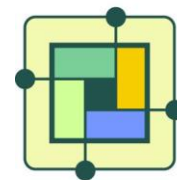


# ESG Working Group update

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**RIXML**.org

Research Information Exchange Markup Language

# ESG Working Group meetings



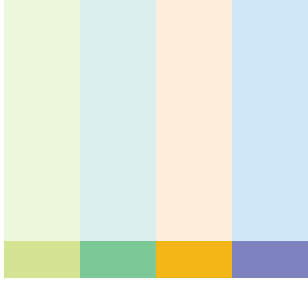
## **2022**

- Sep 23
- Oct 14

## **2023**

- Jan 12
- Mar 9
- May 11
- May 25
- Jun 8

# Key Takeaways since March



- We need a canonical (standardized) taxonomy, but with flexibility to allow for firm-specific (publisher-defined) taxonomies
  - Several sell-side firms are already using proprietary structures and would like to keep using them
  - Member firms have implemented industry taxonomies successfully under a similar model (GICS + proprietary), although mapping is not as straightforward in an ESG taxonomy
- SASB would suit our needs as a recognized, credible standard
  - Its two-level tree structure of five dimensions and 26 general issue categories
    - 1) allows for both targeted tagging at the appropriate level and reference tagging at the parent/child level
    - 2) allows for uneven growth (Environment dimension likely to grow faster than others in terms of more granular tagging of content)
    - 3) facilitates both human reading and machine reading applications

# Key Takeaways since March (cont'd)



- We need to factor in licensing considerations and associated costs, and the possibility that SASB could fall out of favor
  - Implementing unique codes could help mitigate these risks and future-proof our taxonomy
  - Even breaking out E, S, and G as a starting point would be helpful, and could be done on our own timeline as there is no intellectual property behind the letters
- Some firms are employing or developing proprietary ESG scoring systems
  - ESG scoring systems are much more varied than investment rating systems, and are still in early stages
  - Would require mapping to a common RIXML standard
  - Could map to broad categories as we do for sentiment to keep scores user-friendly

# ESG Publication and Tag Categories



- ESG content = property of a report → tagged within taxonomy
  - ESG “thought piece” – thematic, typically authored by an ESG strategy team
  - ESG-focused industry or company report authored by fundamental analyst
  - Would not tag “green stock” reports unless the content discussed ESG factors (nature of the report’s content vs. nature of the company’s business)
  - Would also not tag ESG dimensions that a subject company is obligated to report on (unless they are discussed in the report itself)
- ESG section = property of a component → tagged with ESG flag to indicate that the main content isn’t about ESG, but there’s a separate ESG section inside
  - Could be useful for users looking for ESG “tear sheets” within a report
- ESG scoring = property of a company → tagged with or mapped to a score

# Input We Would Like

- From the buy-side
  - How do you want to search for ESG content?
  - Do you have content specialists that we could connect with?
- From the vendors
  - What kind of standardization (of taxonomies, of terminology, of scores) would help you aggregate content most effectively for users of your platforms?

