

# Objective: increase investment in Sustainable Finance

- Access to better accurate data is at the core of improving the efficiency of investing sustainably
- There are different lenses in which individuals need to view company data in relation to ESG
  - Government
  - Consumer
  - Investor
- Currently the data investors need is patchy, inaccurate and subject to rating agencies interpretation
- **Investors now need to consume data direct from the companies:**
  - They need more granular in-depth non-financial data to feed internal ESG modelling
  - Government mandated reporting looks at ESG data through a local lens whereas asset management needs data on company activity globally
  - Industry ratings may conflict with each other – or the firm’s view of ESG/Sustainability/ Impact
  - Firms view internally may differ between issue-based analysis (primary) to secondary market investment exposure
  - Data is required at the product level (fixed income and for more complex equity products) when looking at subsidiary and supply chain risk
  - Corporate Sustainability reports which are manually keyed in at a data vendor subject to error/inconsistencies/gaps with an inability to verify accuracy



# Solution: Creation of Digital ESG Bar Code

- AMs currently use ISO standards throughout their organisations to join data sets, and to ensure its consistency and they use FIX Protocol to trade.
- By mandating the use of ISO standards LEI (Legal Entity Identifier) and ISIN (International Securities Instrument Identifier) in conjunction with UPI (Unique Product Identifier) – an investor could identify the company as VW but the financial product as capital raising for renewable energy.
  - Data direct from the company – mandatory disclosures using accounting standards such as IFRS, GHG accounting, CDP
  - Into XBRL (similar to US Edgar machine readable reporting standards)
  - Using ISO standards - ISIN + LEI + UPI + UTI – FIX can extract data which can then be fed into an AM OMS/EMS
- Given the rise in interest in ESG investing, this challenge is only going to increase given the different interpretations of ESG along with the rising need for smart contracts via blockchain (DLT)
- Receiving ESG data direct will fast track how companies can best understand what investors need and how to get it to their investment community – including their involvement in supply chains
- Once investors can access company data direct, the faster companies will be incentivized to change their behaviour - if they can't provide the information then AMs are unable to make the necessary assessment in order to invest (Scope 3 emissions)



# DIGITAL BAR-CODE FOR ESG DATA



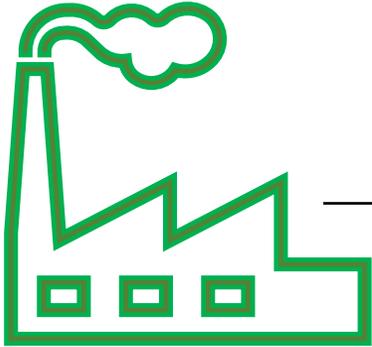
Sustainability Frameworks & Accounting Standard

Accurate Effective Company Disclosure

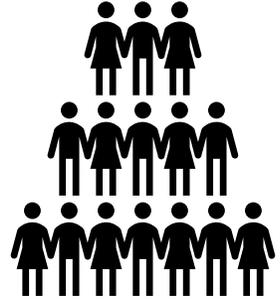
Information Delivery via XBRL, ISO & FIX PROTOCOL

Third Party Data Vendors & Analytics Firms

End Investors



TC 68 Financial Services  
TC207 Environmental Management  
TC322 Sustainable Finance



Asset Managers  
Asset Owners  
Counterparties



**FIX** PROTOCOL  
INDUSTRY-DRIVEN MESSAGING STANDARD<sup>SM</sup>