

ESG Data and Ratings Working Group Meeting 5 – 20 April 2023 – Public Minutes

1. Opening of Meeting

The Steering Committee (M&G, Moody's ESG Solutions, LSEG and Slaughter & May) welcomed members and outlined the agenda.

Secretariat provided an update on the project timeline for the next 9 weeks to ensure the Code of Conduct (CoC) is ready for consultation at the end of June 2023.

2. Recent national and global developments and DRWG engagement

The Steering Committee updated members on recent bilateral meetings with IOSCO, a second meeting with the Monetary Authority of Singapore (MAS) and a roundtable session with users.

HM Treasury provided an update on their consultation to introduce regulation of ESG ratings in the UK. The consultation proposes bringing ESG rating providers within the FCA's remit and would apply to information used in relation to regulated activities within the UK, irrespective of the location of the provider.

3. Subgroup updates

Subgroup 1 coordinators provided an update on their recent discussion of the draft codification of IOSCO recommendation 5 provided by Slaughter & May.

Subgroup 2 coordinators provided an update on their progress and timeline noting that the group discussed principles related to conflicts of interest, robust systems and good governance.

4. Agree on Negative Scope (& 5. Discussion on differentiation of Principles for ESG data and ratings providers)

Members discussed whether a list of activities and organisations, based on DRWG discussions, JFSA's CoC, HMT's consultation and discussions with MAS, were within scope of the CoC and where there were options for nuance. Members noted that given the CoC will be voluntary, anyone can opt in and there is not necessarily a need for a list of negative scope.

6. Agree on Code of Conduct structure

The Secretariat presented an updated structure of the Code and suggested including examples or case studies to better explain the Principles and provide additional guidance to users of the CoC.

7. Agree on Compliance option

Slaughter & May presented draft text to demonstrate different compliance models. It was noted that the "apply and explain" approach offers more flexibility and the "comply or explain" approach requires a more stringent style of disclosure.

8. Conclusion and next steps

Date of next meeting: Thursday, 18 May, 2.00pm – 4.30pm S&P Global offices

Attendance List

Steering Committee

- Angela Brown, Global Head of Products, **Moody's ESG Solutions**
- Rob Marshall, Head of Sustainable Investing **M&G**
- Nick Bonsall, Partner Financial Regulation Group, **Slaughter and May**
- David Harris, Head of Sustainable Finance Strategic Initiatives, **London Stock Exchange Group**

Members

- Oliver Moullin, MD, Sustainable Finance - **AFME**
- Robert Greenberg, Head of Sustainability Integration - Governance & Performance - **Anglo-American**
- Stéphane Janin, Head of Global Regulatory Developments and Public Affairs - **AXA IM**
- Andreas Giannopoulos, Director, Sustainability & ESG - **Barclays**
- Priti Ravi, Director, Sustainable Investing - **BlackRock (virtual)**
- Patricia Torres, Global Head of Sustainable Finance - **Bloomberg**
- Christopher Rich, General Counsel - **Financial Markets Standards Board (FMSB)**
- David Scalzetti, Senior Director of Regulatory Products - **Intercontinental Exchange (ICE) (virtual)**
- Neil Acres, Global Head of Regulatory and Government Affairs - **MSCI**
- Sindhu Krishna, Head of Sustainable Investments – **Phoenix Group (virtual)**
- Arthur Carabia, Director ESG Policy Research - **Sustainalytics**
- Kushal Shah, Assistant VP, ESG Investment Strategy - **State Street Global Advisors (virtual)**
- David Doyle, Head of Government Affairs and Public Policy - **S&P Global**
- Kevin Gaffney, Director for Secondary Markets - **UK Finance**
- Laetitia Hamon, Head of Sustainable Finance - **Luxembourg Stock Exchange (virtual)**

Observers *(all virtual except FCA)*

- Caspar Siegert, Harriet Richards - **Bank of England**
- Sara Woodroffe *(virtual)*, Dunvel Delias - **FCA**
- Basia Armstrong - **HMT**
- Raluca Tircoci, Jo-Anne Matear – **IOSCO**
- Asaf Barouk, Emily Albertson - **SEC**
- Theresa Jiang, Annabel Lim – **MAS**

Secretariat

- Simone Utermarck, Stanislav Egorov, Nicholas Pfaff *(virtual)* – **ICMA**
- Gordon Mead, Corinna Williams, Madison McSweeney – **IRSG**

Additional support

- Lucy Scaramuzza - **Slaughter and May**