the Greenhouse Gas Protocol.

With several frameworks in Japan encouraging and mandating disclosure of climate-related information, availability of information is expected to grow further in the coming years. To aid appropriate asset allocation, it will be crucial that this information is made accessible to investors and other stakeholders in a decision-useful format.

Roundtable Topics and Learnings

Topic 1: Data Sourcing

To better understand the challenges companies are experiencing with climate transition-related data, the NZDPU has conducted research into data quality in the context of companies' calculation of their own GHG emissions. An important component of this research is gaining a better understanding of the processes, challenges, and choices that organizations make when sourcing data, which ultimately impacts the quality of the climate transition-related data that they disclose.

Participants were asked several questions regarding their sourcing of the data required to calculate their organization's GHG emissions, including how the data is sourced, what level of data is sourced, what challenges they face in sourcing the data, and what their expectations are of a potential solution to the challenges they are experiencing. Please see the Appendix for the full list of questions and a summary of the survey results.

Summary of Key Learnings:

- Companies' practices regarding data sourcing varies widely. Amongst participants, while most non-financial corporates sourced data in-house, most financial institutions utilized third-party vendors to source data.
- When choosing third-party vendors, participants noted their choice of vendor was mainly influenced by factors such as cost, comprehensiveness of their datasets, and ease of use. Participants noted that the accuracy of the data provided by these vendors remains an ongoing challenge, undermining confidence in the data.
- Companies often source primary data for calculating their Scope 1 and Scope 2 emissions calculations, whereas they often source secondary data for their Scope 3 emissions calculations. Participants noted that the reliability of the information sourced for their Scope 3 emissions is a challenge, and that selecting the correct emissions coefficient can be difficult.
- Consolidated and multinational companies find it challenging to source and aggregate data, as there can be tension between the goals of a company's headquarters staff and that of its production facilities. This is further complicated by the fact that there are oftentimes different data collection regulations and calculation standards between different jurisdictions. Participants noted that they experience significant costs and a high logistical burden due to sourcing data from many facilities that are spread across geographies.

- While some companies felt that data quality has generally improved, most participants noted that the quantity and quality of data being sourced is currently inadequate to fully rely upon it when developing their organization's transition plans. The data that companies need to source to inform their transition plans is inherently broad in scope, requiring a significant resource outlay.

- When discussing their expectations for a solution, participants noted they would like to lower their cost/resource burden for sourcing data, and they expect such a solution to provide them with the relevant information needed to determine the quality and comparability of the data they are sourcing.

NZDPU Perspectives:

Participants' feedback provided valuable insight into the ongoing challenges that companies face when sourcing the data they need for their GHG emissions disclosures, in particular the discrepancies in data quality across different metrics and the additional burdens that multinational companies with complex supply chains face. Recognizing these issues, the NZDPU's Core Data Model was built to provide users with the requisite granularity to help them assess the quality of disclosed data, while also being flexible enough to facilitate comparison across sources and entities. This is achieved by ensuring it is aligned with global and regional regulatory requirements and standards. The NZDPU also provides visibility into the restatements of companies' data, allowing data consumers to identify year-over-year changes more easily in specific fields.

While providing transparency and granularity is an important first step in giving data consumers the confidence to integrate climate transition-related data into their decision-making workflows, work still needs to be done to enhance the quality of the data that companies source for their climate transition-related data disclosures. This is particularly true for Scope 3 emissions, which oftentimes comprises the bulk of a company's GHG emissions, while also frequently being of a lower quality level than other disclosed data. If the data companies collect is of low quality, relevant stakeholders will be unable to make informed decisions and help advance the transition to a net-zero economy. As more data becomes available, the NZDPU will use this data to provide insights that better quantify these issues, supporting regulators and standard setters' efforts to promote best practices that will lead to systematic improvements in the quality of companies' disclosed data.

Topic 2: Data Disclosure and Incentives

The NZDPU's vision is to centralize data from a variety of different sources globally, building on the important work done by a range of organizations to increase the transparency of climate transition-related data while limiting reporting burden for companies by avoiding redundant submission processes. To support this vision, the NZDPU has sought to gain a better understanding of the disclosure landscape in the Japanese market.

Participants were asked several questions around their disclosure of climate transition-related data, including what challenges they experienced when making disclosures, what is driving their continued disclosure, and what expectations they have for a potential solution to the challenges they are experiencing. Please see the Appendix for the full list of questions and a summary of the survey results.

Summary of Key Learnings – Data Disclosure:

- Both non-financial corporates and financial institutions feel a significant reporting burden when it comes to climate-related disclosures. Once a company discloses a data point in one year, they find it difficult to rationalize not disclosing it in subsequent years, leading to their reporting burden increasing year-over-year.

- Companies face multiple disclosure obligations, lack of consistency between disclosure requirements, and complicated timelines. Japanese companies are subject to data disclosure in accordance with domestic laws (e.g., Energy Conservation Law, Act on Promotion of Global Warming Countermeasures) and jurisdictional disclosure standards (e.g., ISSB, CSRD, SSBJ). Additionally, companies need to respond to information requests from various stakeholders, including data providers. Data definitions often vary between these reporting requirements, particularly for Scope 3 and financed emissions.

- In Japan specifically, many companies collect data from around April (as their fiscal years end in March) and are then required to disclose sometimes as early as May, leaving little time for them to obtain the assurance or verification on their disclosures that many stakeholders are requesting or requiring of them. Getting assurance or verification on their disclosures is further complicated by the fact that there is currently a lack of resources for organizations providing such services.

- The lack of an easily accessible database of emissions coefficients hinders progress on more granular and accurate disclosures.

- Companies do not want the burden of inputting data into an additional disclosure portal. In the Japanese market, there are already high rates of disclosure to disclosure sources.
- Companies are unable to take a value / impact-based approach to determine which data points to disclose, because it is unclear how investors and other stakeholders are using this data. Participants noted that it is unclear if investors reflect this data into their valuations.
- There is a lack of established evaluation methods for financial institutions to calculate their climate-related financial risks, so each bank uses its own methodologies. As such, there is concern that comparing this data that is fundamentally incomparable leads to an inaccurate view of the actual risks.
- When discussing their expectations for a solution, participants noted that they do not want a platform that creates additional reporting burden for them, but one that enables stakeholders to better utilize the data that they are already disclosing.

Summary of Key Learnings – Data Disclosure Incentives:

- Companies' primary drivers for their disclosure of climate transition-related data are requests from shareholders and investors, reputation, and regulatory requirements. Participants noted that they are already preparing for upcoming disclosure requirements, such as SSBJ, with a minority noting that they plan to disclose additional information required by these new standards in advance of the relevant implementation date.
- Regarding reputational incentives, external evaluations (e.g., ESG ratings agencies, questionnaire providers) are important for comparing their progress against their peers, despite concerns regarding the objectivity of ratings. Participants noted that if the data underlying the ratings is free and transparent, it can help make ESG ratings more transparent and enable data users to come to conclusions on their own.
- Financial institution participants noted that there is an imbalance between the objective of their investments into transition finance (i.e., promoting decarbonization) and the fact that their financed emissions oftentimes increase when these investments are disclosed. This can also apply to corporates providing decarbonization-related goods and services, particularly in terms of Scope 3. Participants noted that it is important for data users to be fully educated on and understand these issues.
- When discussing their expectations for a solution, participants noted that they wanted a platform that enabled better transparency amongst ESG ratings and encouraged improvements in data quality.

NZDPU Perspectives:

Participants' feedback underscored the growing burden that companies face with regards to climate transition-related data disclosures from a variety of different stakeholder groups. As the NZDPU works to increase its coverage, it will connect with existing and planned sources of climate transition-related data across jurisdictions to limit the reporting burden for companies by avoiding duplicative submission processes.

Despite these efforts, data restrictions will continue to impede these efforts to foster greater interconnectivity. The NZDPU will work with the various sources of company-level climate transition-related data across jurisdictions to deliver on the CDSC's recommendations to make this data free, transparent, and accessible to all for a wide variety of use cases. Supporting the development of jurisdictional or other reputable, transparent digital repositories for mandatory disclosure can help users more easily discover and access companies' climate transition-related data.

Topic 3: Data Use

The NZDPU aims to allow users to easily access and interpret a core set of company-level data that is critical for the net-zero transition. The NZDPU has sought to better understand companies' use cases for climate transition-related data to ensure the NZDPU's ongoing development helps support these use cases.

Participants were asked several questions around the usage of climate transition-related data, including what their current use cases are, what the challenges are that they have experienced when trying to utilize climate transition-related data, and what expectations they have for a potential solution to the challenges they are experiencing. Please see the Appendix for the full list of questions and a summary of the survey results.

Summary of Key Learnings:

- Companies utilize climate transition-related data for a diverse range of activities, including transition planning, GHG emissions reduction target setting, benchmarking their performance against peers, and identifying investment opportunities.
- Companies cannot rely exclusively on structured, quantitative climate transition-related data. For example, financial institution participants noted that when identifying investment opportunities, they need to supplement quantitative data with qualitative information that often cannot be captured in a structured format.
- Companies are often reliant on using data sourced from various third-party providers. Given that different providers utilize different methodologies, assumptions, and calculation approaches, there is often significant variation in the data each provider gives for the same value.
- The lack of a single source for climate transition-related data forces companies to spend significant time and resources to extract and aggregate data to support their different use cases.
- When discussing their expectations for a solution, participants noted they would like to see a solution that enhances the transparency of the climate transition-related data they are using, helps to decrease data-related costs, and is aligned with global guidelines and regulations.

NZDPU Perspectives:

Participants highlighted the varied use cases that they have for climate transition-related data, underscoring the need to provide a solution that can support the core workflows of data

consumers with varying levels of technical sophistication. The NZDPU seeks to support these varied use cases by providing users with the requisite data granularity that advanced data consumers require, while also empowering less advanced data consumers by providing streamlined and intuitive features and data presentations.

The core set of climate transition-related data that the NZDPU currently covers is a useful foundation for evaluating companies' progress towards addressing climate change. As the NZDPU evolves and as transition planning becomes more complex and nuanced, it will seek feedback on how to provide data consumers with a comprehensive and integrated view on companies' transition progress.

Topic 4: GHG Emissions Reduction Target Setting

As understanding of the potential implications of climate change grows – informed by accessible and transparent data - companies and investors can more accurately measure and implement strategies to manage the associated impacts, risks, and opportunities that climate change presents. Given the wider challenges that the NZDPU has identified with GHG emissions reductions targets data, the NZDPU has sought to better understand companies' target setting practices.

Participants were asked several questions around their setting of greenhouse gas emissions reduction targets, including what challenges they have experienced and what expectations they have for a potential solution to the challenges they are experiencing. Please see the Appendix for the full list of questions and a summary of the survey results.

Summary of Key Learnings:

- Companies are overwhelmed and confused by the plethora of target setting frameworks based on different criteria, scenarios, and pathways (e.g., IEA, SBTi, etc.), leaving them confused as to which framework is best or will satisfy their specific stakeholders.
- Companies desire a more consistent framework for evaluating net-zero targets and would like to see examples of what good targets look like. This guidance would ideally be developed in conjunction with, and endorsed by, global standards setting organizations.
- Companies often feel pressured to set targets over areas they cannot inherently control. For example, in setting targets that encompassed *Scope 3 Category 11 – Use of Sold Products*, participants noted that they were forced to make assumptions about consumers' use of their products, which they feel they have limited control over.
- Participants recognized that targets set by different companies may have limited comparability, both in terms of impact and level of effort required to achieve them. Contextual information is often as important as the targets themselves.
- In general, companies would like to minimize the disclosure burden that comes with setting GHG emissions reduction targets.

NZDPU Perspectives:

As evidenced by participants' feedback, GHG emissions reduction target setting and tracking is a complicated and resource-intensive process. Once set, being able to systematically track and evaluate the progress companies are making against their targets is key to measuring the private

sector's collective progress against the Paris Agreement's goals. This is why the NZDPU contains a central repository of companies' GHG emissions reduction targets.

Nonetheless, significant challenges remain that hinder the use of companies' disclosed GHG emissions reduction target data. Currently, there is little guidance or standards to help determine what constitutes a 'new' or 'updated' target. As such, year-on-year changes to targets can be difficult to track, let alone map to each other. The NZDPU has experienced this challenge firsthand, with current practices of disclosing targets inhibiting the NZDPU from displaying companies' historical progress against their targets. The NZDPU will continue to work with standard setters to advance best practices that will result in greater ease, accuracy, and transparency in tracking companies' progress against their GHG emissions reduction targets.

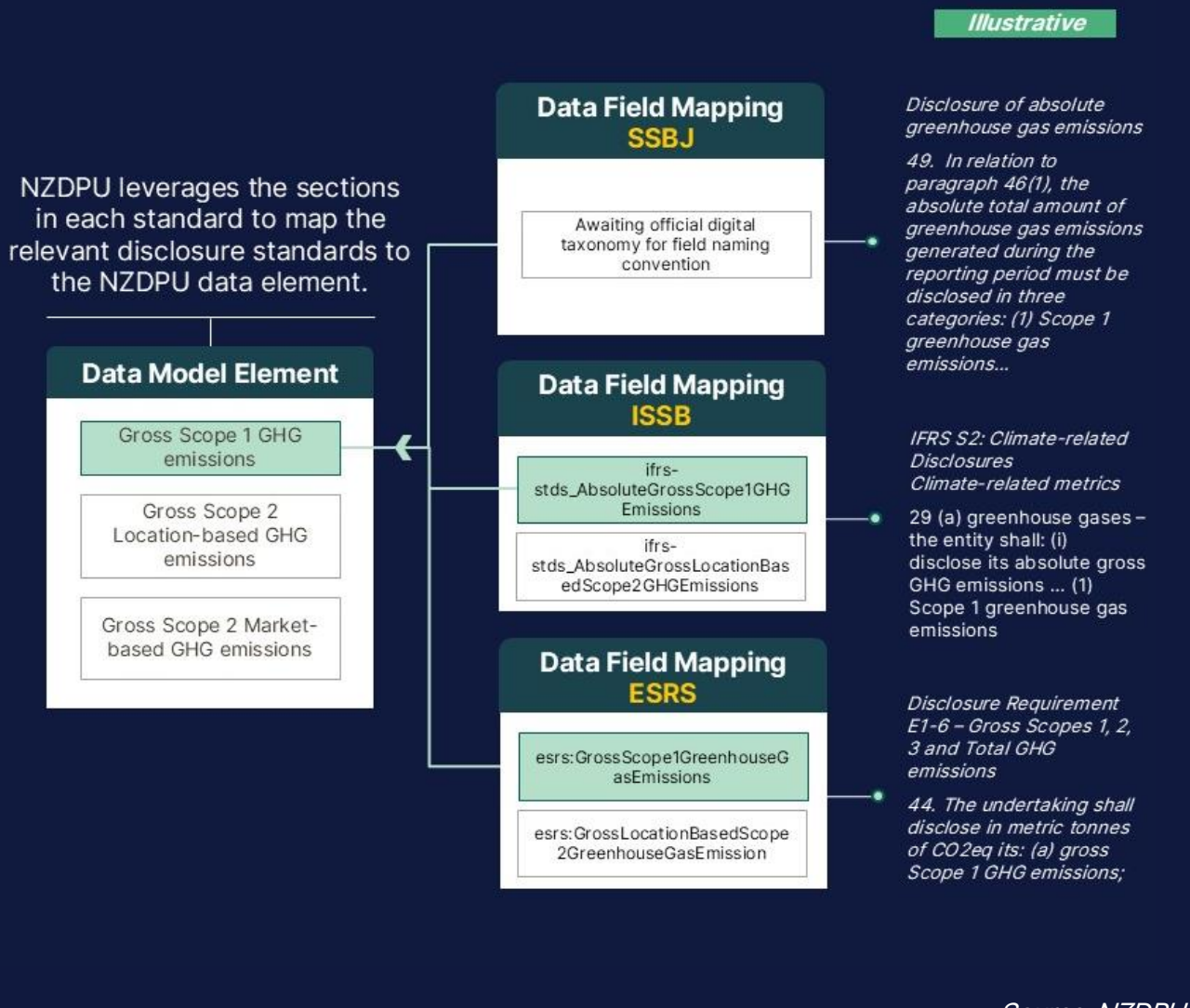
Conclusion

As the NZDPU continues to develop, it will seek ongoing input from the private sector and stakeholders to ensure that it is addressing the most material needs and issues of its users. With the expected scaling of mandatory climate transition-related data disclosures over the coming years, the NZDPU is exploring multiple pathways to access this data as it becomes available. However, not all data will be readily discoverable or accessible, as much work needs to still be done across jurisdictions to drive continued progress.

Globally, Japan has taken a leading role in driving more widespread and high-quality company-level climate transition-related data disclosures. Statutory disclosure based on the SSBJ standards, which are designed to deliver functionally aligned outcomes with the ISSB standards, is being discussed with the intention of phasing it in based on companies' market capitalization from the fiscal year ending March 2027. Since an expansion of the digital taxonomy is planned for these reports, it is also expected that reporting with digital tagging among Prime-listed companies will gradually expand using EDINET. This means that data collection (or reference) from EDINET by the NZDPU should become possible.

The NZDPU hopes to continue to develop strong relationships with stakeholders across the Japanese market and to work with relevant stakeholders to ensure that companies’ data is accurately captured on the NZDPU without creating any additional reporting burden for companies. Furthermore, as new disclosure standards such as the SSBJ are finalized, the NZDPU’s Core Data Model will evolve to reflect the current landscape of climate disclosure and in response to new and updated standards and jurisdictional requirements. (Exhibit 1)

Exhibit 1: Illustrative example of how the NZDPU Core Data Model will evolve to incorporate new disclosure standards and requirements.



Source: NZDPU

Appendix:

1. Roundtable 1 Survey Responses Summary

Topic: Data Disclosure
Question: What challenges does your company face related to climate data disclosure?
Summary of Answers: Non-financial corporates noted that they faced a variety of challenges, including: the high cost and increasing resource burden of data collection and GHG calculation, the difficulty of getting third-party assurance/verification, compressed timelines between when data is collected and when data is disclosed, the lack of clarity in how much of their disclosed data is actually being used by stakeholders, and the lack of clarity around emerging disclosure areas such as avoided emissions and transition plans. Financial institutions noted that they faced a variety of challenges, including: the high cost of collecting portfolio company data, difficulties comparing disclosed data from different companies, poor quality of data provided by data providers, difficulties regarding the calculation of financed emissions, difficulty providing stakeholders with explanations for fluctuations in data disclosed year-over-year, concerns over the ability to standardize data as a result of shifting to institutional disclosure, and difficulty obtaining third party assurance due to a lack of certification organizations.
Question: What are your expectations of a global data repository such as the NZDPU with regards to data disclosure?
Summary of Answers: Non-financial corporates noted that they expect a global data repository to not require extra work for them, with some citing the use of data sharing mechanisms with other organizations (e.g., CDP, GX League, etc.) and the use of technology (e.g., artificial intelligence). They also

mentioned the creation of incentive mechanisms to use the platform, such as improved efficiency of GHG calculation (collation of information needed for calculation such as emissions coefficients), the ability to obtain assurance more easily, and solving the issue of uneven data distribution.

Financial institutions noted that they expect a global data repository to provide data that is reliable, aid in the development/convergence of data calculation standards (Scope 3 emissions, third party assurance, measurement, and disclosure of transition finance), provide transparency and structure around data that is not comparable, and promote the wider usage of climate transition-related data amongst investors.

Topic: Data Use

Question:

What challenges does your company face related to the use of climate transition-related data?

Summary of Answers:

Non-financial corporates noted that they faced a variety of challenges, including: the lack of investor understanding of the data being disclosed and the uncertainty as to whether this data is being reflected in corporate valuations, difficulties relating to obtaining relevant benchmarking data, and challenges relating to the understanding of year-over-year GHG emissions fluctuations.

Financial institutions noted that they faced a variety of challenges, including: the high cost of checking the quality of the data, the high cost of acquiring the data to use from data providers, discrepancies in data provided by different providers, difficulties regarding the evaluation of financed emissions data, and the presentation of data in a misleading way.

Question:

What are your expectations of a global data repository such as the NZDPU with regards to climate data use?

Summary of Answers:

Non-financial corporates noted that they expect a global data repository to collaborate with other initiatives in the climate transition-related data ecosystem that link climate transition-related data to corporate valuation, actively promote the reflection of climate performance in corporate valuations, provide relevant benchmarking data, and develop performance indicators, including for qualitative information.

Financial institutions noted that they expect a global data repository to provide transparent data that is of high quality but at little to no cost, to advocate for the standardization of greenhouse gas emissions data definitions and calculation methodologies, and be in alignment with relevant global standards and guidelines.

Topic: Target Setting

Question:

What challenges does your company face related to GHG emissions reduction target setting?

Summary of Answers:

Non-financial corporates noted that they faced a variety of challenges, including: the high cost of managing targets that have been set, the large volume of information needed to initially set targets and the high cost of obtaining this information, confusion caused by differences in target setting standards between international guidelines and domestic regulations, setting baselines for Scope 3 targets, and creating appropriate incentives for setting Scope 3 targets.

Financial institutions noted that they faced a variety of challenges, including: the cost of obtaining data for all portfolio companies' targets, difficulties regarding evaluating the level of ambition of portfolio companies' targets, and difficulties comparing targets between different portfolio companies.

Question:

What are your expectations of a global data repository such as the NZDPU with regards to GHG emissions reduction target setting?

Summary of Answers:

Non-financial corporates noted that they expect a global data repository to create incentive mechanisms for companies to set targets, provide functionalities that are easy to use for different stakeholders within the same company, provide information that is useful for companies' target setting efforts, and promote target setting best practices, particularly for Scope 3 targets.

Financial institutions noted that they expect a global data repository to provide a centralized repository where all companies' targets can be accessed in one place, provide a framework to ensure targets set by companies are of a certain level of quality, not contribute to mandatory target setting requirements, and work with other initiatives to ensure there is no duplication of work for companies disclosing targets.

2. Roundtable 2 Survey Responses Summary

Topic: Data Sourcing
Question: Does your organization source the data required to generate GHG emissions estimates in-house or is it outsourced to a third party? If a third party, what factors influence the organization that you use?
Summary of Answers: Non-financial corporates noted that they generally source their data in-house, whereas financial institutions utilize external vendors to source data. When choosing vendors, participants cited accuracy and comprehensiveness of the data, cost, and convenience as key factors impacting their decision.
Question: When calculating GHG emissions, what is the balance between primary and secondary data that your organization utilizes, and how has this balance changed over time?

Summary of Answers: Most participants noted that they use primary data for calculating Scope 1 and Scope 2 emissions, whereas most participants noted that they utilize secondary data for calculating Scope 3 emissions. Several participants noted that they utilize data provided by data providers.
Question: What challenges in the sourcing of data does your organization experience that impacts your confidence in the quality of your organization's GHG emissions calculations and/or the ability to get your organization's GHG emissions calculations assured?
Summary of Answers: Participants noted that they face a variety of challenges, including: discerning appropriate jurisdiction-related regulations and appropriate standards/boundaries when souring data from a consolidated group, limited resources to obtain assurance across all sites at the parent and child companies, limited time for data collection and calculation, reliability of Scope 3 emissions, and the difficulty in determining the appropriate emissions coefficients to be applied. Financial institutions, in particular, noted challenges concerning the reliability of information provided by third party data providers, as well as being forced to rely on estimates using secondary data when financed companies do not disclose their own GHG emissions data.
Question: What kind of information does your organization need to source for your transition planning? Is the quality of this data high enough for you to be confident in your organization's transition plans?
Summary of Answers: Most participants noted that the quality and quantity of data available to them for transition planning is currently inadequate. Participants further noted that the information that they need to collect to inform their transition planning is broad and takes many resources to collect. This

information includes reference scenarios, cost associated with reducing GHG emissions, results of companies' own emissions simulations, and the results of future external trend surveys such as energy prices by region.

Participants cited several challenges, such as needing the buy-in of value chain companies and a lack of requisite quantitative data specific to a company's characteristics to create a detailed net zero roadmap. Financial institutions in particular noted that there is not enough information in the transition plans of their financed companies, making them difficult to compare.

Question:

What are your expectations of the NZDPU, and how can the NZDPU best support organizations as they work to address their data sourcing challenges?

Summary of Answers:

Participants noted that they expect a global data repository to provide efficient access to data for financed companies, clearly identify the key assumptions underpinning various metrics, provide easy access to companies' transition plans, provide accessibility in multiple languages, provide information to data consumers for free or low cost, make clear what data is comparable and what data is not, aid in the reduction of data discrepancies between different vendors, reduce (or not contribute) to the existing reporting burden companies face, and provide transparency regarding who has access to the data companies are disclosing.

Topic: Data Disclosure Incentives

Question:

What are the main drivers/incentives for your organization to disclose climate transition-related data? (Reputation, Regulation, Market Demand, etc.)

Summary of Answers:

Non-financial corporates noted that their primary disclosure incentives included company reputation, requests from shareholders/investors, relevant disclosure regulation, and improving employee engagement.

Financial institutions noted that their primary disclosure incentives included requests from shareholders or regulators, and company reputation as a result of having made a net zero commitment.
Question: Regarding reputational incentives - what metrics do you use to compare your organization against its peers with regards to climate progress? What metadata fields are most important to ensure these comparisons are accurate?
Summary of Answers: Participants cited using external evaluations from sources such as CDP or ESG ratings agencies, GHG emissions (absolute and intensity), company progress against their emissions reduction targets, alignment with net zero scenarios, and capital allocation to decarbonization. Participants also noted that supplementary information was needed to properly contextualize these metrics.
Question: The proposed SSBJ disclosure standards have a phased implementation by market capitalization. Does your organization plan to disclose this data in advance of the relevant deadline? If yes, or no, why?
Summary of Answers: Several participants noted that, while they will not be making disclosures in-line with upcoming mandatory disclosure standards in advance of the implementation deadline, internally they will be building out relevant systems and procedures to enable this disclosure in the future. Other participants noted that they will disclose in advance of the implementation deadline as a means of testing their disclosures before they are officially required.
Question: For issuers, how do you work with suppliers to incentivize their data disclosure? For investors, how do you work with issuers to incentivize their data disclosure?

Summary of Answers:

Non-financial corporates noted that they educate suppliers via individual dialogue and workshops on their own policies and goals, confirm levels of supplier compliance through surveys, and carry out follow-up interviews/inspections as needed.

Financial institutions noted that they mostly engage their large suppliers, initially working with them to understand the climate issues they are seeking to address and then proposing potential solutions to encourage disclosure.

Question:

What challenges is your organization facing that is limiting it (or its partners) from disclosing climate transition-related data?

Summary of Answers:

Participants cited several challenges, including a growing annual resource burden (people/technology/information/costs) and how to appropriately handle sensitive company data.

Participants also cited several challenges specifically relating to Scope 3 emissions, including: the inability to compare Scope 3 data between companies due to varied calculation methodologies, lack of Scope 3 calculation methodologies for certain activities, and a limited ability to assure Scope 3 data due to the limited resources for providers offering this service.

Question:

How can the NZDPU best support efforts to increase climate transition-related data disclosures within the broader market?

Summary of Answers:

Participants cited using CDP data to minimize reporting burden, using the NZDPU's influence to encourage more company-level disclosure, aid in the simplification and standardization of Scope 3 emissions calculations, encourage ESG ratings agencies to disclose their evaluation standards/logic, raise awareness about GHG emissions data disclosure among non-financial corporates by enabling investors to easily find their data, encourage broad improvements in

the quality of climate transition-related data, and engage with standard setting bodies such as ISSB/SSBJ to ensure alignment.

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