

ESG Reports and Ratings: What They Are, Why They Matter?

July 12, 2017

Overview

Most international and domestic public (and many private) companies are being evaluated and rated on their environmental, social and governance (ESG) performance by various third party providers of reports and ratings. Institutional investors, asset managers, financial institutions and other stakeholders are increasingly relying on these reports and ratings to assess and measure company ESG performance over time and as compared to peers. This assessment and measurement often forms the basis of informal and shareholder proposal-related investor engagement with companies on ESG matters. Report and ratings methodology, scope and coverage, however, vary greatly among providers. Many providers encourage input and engagement with their subject companies to improve or sometimes correct data. There are currently numerous ESG data providers, a summary of each of which is beyond the scope of this memorandum, but some well-known third party ESG report and ratings providers include: (i) Bloomberg ESG Data Service; (ii) Corporate Knights Global 100; (iii) DowJones Sustainability Index (DJSI); (iv) Institutional Shareholder Services (ISS); (v) MSCI ESG Research; (vi) RepRisk; (vii) Sustainalytics Company ESG Reports; and (viii) Thomson Reuters ESG Research Data. This memorandum provides an overview and analysis of these providers.¹

This memorandum also provides information on the ESG ETFs and portfolios offered by the following asset managers, which are based in part on these ESG reports and ratings: (i) BlackRock; (ii) The Vanguard Group; (iii) State Street Global Advisors (SSGA); (iv) BNY Mellon Investment Management; (v) PIMCO; (vi) Fidelity Investments; (vii) J.P. Morgan Asset Management; (viii) Wellington Management Group LLP and (ix) Prudential Financial.

I. Bloomberg ESG Data Service

Overview

In 2009 Bloomberg acquired New Energy Finance, which provides information regarding renewable energy and the carbon market, and subsequently launched Bloomberg ESG Data Service. Bloomberg collects ESG data for over 10,000 publicly-listed companies globally. ESG data is integrated into Bloomberg Equities and Intelligence Services. Bloomberg ESG Disclosure Scores rate companies annually based on their disclosure of quantitative and policy-related ESG data.

Market Cap Coverage: Mid Cap (more than \$2 billion) to Large Cap (more than \$10 billion).

Rating Scale and Methodology

Rating Scale: Out of 100. Bloomberg also provides scores from third party rating agencies (RobecoSam,² Sustainalytics,³ ISS Quality Score,⁴ and CDP Climate Disclosure Score⁵) and an overview of a company from an ESG perspective both historically and relative to peers.

¹ The purpose of this memorandum is to provide a snapshot of some ESG report and ratings providers. It is not meant to be a comprehensive overview of all such providers.

² Founded in 1995, RobecoSAM is an investment company that focuses on sustainable investing. They provide services including asset management, sustainability indices, and governance, as well as active ownership and sustainability services. RobecoSAM provides percentile rankings of nearly 2,000 companies.

Methodology: Bloomberg evaluates companies on an annual basis, collecting public ESG information disclosed by companies through corporate social responsibility (CSR) or sustainability reports, annual reports and websites, and other public sources, as well as through company direct contact. This data is checked and standardized. Bloomberg ESG data covers 120 environmental, social and governance indicators including: carbon emissions, climate change effect, pollution, waste disposal, renewable energy, resource depletion, supply chain, political contributions, discrimination, diversity, community relations, human rights, cumulative voting, executive compensation, shareholders' rights, takeover defense, staggered boards, and independent directors. Bloomberg ESG rating will penalize companies for "missing data".

Reputation and Usage

- In 2016, Bloomberg had over 12,200 ESG customers, providing ESG data to mainstream investors worldwide.

II. Corporate Knights Global 100

Overview

Corporate Knights, a Toronto-based company, publishes an annual index of the Global 100 most sustainable corporations in the world in their Corporate Knights magazine. The Corporate Knights magazine is the world's largest circulating magazine focused on sustainability and responsible business.

Rating Scale and Methodology

Rating Scale: Out of 100 and ranked against other companies in the same industry group. Updated annually.

Market Cap Coverage: All companies that have a market capitalization in excess of \$2 billion.

Methodology: Ranking is based on publicly disclosed data and is released annually in January. All industries and geographies are considered and 14 key performance indicators are analyzed, covering supplier performance and resource, employee and financial management. Companies are scored only on relevant performance indicators for their specific industry.

Company Involvement: Companies are invited to participate in a formal data verification process prior to publication of the list.

Reputation and Usage

- The Corporate Knights magazine reaches 380,000 of the world's most influential business and political decision-makers.
- Out of the top 10 corporations listed on the 2017 Global 100, 4 out of 10 companies had published a press release regarding this listing.⁶
- Corporate Knights Global 100 data is available on both Bloomberg and Reuters.

(cont.)

³ Sustainalytics is described in Section VII below.

⁴ ISS Quality Score is a data-driven scoring and screening tool designed to help institutional investors review and assess risk relating to board structure, compensation programs, shareholder rights and audit & risk oversight. ISS Quality Score and other ISS offerings are described in Section IV below.

⁵ CDP Climate Disclosure Score measures in November of each year the quality and comprehensiveness of information provided in a company's response to the CDP (formerly known as the Carbon Disclosure Project)'s annual climate change questionnaire. CDP believes the score, which ranges from 0 – 100, is a metric of good internal management, an understanding of climate change issues and company transparency on climate change. It covers 175 ESG indicators, and covers mid cap (\$2 billion +) to large cap (\$10 billion +) companies. These scores can also be accessed through Google Finance and Deutsche Boerse's website.

⁶ A third company had published an article on their Canadian website.

III. DowJones Sustainability Index (DJSI)

Overview

Launched in 1999, DJSI was the first global index to track sustainability-driven public companies based on RobecoSAM's ESG analysis. S&P Dow Jones Indices has partnered with RobecoSAM for publication and calculation of ESG indices. DJSI is broken down into: DJSI World (tracking the world's leading companies), DJSI Regions and DJSI Country.

Market Cap Coverage: Small Cap (less than \$ 2 billion) to Large Cap (more than \$10 billion).

Rating Scale and Methodology

Rating Scale: Out of 100 and ranked against other companies in their industry. Updated annually.

Methodology:

DJSI World: This index represents the top 10% of the largest 2500 companies across 60 industries in the S&P Global BMI (Broad Market Index).⁷ Scores are derived from RobecoSAM's annual Corporate Sustainability Assessment (CSA) whereby 2,500 publicly traded companies are invited to participate in the CSA for possible inclusion in the DJSI World. An industry-specific questionnaire is sent to the participants covering relevant economic, environmental, and social factors. There are generally 80-120 questions in a questionnaire. DJSI World covers 100 ESG issues. An annual questionnaire is sent in early April and CSA results are announced in early September.

Questions cover economic, environmental, and social governance topics such as: Corporate governance, risk and crisis management, codes of business conduct, customer relationship management, policy influence, brand management, tax strategy, information security & cybersecurity, privacy protection, environmental reporting, environmental policy & management systems, and operational eco-efficiency.

DJSI North America: This index represents the top 20% of the largest 600 North American companies in the S&P Global BMI. Scores are derived from RobecoSAM's annual Corporate Sustainability Assessment.

DJSI Europe: This index represents the top 20% of the largest 600 European companies in the S&P Global BMI. Scores are derived from RobecoSAM's annual Corporate Sustainability Assessment.

DJSI Asia Pacific: This index represents the top 20% of the largest 600 companies in the Asia Pacific region in the S&P Global BMI. Scores are derived from RobecoSAM's annual Corporate Sustainability Assessment.

DJSI United States: This index represents the top 20% of the largest 600 U.S. companies in the DowJones Sustainability North America Index (see above).

Company Involvement: Companies are provided with feedback to help them improve and enhance their score and performance.

Reputation and Usage

- Partnered with RobecoSAM.

⁷ S&P Global BMI measures global stock market performance, looking at the market as whole rather than a specific industry or sector.

- Out of 10 Industry Group Leaders listed on the 2016 DJSI, all 10 companies published a press release regarding this listing.⁸
- Dow Jones Sustainability Indices are published on RobecoSAM's website and are publicly available.

IV. ISS

Overview

ISS provides a suite of ESG solutions to enable institutional investors to develop and integrate responsible investment policies and practices into their investment decisions, to inform company engagements and to execute upon these policies through end-to-end voting. In 2015, ISS acquired Ethix SRI Advisors and formed a strategic partnership with RepRisk⁹ allowing ISS to further expand the ESG and socially responsible investing (SRI) research it provides. ISS's solutions also include climate change data and analytics from its recent acquisition of Climate Neutral Investments. ISS's ISS QualityScore provides in-depth research on corporate governance on over 5,600 publicly-traded companies globally.

Rating Scale and Methodology¹⁰

1. ISS Quality Score

Rating Scale: 1st to 10th decile (overall score and score for each pillar described below). 1st decile indicates relatively higher quality governance practices and relatively lower governance risk while a score in the 10th decile indicates relatively higher governance risk. Updated on an ongoing basis.

Methodology: ISS analyzes over 200 factors, divided into four pillars: board structure, compensation/remuneration, shareholder rights, and audit & risk oversight. Depending on the governance standards in each region, the ISS voting policy, and the impact on governance practices, a specific weight will be placed on each factor.

Specific factors include: for board structure (board and board committee composition, board practices, board policies, related party transactions and board controversies), for compensation/remuneration (pay for performance, non-performance based pay, use of equity, equity risk mitigation, non-executive pay, communications and disclosure, termination and controversies), for shareholder rights (one-share one-vote, takeover defenses and meeting and voting related issues) and for audit and risk oversight (external auditor and audit and accounting controversies).¹¹

Methodology is reviewed annually.

Company Involvement: Companies are invited to review, verify and provide feedback through the ISS Corporate Solutions' Governance Analytics platform.

2. ISS-Ethix

Methodology: ISS-Ethix provides research, screening and analysis on a range of ESG topics. These included: controversial weapons screening, ethical screens, energy & extractives screen, global sanctions screening, research on companies' adherence to human rights, labor standards, environmental protection

⁸ These were: BMW AG, Westpac Banking Corp, SGS SA, LG Electronics Inc., Sodexo, UBS Group AG, Thai Oil PCL, METRO AG, Nestle SA, and Abbott Laboratories.

⁹ RepRisk is described in Section VI below.

¹⁰ RepRisk methodology is described in Section VI below.

¹¹ For more information see: <https://www.issgovernance.com/solutions/iss-analytics/qualityscore-methodology/>

and anti-corruption. ISS-Ethix partnered in July 2017 with CDP¹² to launch the world's first climate impact rating for investment funds, called Climetrics, which tool can empower investors to make climate-friendly investments. Ratings will be on a scale of one to five "green leaves".

Reputation and Usage

- A leading ESG data and analytics provider in the space.

V. MSCI ESG Research

Overview

Launched in 2010, MSCI ESG Research is one of the largest independent providers of ESG ratings. As part of the MSCI Group, they provide ESG ratings for over 6,000 global companies and more than 400,000 equity and fixed income securities.¹³

Market Cap Coverage: Small Cap (less than \$ 2 billion) to Large Cap (more than \$10 billion).

Rating Scale and Methodology

Rating Scale: AAA-CCC scale.

Methodology: MSCI ESG Research looks at 37 ESG key issues, divided into three pillars (environmental, social and governance) and ten themes: climate change, natural resources, pollution & waste, environmental opportunities, human capital, product liability, stakeholder opposition, social opportunities, corporate governance, and corporate behavior.

Data is collected from the following sources: government databases; company disclosures; macro data at segment or geographical level from academic, government, and NGO databases.

Companies are systematically monitored and reviewed. New information is reflected in updates in reports on a weekly basis. In-depth company reviews occur at least annually.¹⁴

Company Involvement: Companies are invited to participate in a formal data verification process prior to publication of their ESG Ratings report.

Reputation and Usage

- In 2016, BlackRock announced the expansion of sustainable ETFs (exchange-traded funds), introducing iShares MSCI EAFE ESG (Europe, Australia, Asia and the Far East ESG),¹⁵ Select ETF and MSCI EM ESG (Emerging Markets ESG) Select ETF, using ESG ratings and data provided by MSCI.
- In 2014 State Street Global Advisors announced the SPDR MSCI ACWI (All Country World Index) Low Carbon Target ETF,¹⁶ which uses MSCI ESG data on carbon emissions and reserves. In 2016, they announced the MSCI ACWI Low Carbon Target Index that combines MSCI's quality index construction with in-house ESG data on carbon emissions and reserves.
- Other institutional investors who chose to use MSCI ESG data to further ESG integration objectives include: Allianz Group, BMO Global Asset Management, Environment Agency Pension

¹² CDP, formerly known as the Carbon Disclosure Project, via annual questionnaires sent to various companies has one of the most comprehensive collections of self-reported environmental data in the world.

¹³ MSCI, *MSCI ESG Ratings (2002)*, available at www.msci.com/esg-ratings.

¹⁴ For more information, see MSCI, *ESG Ratings Methodology Executive Summary (2017)*, available at www.msci.com/esg-ratings.

¹⁵ iShares are exchange-traded funds managed by BlackRock.

¹⁶ SPDR funds are exchange-traded funds managed by State Street Global Advisors.

Fund, Kempen Capital Management, Legal and General Investment Management, M&G Investments' Equities business, Manulife Asset Management, Mercer Investments, Merrill Lynch, Metzler Asset Management, Morgan Stanley, Nomura Asset Management, Northern Trust Asset Management, PIMCO, Privatbank Berenberg (Joh. Berenberg, Gossler & Co. KG), Queensland Investment Corporation, RBC Global Asset Management, and Sun Life Investment Management.¹⁷

- Provides subscription-based access to reports. MSCI ESG Ratings are also available through FactSet, POINT, StyleResearch, MSCI's BarraOne and Barra Portfolio Manager platforms.

Additional Information

Currently, MSCI has an ongoing consultation (ending August 2017) that among other things, raises the question as to whether ESG factors should be reflected in the MSCI GIMI (Global Investable Market Indices). ESG criteria is currently only incorporated into MSCI ESG Indexes (e.g., MSCI Global Sustainability Indexes, MSCI Environmental Indexes and MSCI Custom ESG Indexes).

Reflecting potential ESG issues in MSCI GIMI Indexes would likely mean that MSCI's ESG research would be integrated into the MSCI GIMI methodology.¹⁸ If MSCI decides to reflect ESG research and ratings in the MSCI GIMI Indexes, ESG reports might be increasingly significant to investors when deciding what companies in which to invest.

VI. RepRisk

Overview

Founded in 1998, RepRisk provides ESG reports for more than 84,000 private and public companies in 34 sectors globally. RepRisk also provides ESG reports for over 14,000 NGOs, 10,000 governmental bodies, and 20,000 projects.¹⁹

Market Cap Coverage: Small Cap (less than \$ 2 billion) to Large Cap (more than \$10 billion)

Rating Scale and Methodology

Rating Scale: AAA to D (being the worst). Updated daily.

Methodology: RepRisk screens relevant data from over 80,000 media and stakeholder sources every day, which is then funneled to ensure its relevance. RepRisk focusses on 28 ESG issues, which map onto the Ten Principles of the UN Global Compact²⁰ and are divided into environmental, community relations, employee relations, and corporate governance issues.

RepRisk also looks into 45 "Topic Tags" -- specific ESG hot topics. These include: Abusive fishing, agricultural commodity speculation, alcohol, animal transportation, arctic drilling, asbestos, automatic and semi-automatic weapons, cluster munitions, coal-fired power plants, conflict minerals, coral reef, deep sea drilling, depleted uranium munitions, diamonds, drones, endangered species, forest burning, fracking, gambling, genetically modified organisms (GMOs), genocide/ethnic cleansing, high conservation value forests, human trafficking, hydropower (dams), illegal logging, indigenous people, involuntary resettlement, land grabbing, land mines, migrant labor, monocultures, mountaintop removal mining,

¹⁷ For more information, see MSCI, *Record Year of Growth for MSCI ESG (2015)*, available at www.msci.com/documents/10199/b3d456db-353a-4eea-8f08-c12447427940.

¹⁸ This is available at https://www.msci.com/eqb/methodology/meth_docs/MSCI_June2017_GIMIMethodology.pdf.

¹⁹ These include, for example, pipeline projects and mines.

²⁰ A United Nations initiative to encourage adoption of sustainable and socially responsible policies, covering labor, environmental and anti-corruption issues. See more at <https://www.unglobalcompact.org/>.

negligence, nuclear power, oil sands, palm oil, pornography, predatory lending, privacy violations, protected areas, rare earths, sea-bed mining, soy, tobacco, and water scarcity.

Company Involvement: Companies are invited to participate in a formal data verification process prior to publication of their ESG Ratings report.

Reputation and Usage

- RepRisk has partnered with the Carbon Disclosure Project (CDP) for the annual review of Carbon Performance Leaders and Water Performance Leaders.
- RepRisk has partnered with the United Nations-supported Principles of Responsible Investment.
- Asset managers or other entities that reportedly use RepRisk include: Advent International, Amundi, APG ASN Bank, Baillie Gifford, Boston Common, Calvert Investments, Comgest, EDG, Emmond de Roschild, First State, Henderson, Just Capital, KKR, Legal & General, NEI Investments, Ofi Asset Management, Pantheon, Permira, Perpetual, Pictet, Quantex, RobecoSAM and Union Investment.
- RepRisk publishes:
 1. Company Reports: Dynamically generated, so that reports contain up-to-date information. Reports available for the largest and most ESG risk-exposed global companies. Can be found on the ESG Risk Platform accessible to RepRisk Clients or can be bought individually. Prices range between CHF450 to CHF3500 (approx. \$467 - \$3,630), based on risk exposure.
 2. RepRisk Director's Briefs: Shorter than the company reports, they provide a concise overview of a company's ESG exposure. Available for all companies in the ESG Platform. Director's Briefs can be bought on the RepRisk website for CHF1200 (approx. \$1,245).

VII. Sustainalytics Company ESG Reports

Overview

Sustainalytics is the 2008 consolidation of DSR (Netherlands), Scoris (Germany) and AIS (Spain). Sustainalytics now covers over 6,500 companies across 42 sectors and has an international presence.

Market Cap Coverage: Small Cap (less than \$ 2 billion) to Large Cap (more than \$10 billion)

Rating Scale and Methodology

Rating Scale: Out of 100. Sector/industry-based comparison.

Methodology:

Sustainalytics looks at Key ESG Issues and Indicators

Key ESG Issues are split into three themes: environmental, social, and governance.

The set of issues that will be analyzed will vary by industry. Depending on the industry, a specific weight will be placed on each ESG issue.

Sustainalytics covers at least 70 indicators in each industry. ESG indicators are split into three dimensions:

- Preparedness: Assessment of management systems and policies in place to help manage ESG risks.

- Disclosure: Whether company reporting meets international best practice standards and is transparent in relation to ESG issues.
- Performance (Quantitative and Qualitative): ESG performance based on quantitative metrics and assessment based on review of controversial incidents the company may have been involved in.²¹

Company Involvement: Before publication of an ESG Rating Report, a draft report is sent to the company researched. The aim is to gather feedback and additional/updated information from the company. Reports are published annually.

Reputation and Usage

- Sustainalytics has formed strategic relationships with Columbia Threadneedle, Norwegian Government Pension Fund, BNY Mellon, and City of London Investment Management (CLIM), who integrate Sustainalytics' ESG research into their investment process.
- In 2011, STOXX launched STOXX Global ESG Leaders Index Family, an index based on Sustainalytics' ESG research.
- Sustainalytics ESG ratings are available on three third-party systems: Bloomberg, Factset, and IHS Markit.

VIII. Thomson Reuters ESG Research Data

Overview

In 2009 Thomson Reuters acquired Asset4, the first agency to provide raw ESG data to investors. Thomson Reuters now provides ESG data on over 6,000 public companies.²²

Rating Scale and Methodology

Rating Scale: Percentile rank scores (available as both percentages and letter grades from A+ to D-). Two scores available: 1) Thomson Reuters ESG Score, which measures a company's performance based on reported data in the public domain; and 2) Thomson Reuters ESG Controversy Score. Data is updated every two weeks.

Methodology: Thomson Reuters ESG Data covers 6,000 public companies across more than 400 different ESG metrics. Of these 400 company level ESG metrics, Thomson Reuters selects 178 of the most relevant data points. These points are grouped into 10 categories: Resource use, emissions, innovation, management, shareholders, CSR strategy, workforce, human rights, community, and product responsibility.

Each category is weighted. Categories with multiple issues will have a greater weight than lighter categories. For example, "Management" contains multiple issues (composition, diversity, independence, committees, compensation, etc.) and therefore is weighted 19%, whereas "Human Rights" is weighted 4.5%.

²¹ Controversy categories range from Category 1 (low impact on environment and society, negligible risks to company) to Category 5 (severe environmental or social impact, serious risk to company). Topics include: business ethics, society and community, environmental operations, environmental supply chain, product and service, employees, social supply chain, customer, governance, and public policy. For more information, see <http://www.sustainalytics.com>.

²² 2,300+ in North America, 1,400+ in Europe, 700+ in Asia (ex-Japan), 550+ in Oceania, 460+ in Japan, 200+ in Africa and Middle East and 180+ in Latin America.

The Thomson Reuters ESG Score also includes an analysis of 23 “Controversy Topics,” which are divided into categories of community, human rights, product responsibility, resource use, shareholders, and workforce. The specific Controversy Topics include: Anti-competition, business ethics, intellectual property, critical countries, public health, tax fraud, child labor, human rights, management compensation, management departures, consumer controversies, customer health & safety, privacy, product access, responsible marketing, responsible R&D, environmental, accounting, insider dealings, shareholder rights, diversity and opportunity, employee health & safety, wages, and working conditions.

Reputation and Usage

- ESG Scores are available on the Thomson Reuters Eikon platform.
- No information on use by investors.
- No information on company input/involvement.

* * *

Institutional Investors and ESG ETFs and Portfolios

BlackRock Inc.

In 2016, BlackRock announced the expansion of sustainable ETFs, introducing iShares MSCI EAFE ESG Select ETF and MSCI EM ESG Select ETF, using ESG ratings and data provided by MSCI.

The Vanguard Group

The Vanguard Group is a signatory to the United Nations Principles of Responsible Investment (UNPRI).

State Street Global Advisors (SSGA)

SSGA has been managing ESG portfolios for 30 years and in 2014 announced the SPDR MSCI ACWI Low Carbon Target ETF, as a way of accessing long-term growth opportunities of carbon-efficient companies.

BNY Mellon Investment Management

BNY Mellon has partnered with Sustainalytics to provide environmental, social and governance data to global issuers.

PIMCO

PIMCO has partnered with Sustainability Accounting Standards Board (SASB) and MSCI, and has signed the UNPRI, to further ESG integration objectives.

Fidelity Investments

Fidelity uses an external ESG research provider to supplement their own analysis on ESG related matters. Fidelity is also a signatory to UNPRI.

J.P. Morgan Asset Management

J.P. Morgan Asset Management is a signatory to the UNPRI since 2007 and has a Sustainable Investment Leadership group that works to implement sustainable investment strategies.

Wellington Management Group LLP

Wellington Management Group is a signatory to the UNPRI. Company and sector ESG analysis is provided by their ESG Research team. Wellington Management also engages in initiatives such as the Global Impact Investing Network, the Ceres Investor Network on Climate Risk, and the UN Global Compact.

Prudential Financial

Prudential Fixed Income has partnered with Sustainalytics to provide ESG data to global issuers.

If you have any questions regarding the matters covered in this publication, please contact any of the lawyers listed below or your regular Davis Polk contact.²³

Betty Moy Huber

+1-212 450 4764

betty.huber@davispolk.com

Michael Comstock

+1-212 450 4374

michael.comstock@davispolk.com

© 2017 Davis Polk & Wardwell LLP | 450 Lexington Avenue | New York, NY 10017

This communication, which we believe may be of interest to our clients and friends of the firm, is for general information only. It is not a full analysis of the matters presented and should not be relied upon as legal advice. This may be considered attorney advertising in some jurisdictions. Please refer to the firm's [privacy policy](#) for further details.

²³ The authors gratefully acknowledge the assistance of summer associate, Cristina Harshman, in preparing this memorandum.

ESG Report/Ratings Summary Table

ESG Report Provider	Background	Rating Scale	Methodology	Usage and Reputation
Bloomberg ESG Data	<p>Collects ESG Data for over 9,000 companies</p> <p>Integrated into Bloomberg Equities and Intelligence Services</p> <p>International scope</p>	<p>Out of 100</p> <p>Provides scores from third-party rating agencies</p>	<p>Looks at 120 ESG indicators</p>	<p>In 2016, Bloomberg had over 12,200 ESG Customers</p>
Corporate Knights Global 100	<p>Publishes an annual index of the Global 100 most sustainable corporations in the world</p>	<p>Out of 100</p> <p>Ranked against other companies in their industry group</p>	<p>14 key performance indicators</p> <p>Companies only scored on relevant performance indicators for specific industry</p>	<p>Out of the top 10 corporations listed on the 2017 “Global 100”, 4 out of 10 companies had published a press release regarding this listing</p>
DJSI	<p>First global index to track sustainability-driven companies based on RobecoSAM’s ESG analysis</p> <p>Broken down into: DJSI World, DJSI Regions and DJSI Country</p> <p>International scope</p>	<p>Out of 100</p> <p>Ranked against other companies in their industry</p>	<p>Industry specific questionnaire, covering relevant economic, environmental and social factors</p> <p>80-120 questions</p> <p>Updated annually</p>	<p>Partnered with RobecoSAM</p> <p>Out of 10 Industry Group Leaders listed on the 2016 DJSI, all 10 companies published a press release regarding this listing</p>
ISS	<p>Acquired Ethix SRI and partnered with RepRisk to provide ESG and SRI research</p> <p>ISS’s solutions also include climate change data and analytics from its recent acquisition of Climate Neutral Investments</p> <p>ISS QualityScore provides corporate governance reports on over 5,600 public companies</p> <p>ISS-Ethix partnered in July 2017 with CDP to launch the world’s first climate impact rating for investment funds, called Climetrics, which tool can empower investors to make climate-friendly investments</p> <p>International Scope</p>	<p>ISS QualityScore: 1-10</p> <p>Climetrics Score: 1 to 5 green leaves</p>	<p>ISS QualityScore: Covers board structure, compensation/remuneration, shareholder rights, and audit & risk oversight</p> <p>Updated on an ongoing basis</p> <p>ISS-Ethix: Provides research, screening and analysis on SRI topics.</p>	<p>A leading provider</p>
MSCI ESG	<p>Provides ratings for over 6,000 companies and 350,000 equity and</p>	<p>AAA to CCC</p>	<p>Looks at 37 Key</p>	<p>iShares MSCI EAFE ESG Select ETF and</p>

	<p>fixed income securities</p> <p>International scope</p>		<p>ESG Issues</p> <p>Data collected from publicly available sources</p> <p>Companies monitored on an ongoing basis</p> <p>Annual in-depth review</p>	<p>MSCI EM ESG Select ETF</p> <p>Institutional investors, including Legal and General Investment Management, Morgan Stanley, Northern Trust Asset Management, and PIMCO</p>
RepRisk	<p>Founded in 1998</p> <p>Provides ESG reports for more than 84,000 private and public companies across 34 sectors</p> <p>International scope</p>	AAA to D	<p>Looks at 28 ESG issues, which map onto the Ten Principles of the UN Global Compact</p> <p>Also looks into “Hot Topics” (currently a list of 45)</p> <p>Updated daily</p>	<p>Partnered with the United Nations-supported Principles of Sustainable Investment</p> <p>Institutional investors, including Amundi and APG</p> <p>Partnered with Institutional Shareholder Services Inc. (ISS)</p>
Sustainalytics	<p>2008 consolidation of DSR, Scoris and AIS</p> <p>Covers over 6,500 companies across 42 sectors</p> <p>International scope</p>	<p>Out of 100</p> <p>Sector/industry based comparison</p>	<p>Looks at industry-specific ESG indicators, covers at least 70 indicators in each industry</p> <p>Also looks at systems to manage ESG risks and disclosure of ESG issues and performance</p>	<p>Strategic relationships with BNY Mellon, City of London Investment Management (CLIM), Columbia Threadneedle, Norwegian Government Pension Fund, and Prudential Fixed Income</p>
Thomson Reuters ESG Research Data	<p>Thomson Reuters acquired Asset4 in 2009</p> <p>Provides ESG data on over 6,000 companies</p> <p>International scope</p>	<p>Percentile rank scores (available on both percentages and letter grades from D- to A+)</p>	<p>Covers 400 different ESG metrics, electing 178 of the most relevant data points</p> <p>Categories are weighted</p> <p>Updated every 2 weeks</p>	<p>Comprehensive database</p> <p>ESG Scores are available on Thomson Reuters Eikon platform</p>

© 2017 Davis Polk & Wardwell LLP | 450 Lexington Avenue | New York, NY 10017

This communication, which we believe may be of interest to our clients and friends of the firm, is for general information only. It is not a full analysis of the matters presented and should not be relied upon as legal advice. This may be considered attorney advertising in some jurisdictions. Please refer to the firm's [privacy policy](#) for further details.