BLUEDOT
CAPITAL

ESG and impact investing advisory with the goals of value enhancement and risk management.

Blue Dot Capital is a sustainable finance consultancy. We partner with financial services firms to support the end-to-end development and execution of ESG and impact investing programs, capabilities, and products.

Our clients and partners include traditional and alternative investment managers, family offices, and data providers.

Snapshot:
ESG Data Product Launches

July 2023 Update

We are pleased to share a summary of product launches and extensions and strategic partnerships of the major ESG data providers over H1 2023 as providers compete to meet the growing ESG data needs of investors, lenders, and companies.

For several years now, investors and regulators have voiced concerns regarding ESG data providers' lack of methodological transparency and potential conflicts of interest, among other issues. Over H1 2023, financial regulators across several jurisdictions – including the European Commission[1] , the Securities Exchange Board of India (SEBI)[2], and the Monetary Authority of Singapore[3] – have proposed, implemented, or signaled an intent to introduce regulatory guidelines for ESG data and rating providers. This follows the International Organization of Securities Commissions (IOSCO)'s recommendations in November 2021 calling for regulators to consider focusing more attention on the use of ESG ratings and data products in their jurisdictions. We will be closely watching how global efforts to regulate ESG data providers evolve.

We will continue to closely track the maturing ESG data product landscape as coverage and offerings expand, and methodological transparency improves.

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1. As part of its sustainable finance package launched in June 2023, the European Commission **proposed regulation of ESG rating providers.**
2. On July 5, 2023, SEBI announced that ESG rating services can only be provided by **entities that have been certified by SEBI.**
3. In April 2023, the MAS announced that it has been working with the industry to **co-create a code of conduct,** which will require ESG ratings and data product providers to disclose how transition risks are factored into their products. A public consultation to gather wider feedback will be conducted in the second half of 2023.

dun&bradstreet

- **February 2023 | Agreement with Intercontinental Exchange (ICE):** As part of the agreement, Dun & Bradstreet will provide its global supply chain and corporate location data to help expand ICE's climate risk offering. Dun & Bradstreet also plans to integrate ICE's Climate Transition Data, which includes access to emissions and target data for 30,000 companies dating back to 2010, into its ESG Rankings.

ecovadis

- **March 2023 | Carbon Heatmap:** EcoVadis added the Carbon Heatmap tool to its Carbon Action Module solution. The Carbon Heatmap provides carbon emissions risk calculation across a company's value chain and prioritizes hot spots for decarbonization. The tool combines EcoVadis' repository of greenhouse gas (GHG) emissions data based on 14,000-plus reporting organizations across the world with information from public databases along with an organization's specific spend and criticality data.
- **February 2023 | Contractual Relationship with the International Aerospace Environmental Group (IAEG) to Further Industry Sustainability:** IAEG contracted with EcoVadis to create a voluntary approach to sustainability assessments for suppliers of the global aerospace industry. The approach includes holistic coverage of ESG criteria, sharable results, and sector-level sustainability performance benchmarks that help global aerospace and defense companies deploy and measure their supply chain sustainability efforts and improvement strategies.

esgbook

- **April 2023 | Corporate ESG Dashboard:** Covering over 140,000 disclosures, the Corporate ESG Dashboard combines in-depth ESG and climate data, peer benchmarking analytics, and reporting features that directly impact corporate sustainability performance on ESG Book's platform. The SaaS-based platform solution helps companies manage and evaluate their sustainability performance and reporting, with over 450 ESG metrics per company sourced, verified, and updated daily.
- **April 2023 | Accessibility of ESG and Climate Disclosures on Bloomberg Terminal:** ESG Book's data on corporate sustainability and emissions disclosures is accessible on the Bloomberg Terminal and available for Bloomberg Data License subscribers. The data provided by ESG Book includes ESG and climate disclosures for almost 10,000 companies worldwide.
- **February 2023 | Accessibility of ESG and Climate Disclosures on Rimes:** ESG Book's data on corporate sustainability and emissions is available through Rimes, a provider of enterprise data management solutions. The partnership will provide Rimes' clients with access to ESG Book's data assets covering over 50,000 corporates, including company-level and portfolio-level scores.

ISS ESG▷

- **June 2023 | Forthcoming Methodology Enhancements to Environmental & Social Disclosure QualityScore Solution:** The planned enhancements, expected to take effect in the third quarter, will provide an improved measure of corporate disclosure practices and augment coverage of material issues. More than 150 factors underlying the scoring will be revised for greater relevance, close to 50 factors retired, and more than 60 new factors will be added. A data verification period will run from July 10 to July 21, allowing companies to verify and submit changes to their data on all factors, including those added for the release, before scores are calculated and made available under the updated methodology.
- **June 2023 | ISS ESG Products Available Through Fusion by J.P. Morgan:** ISS ESG announced that 16 ESG products including climate solutions, ESG ratings, regulatory solutions, and screening & controversies are available to institutional investors via Fusion by J.P. Morgan.
- **May 2023 | Collaboration with Qontigo to Launch ISS STOXX Biodiversity Suite:** ISS ESG and Qontigo, a global provider of index, analytics, and risk solutions, announced the release of the ISS STOXX Biodiversity Index Suite. The new cobranded index suite helps clients align portfolios with their biodiversity impact reduction goals. All indices in the suite exclude companies involved in activities assessed to be causing significant harm to biodiversity or reducing the biodiversity footprint. They also enhance alignment with biodiversity-oriented United Nations Sustainable Development Goals (SDGs), such as life below water and life on land. At the same time, the index methodology targets an aggregate reduction in carbon intensity of at least 30 percent across the included constituents.
- **March 2023 | ISS ESG US Cyber Risk Index:** The ISS ESG US Cyber Risk Index supports investors in identifying and tracking companies with low or negligible cyber-related risks based on the ISS ESG Cyber Risk Score launched at the beginning of the year.
- **February 2023 | Expansion of Responsible Investing and ESG-Related Data Attributes on Simfund Platform:** ISS Market Intelligence (ISS MI) expanded the responsible investing and ESG-related data attributes available through its Simfund platform. The expanded dataset includes over 20 new data attributes which cover funds with ESG themes and strategies such as: impact investing, including microfinance, sustainable bonds, and SDGs; "negative" screening attributes, with exclusions such as alcohol, weapons, tobacco, and nuclear; and "positive" screening attributes, such as thematic or positive tilt. In addition, Simfund users can access EU Sustainable Finance Disclosure Regulation (SFDR) classifications for investment funds covering Articles 6, 8, and 9, including detail regarding the article under which the fund falls, enabling users to track changes to funds' SFDR classifications over time and the impact on fund flows.
- **January 2023 | ISS ESG Cyber Risk Score:** The ISS ESG Cyber Risk Score supports investors by signaling the relative likelihood of a portfolio company suffering a material cybersecurity incident within the next 12 months, based on its external security posture.

MSCI ⬡

- **June 2023 | Quantitative Investment Solutions (QIS):** QIS is a new set of tools to help portfolio managers customize separately managed account (SMA) portfolios efficiently and at scale. Using MSCI QIS, managers can tailor portfolios to their clients' specific values and investment goals. In addition to tax requirements, managers that offer SMAs can implement customization requests spanning single company exclusions, industry exclusions, ESG, and style preferences. Through QIS, portfolio managers gain access to select Factor, ESG, Climate, Index, Real Assets, Thematic, and Model data that can be used to pursue broad market exposure and themes reflecting investor needs.

- **March 2023 | Changes to MSCI's Fund ESG Rating Methodology:** The changes aim to raise the requirements for a fund to be assessed as "AA" or "AAA", improve stability in Fund ESG Ratings, and add transparency through simpler attribution analysis. As a result of the changes, the distribution of the fund ratings will shift, and approximately 31,000 funds will see one-time downgrades.
- **February 2023 | MSCI Corporate Sustainability Insights:** MSCI Corporate Sustainability Insights is a solution designed to increase corporate sustainability executives' understanding of the ESG and climate challenges and opportunities facing their companies. The tool gives executives at companies tracked by MSCI ESG Research the ability to measure and compare their ESG and climate data versus peers, while also identifying potential disclosure gaps through charts, graphs, and maps.

RepRisk

- **April 2023 | Partnership with AMEC:** RepRisk entered a partnership with AMEC, the Brazilian Association of Capital Market Investors. RepRisk's risk analytics and metrics will provide AMEC with comprehensive ESG information, expanding the traditionally held positions on topics such as governance and market regulation.
- **March 2023 | Partnership with SIM Global Advantage:** RepRisk entered a partnership with SIM Global Advantage, an investment advisory firm for asset managers focused on developing tailor-made quantitative investment solutions. SIM Global Advantage will leverage RepRisk's ESG risk data in its financial research activities.
- **March 2023 | Partnership with IC-V:** RepRisk partnered with I-CV, an independent credit rating and research institute, to develop an in-house data management platform "ESG Radar" that provides investors with a 360-degree perspective on underlying ESG risks in their portfolio. ESG Radar combines company-sourced data (inside-out) with RepRisk's unique outside-in perspective, i.e., data collected and curated from over 100,000 media and stakeholder sources in 23 languages via AI, machine learning, and human intelligence. ESG Radar contains raw ESG data on more than 20,000 companies, enabling clients to compare statements and pledges made in company filings with real-life business conduct and risk incidents captured by RepRisk.
- **March 2023 | ESG Risk Data on Snowflake Marketplace:** ESG risk data availability on Snowflake Marketplace will enable joint customers to access independent ESG risk data efficiently while simplifying and safeguarding their internal data processes.

SUSTAINALYTICS
a Morningstar company

- **June 2023 | Enhancements to Physical Climate Risk Assessments:** Morningstar Sustainalytics announced enhancements to its Physical Climate Risk Metrics product, including the addition of two new reports offering deeper views into companies' exposure, loss, and financial resiliency as it relates to physical climate risk. Within these reports, new indirect risk metrics have been added to better meet the Task Force on Climate-related Financial Disclosures (TCFD) recommendations of disclosing both direct and indirect physical risks and providing insight across the entire business value chain.
- **April 2023 | Low Carbon Transition Ratings:** The Low Carbon Transition Ratings are designed to provide investors with a forward-looking science-based assessment of a company's current alignment to a net-zero pathway that limits global warming to 1.5 degrees Celsius. Morningstar Sustainalytics currently provides Low Carbon Transition Ratings coverage for approximately 4,000 of the largest public companies and plans to expand to include over 12,500 companies by 2024.

- **February 2023 | Nine New Impact-Focused ESG Indexes:** Morningstar, Inc in combination with Morningstar Sustainalytics introduced a new family of impact-focused ESG indexes. This new series of nine equity indexes spans five environmental and social impact themes which incorporate alignment to the SDGs. To be included in the indexes, companies must pass stringent ESG screens and have significant revenue aligned to one or more impact themes. To strengthen exposure to the impact themes, index weightings are tilted toward companies with the greatest percentage of revenue derived from SDG-aligned activities.

- **June 2023 | Transition Assessment Analytical Product:** The Transition Assessment analytical product uses a methodology aimed at positioning, differentiating, and benchmarking companies, specifically in the energy sector, as they progressively transition from carbon-intensive to net zero.
- **May 2023 | ESG Regulations and Reporting Standards Tracker:** The Regulations and Reporting Standards Tracker is a tool aimed at monitoring significant regulatory developments in the ESG space, including sustainable taxonomies, ESG and climate disclosure regulations, and ESG fund requirements.

S&P Global

- **May 2023 | Nature and Biodiversity Risk Dataset:** The dataset helps companies and investors assess, manage and address nature-related risks and impacts, and applies the Nature Risk Profile methodology that was launched in January by Sustainable1 and the United Nations Environment Program (UNEP). It covers over 17,000 companies and over 1.6 million assets, using nature-related risk metrics such as the Ecosystem Footprint to deliver a better understanding of a company's impact and dependency on nature.
- **February 2023 | S&P GSCI Climate Aware:** S&P Dow Jones launched a first-of-its kind commodities index which incorporates environmental metrics. The S&P GSCI Climate Aware is a broad-based commodity index which is intended to offer market participants with ongoing exposure to the global commodities sector that is in line with its parent benchmark, the S&P GSCI (formerly the Goldman Sachs Commodity Index).
- **January 2023 | Nature Risk Profile Methodology:** Launched in partnership with the UNEP, the methodology outlines metrics and data that enable companies and investors to identify and quantify nature-related exposure, and covers several key areas, including risks arising from companies' impacts on biodiversity, risks arising from companies' dependencies on biodiversity, and potential risks via proximity to biodiverse areas.

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Our Previous ESG Data Product Snapshots

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