Investors have long recognized that Environmental, Social and Corporate Governance (ESG) factors are important measures for company valuation, risk management and even regulatory compliance. Now we are seeing more and more managers incorporating ESG into their asset allocation process, in a more holistic way, as well as more thematic investment vehicles emerging that appeal to investors who have specific investment objectives.

Unlike financial reports, ESG data disclosure is unstructured and can be published at any time of the year. To make it useful to financial professionals, ESG reported data needs to be standardized and simplified for analysis. This is exactly what we deliver; the Thomson Reuters ESG database covers over 6,000 companies globally, and includes 400+ ESG metrics, which largely come from corporate, public reporting (Annual Reports, Corporate Social Responsibility (CSR) reports, company website, etc.). With such a large increase in corporate sustainability reporting set to continue, the investment industry will be able to evaluate the long-term health of companies in a more holistic way, considering both financial and business sustainability dimensions.

Building on deep domain expertise, Thomson Reuters is now releasing company ESG scores for our full ESG coverage and history of companies helping you assess the ESG risks and opportunities in your portfolios, benchmark against peer companies and make more informed investment decisions.

Thomson Reuters ESG Scores are designed to transparently and objectively measure a company’s relative ESG performance across ten themes (emissions, environmental product innovation, human rights, shareholders, etc.) based on company reported data. We also provide an overall score which is discounted for ESG controversies captured from global media which materially impact the corporations.

The underlying measures in the scores are granular enough to differentiate effectively between companies that have general policies in place but lack proof of actual implementation and execution, versus companies that “walk the talk” and emerge as leaders in their respective industries or regions.

**Thomson Reuters ESG Score (ESG Score)**
Thomson Reuters ESG Scores measure companies’ ESG performance based on reported data in the public domain across 10 different ESG topics. Thomson Reuters captures and calculates over 400 company level ESG measures, of which we have carefully selected a subset of 178 most relevant data points to power the overall company assessment and scoring process. The underlying measures are based on considerations around materiality, data availability, and industry relevance.

They are grouped into 10 categories as illustrated below:

- **Environmental**: Resource Use, Emissions, Innovation
- **Governance**: Management, Shareholders, CSR Strategy
- **Social**: Workforce, Human Rights, Community, Product Responsibility
Thomson Reuters ESG Controversy Score (ESGC Score)

The ESGC Scores provide a rounded and comprehensive evaluation of a company’s ESG performance based on the reported information in the ESG pillars, with ESG controversies overlay captured from global media sources. The main objective of this score is to discount the ESG performance score based on negative media stories. It does this by incorporating the impact of significant, material ESG controversies in the overall ESGC Score.

The ESGC Scores are calculated as the weighted average of the two component scores per fiscal period, with recent controversies being reflected in the latest complete period.

ESG Controversies Category

The ESG Controversy Category Score is calculated based on 23 ESG controversy topics. During the year, if a scandal occurs, the company involved is penalized and this affects their overall ESGC scores and grading. The impact of the event may still be seen in the following year if there are new developments related to the negative event, for example lawsuits, ongoing legislation disputes, or fines. All new media materials are captured as the controversy progresses.

Controversy scores are fully automated and objective. We calculate an aggregated controversy percentile rank across E, S, and G, using all 23 controversy measures.

Easily identify companies with strong ESG practices or exposure to ESG risks

Thomson Reuters ESG Scores are available on Thomson Reuters Eikon for seamless integration in users’ workflows. They are accessible via the new ESG company views, the Screener App, Eikon for Office and Portfolio Analytics App. The new ESG views render the percentage scores to letter grades to interpret quickly how companies are performing relative to their peers and where the company’s ESG weaknesses and strengths lie. For example, a company with a score of >0.916 will be graded A+, whereas a company with a score ≤0.083 will be graded D.

For more information on Thomson Reuters ESG data, please visit financial.tr.com/esg