

Standardization WG – ESG Standards

Meeting Minutes

Participants:

- Flora Belladonna, BNP Paribas
- Suman Bhadresha, HSBC
- Simona Catanescu, SWIFT (Co-Chair)
- Hai Jade Fuan, Standard Chartered Bank (Co-Chair)
- Charu Jain, IHS Markit
- Nicole Krämer, Greenomy
- Abiola Rasaan, CSCS
- Fikir Sanders, DTCC
- Stefan Schorsh, McKinsey
- Raina Sum, Standard Chartered Bank
- Karen Zeeb, ISSA (PMO)

Excused:

- Saritha Bhuvanagiri Sureshchandra, TCS
- Jyi-Chen Chueh, Standard Chartered Bank
- Margaret Harwood-Jones, Standard Chartered Bank (Executive Sponsor)
- Vinod Jain, Aite-Novarica
- Haruna Jalo-Waziri, CSCS
- Helen Johnson, MYRIAD Group Technologies
- Juliette Kennel, SWIFT
- Fabian Vandennreydt, Greenomy

Agenda

1. Introduction and Welcomes
2. ESG Data, ESG Ratings and Labels discussion
3. AOB

Introductions

Introduction

Karen welcomed the participants to the meeting.

Key Points Addressed

Karen welcomed two new members to the group:

- Fikir Sanders, DTCC
- Stefan Schorsh, McKinsey

Additionally, Haruna Jalo-Waziri and Abiola Rasaq, both of CSCS have joined. Abiola was able to join the call later.

ESG Data, ESG Ratings and Labels Discussion

Introduction

The Co-Chairs confirmed that the first topic that the WG would review was ESG Data, ESG Ratings and Labels. The Co-Chairs and the participants discussed the key elements that were captured in a short framework document.

Key Points Addressed

Simona explained that, as part of Phase I – Education and Level Set, the participants had agreed that there were three topics to be reviewed:

- Sustainable finance from niche to mainstream and the role of financial sector
- Sustainable financial products, investment strategies and methodologies
- ESG data, ESG ratings and labels

The participants had agreed that the first topic should be ESG data, ESG ratings and labels, therefore the Co-Chairs had drawn up a framework document to aid the discussion. The intended purpose would be for the outcomes of the discussion to be included in the paper or podcast that the WG would create to help educate the broader ISSA membership on ESG concepts as well as on the impact of ESG on the Securities Services industry and its implications.

- **ESG Data**

The participants first discussed the scope of the work and agreed to limit the effort to financial services. It was also agreed that the definitions agreed in the previous meeting would be key to ensure consistency.

Given the current disparate number of standards frameworks available, the participants agreed that the focus should be on identifying and referencing the key ones. Stefan explained that McKinsey had identified six key reporting standards which he would distribute to the group. The six are GRI, TCFD, CDP, SASB, IR and WEF.

Fikir also mentioned that the WEF document, although not a standard, could be a useful document to review. Additionally, in the US, draft disclosure rules have been sent out for comment by the SEC on climate protection.

Karen proposed that, to ensure ongoing easy access to any relevant supporting documentation, it may be helpful to create a list in the Standardization WG page of the member section of the ISSA website to hold these. This was agreed by the group.

International Securities Services Association

The participants then discussed that recently there has been a move towards the requirement for corporates to provide a climate risk assessment as part of their reporting. It was agreed that this trend was likely to increase so should be included as part of the paper.

The key challenges were reviewed as these would need to be highlighted in any outcome from the WG. These included:

- Availability of data (e.g. for certain asset classes and geographies)
- Disparate reporting standards
- Multiple organizations going in different directions
- Solutions – custodians vs technology firm solutions

The group felt that joint industry initiatives would definitely be something that would benefit the creation and adoption of standards that could be used more broadly and this should be highlighted.

- **ESG Ratings**

It was agreed that most providers will now give some kind of ESG rating. The group agreed that this section should be about how ratings and agencies could be used rather than prescriptive. Stefan also agreed to share a paper on ESG ratings that could help inform the group.

Flora agreed to reach out internally for further information on the current ESG rating approach at BNP Paribas. The other attendees were also asked to check on current ESG rating approaches within their own organizations if possible.

Follow Up Actions

- Provide key reporting standards (Stefan)
- Create a list and upload relevant supporting documentation to the ISSA website (Karen)
- Provide ESG rating information (Stefan)
- Reach out internally for information on current ESG rating approach at BNP Paribas (Flora)
- Check on current ESG rating approaches within own organizations if possible (Other WG participants)

AOB and Close

Introduction

Karen confirmed there was no other business and closed the meeting.

Summary of Follow Up Actions

No.	Action Description	Responsibility	Deadline
1.	Provide key reporting standards	Stefan	COMPLETE
2.	Create a list and upload relevant supporting documentation to the ISSA website	Karen	COMPLETE
3.	Provide ESG rating information	Stefan	COMPLETE
4.	Reach out internally for information on current ESG rating approach at BNP Paribas	Flora	27 September 2022
5.	Check on current ESG rating approaches within own organizations if possible	Other WG participants	27 September 2022