FC4S FINANCIAL CENTRES FOR SUSTAINABILITY

Green Digital Finance Alliance

Policy recommendations

to promote tech-driven ESG practices

by nonfinancial firms and digital ratings and metrics agencies

#1

Facilitate new digital-enabled ways to disclose asset geolocation data.

Corporates are using **IOT**, **SMART METERS** and **EARTH OBSERVATION TECHNOLOGIES** for collecting complete supply chain data. If asset geolocation data was available, it could be overlayed with key data sets to shift from current reliance on proxies, sentiment data, or sector averages, to calculate more accurate specific risk metrics.

Policymakers can **enable access to high resolution and spectral range satellite images** to support a shift for risks disclosures. They can also work on **new types of data disclosure models** where companies disclose geolocation on new data platforms open to validated investors and regulators.

#2

Encourage integrated sustainability-related disclosures with financial accounting in machine-readable formats.

Regulations requiring disclosure data to quantify contributions to targets will stimulate a shift towards harvesting of asset-level quantitative data for aggregation, which will improve the data quality and accuracy of disclosures.

Global standards for integration of financial accounting and sustainability-related disclosure, coupled with requirements to use **MACHINE-READABLE DISCLOSURE FORMATS** would enable to link disclosed risks to large databases and automatically determine materiality based on self-reported or market price data. This will also facilitate the automated quality verification of the underlying data leveraged.

#3

Ensure the underlying technology and infrastructure is available and accessible, to enable intelligent asset-level reporting via IoT.

Wireless connectivity is broadly required. Regulation requiring shift to remote reading capabilities from assets, such as smart meter regulation, could be issued.

#4

Improve the underlying infrastructure of global databases to include all jurisdictions.

The emerging metrics offered by third party providers for financial institutions on company nature risk ratings are based on incomplete databases, missing many developing regions. That means their nature risks are highly inaccurate and based on proxy data. Policy makers can support the improvement of this underlying data infrastructure to accurately reflect all jurisdictions.