

# REFINITIV<sup>®</sup> ESG SCORES

Investors have long recognised that environmental, social and governance (ESG) factors are important measures for company valuation, risk management and even regulatory compliance. Now we are seeing more and more asset 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 standardised and simplified for analysis. This is exactly what we deliver: the Refinitiv<sup>®</sup> ESG database covers over 85% of global market cap, and includes 630+ ESG metrics and scores, which largely come from corporate public reporting (annual reports, corporate social responsibility (CSR) reports, company websites and global media sources). 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, Refinitiv is offering 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.

Refinitiv<sup>®</sup> ESG Scores are designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness across the three E, S and G pillars and 10 themes

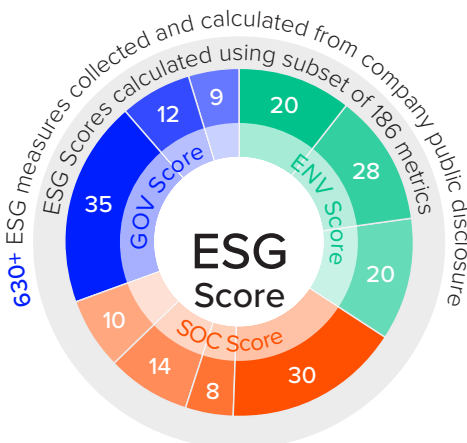
(emissions, environmental product innovation, human rights, shareholders, etc...) based on publicly reported data. We also provide an overall score, which is discounted for ESG controversies captured from global media that materially impact the corporations.

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.

## Refinitiv ESG Scores

Refinitiv ESG Scores measure companies' ESG performance based on reported data in the public domain across three pillars and 10 different ESG topics. Refinitiv captures and calculates over 630 company-level ESG measures, of which we have carefully selected a subset of the 186 most relevant and comparable 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

### Social

- Workforce
- Human Rights
- Community
- Product Responsibility

### Governance

- Management
- Shareholders
- CSR Strategy

## Refinitiv® ESG Pillar Scores and ESG Combined Score

ESG Pillar Scores outline a company’s ESG performance in a single E, S or G pillar. The score is calculated based on the aggregate of three to four critical category scores.

The ESG Combined Score provides 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 ESG Combined Score.

When companies were involved in ESG controversies, the ESG Combined Score is calculated as the weighted average of the two component scores per fiscal period, with recent controversies reflected in the latest complete period. When companies were not involved in ESG controversies, the ESG Combined Score is equal to the ESG Score.

ESG Statement	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Reporting Currency	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
ESG Report	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
ESG Reporting Scope	100	100	100	100	100	100	100	100	100	100
ESG Report Author Name										
ESG Report Last Update Date	29.09.2018	29.09.2018	29.09.2018	29.09.2018	29.09.2018	29.09.2018	29.09.2018	29.09.2018	29.09.2018	29.09.2018
ESG Combined Score	B+	C	B	B+	C	C	C	C	B	C
ESG Score	B+	B	B	B+	B	B	B	B	B	B
Environmental Pillar Score	A	A	A	A	B	B	B	B	B	B
Social Pillar Score	C+	C+	C	C	B	B	B	B	C	C
ESG Controversies Score	B	B	B	B	B	B	B	B	B	B
ESG Controversies Score	B	B	B	B	B	B	B	B	B	B
Resource Use	B	B	A	A	A	B	B	B	B	B
Resource Reduction Policy	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
Policy Water Efficiency	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
Policy Energy Efficiency	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
Policy Greenhouse Gas Emissions	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
Policy Environmental Supply Chain	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE	TRUE
Resource Reduction Targets	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE
Target Water Efficiency	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE	FALSE

## ESG Controversies Category Score

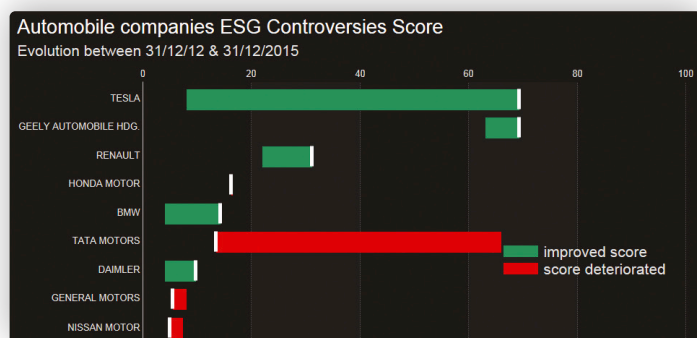
The ESG Controversies Category Score is calculated based on 23 ESG controversy topics. During the year, if a scandal occurs, the company involved is penalised and this affects their overall ESG Combined Score and grading. The impact of the event may still be seen in the following year if there are new developments related to the negative event, for example, lawsuits, ongoing legislation disputes or fines. All new media materials are captured as the controversy progresses. Our controversies score also addresses the market cap bias which large-cap companies suffer from, as they attract more media attention than smaller-cap companies.

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

Refinitiv ESG Scores are available on Refinitiv® Eikon for seamless integration in users’ workflows. They are accessible via the ESG company views, the Screener app, Eikon for Office and the Portfolio Analytics app. The ESG views render the percentage scores to letter grades to quickly interpret 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 of ≤0.083 will be graded D.

ESG Scores are available on Eikon, Refinitiv Workspace the Microsoft® Excel® add-in, Refinitiv® Datastream® for automated processing and integration of all ESG data and scores in users’ quant models and analytics tools. The scores are also available via a cloud-based delivery solution on the Refinitiv® Data Platform.



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