ISSA - ESG Standards sub-group

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1. ESG Ratings

1.1. Are there some buckets/categories we can consider for the main data providers?:
- *Major providers (eg MSCI, Sustainalytics, Moody's, Bloomberg, Thomson Reuters)*
- *Specialist data providers (e.g. proxy data, etc)*
- *Fintechs/start ups*
- *Data aggregators (e.g. Morningstar,)*

1.2. What are the core criteria we consider essential?
- *Disclosure of evaluation methodology*
- *Coverage – markets, companies, products, asset classes*

1.1. Are there some buckets/categories we can consider for the main data providers?

An environmental, social, and governance (ESG) data provider is a third-party vendor that provides an assessment of the risks, opportunities, and impacts of a company's activities.

There are several types of ESG data providers in the market – each focusing on a different value proposition. The specific methodologies, data outputs, benchmarking, and reporting can vary significantly from one provider to another.

In broad terms, ESG providers can be classified between **Generalists** and **Specialists** depending on the type of ESG data they offer.

- **Generalists**
  These ESG providers allow to cover all main axes:
    - ESG scores (main package of ESG scores – environmental, social, governance), for example the nb of palm oil litres used by *xyz* company;
    - SFDR
    - EU taxonomy (EU guidelines), and
    - Green Bonds (debt issuances of green project where the ESG score is on the bond paper –financed project- and not on the company who issues the bonds).

  Examples of generalist ESG providers are: Sustainalytics, Bloomberg, MSCI. They are all able to provide the main families of ESG data.

- **Specialists:** Specialised ESG data providers who focus on one or more aspects of ESG, but not all three at the same time. These suppliers only provide data and analysis on a specific vertical of ESG data, whether it's the carbon footprint and fossil fuel usage or diversity metrics and gender distribution.
  Some examples:

  - RepRisk on risk impact and controversy (governance)
  - Climate – specialised in environment and climate

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See also: [ESG data providers mapping - WeeFin](https://weefin.co/wp-content/uploads/2020/06/panorama-V6@4x-980x569.png)
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ESG providers specialised by country / region

Another type of classification of ESG data providers can be geographical based.

For example there are several ESG provider specialised in Asia Pacific / South Korea ESG data, and others also very specialised on scrutinising the European market.

Data Aggregators

A data aggregator is a company that collect data from various sources, provides value-added processing, and repackages the result in a usable form.

In order to industrialise our ESG data needs and our clients' needs in different regions and industries, BNP Paribas has adopted a dual model relying on two platforms (data aggregators): 1. Manaos[i] and 2. IMPACT CSRevolution.

The main characteristic of this model is that there is no direct connection to the single ESG data providers, but only to the aggregators, which are the source of data used by BNP Paribas Data Admin Team in charge to collect ESG market data.

The two aggregators are complementary, but IMPACT CSRevolution is primarily used for internal use. When specialised data and information is required, Manaos allows to connect to very specific data providers and obtain data that only some clients might require to have access to.

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1.2. What are the core criteria we consider essential?

Large Banks and Financial Institutions face multiple ESG data needs. In light of the wide spectrum of ESG data providers available on the market a direct connection to many of them may not always be viable. In these circumstances, the use of aggregators to cover most needs can become very handy.

When selecting an aggregator or an ESG data provider there are multiple factors to consider, and while these can vary from institution to institution, some of them may be relevant to most.

For example, the capability of the provider to cover key sustainability themes with the most comprehensive offer (knowing that no one covers everything) or the ability to meet specific needs.

Other factors to consider could be:

- Instruments covered and scope of data
- In case of aggregators, scope of ESG data providers covered by the platform and the ability to make new connections with new data providers.
- Ability to provide reporting
- Level of aggregation of data
- Types of license available.

<u>Licenses</u>
The type of license purchased will also make a difference in what level and detail of information can be accessed through a same platform or provider.
For instance, some platforms will not allow to extract raw data but other platforms will consent to this (always depending on the "membership "level" subscribed).

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[i] Manaos is a cross-servicing platform connecting investors to their ESG ecosystem and leveraging cloud technologies. Manaos runs more than 60 applications dedicated to classic or trending use cases, ranging from ESG, SDGs, climate impact, Paris Alignment, biodiversity, to SFDR, taxonomy and more.