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Subject:	ESG ratings: FR non-paper: Limited market study of existing ESG data products that are not sold as scores or ratings

Limited market study of existing ESG data products that are not sold as scores or ratings

The analysis covers existing data products that involve an assessment of companies' exposure and impact on ESG matters, as well as risks or opportunities linked to ESG matters, that are available on the market, but that are not covered by the definition of « ESG ratings » in the current proposal. It was performed using publicly-available information on the offers of the biggest ESG data providers, as well as a smaller one (Inrate). Please note that the analysis is only limited, given the large number of products that are available.

For simplification, the data products have been categorized in 5 different categories. We have also identified at least two platforms that could be described as « ESG data solutions », integrating both scores and data, where we would welcome clarity on how the regulation would apply.

0. Categories of data products not currently included in the regulation

1. Net-zero alignment tools

These are products that are assessing whether a company is aligned with EU or international climate objectives. They include products on alignment with currently green activities, and assessment of the trajectory through the use of scenario analysis and targets. Such products have become widely used by the market for financial products that have an « alignment » approach.

Output metrics : metrics expressed in degrees Celsius, or projected reduction in emissions per year to meet targets, or percentage of turnout aligned with already-green activities.

Product	Description	Output (metric)
MSCI's Implied temperature rise	Tool designed to show the temperature alignment of companies, portfolios and funds with global temperature goals (Paris Agreement)	Two outputs : - °C of warming (2100) - Score : aligned/misaligned → *One of the two ouptuts in the scope*
Bloomberg' Implied Temperature Rise Metrics	Implied Temperature Rise Metrics help investors compare how companies are meeting their carbon emission goals. Bloomberg provides metrics to develop investment strategies	Nine metrics expressed in degrees Celsius are provided for each company, reflecting scope 1+2, 3 and 1+2+3 carbon emissions for short-term, medium-term and long-term scenarios (provided for over

	that align capital allocation with climate objectives.	3,000 listed and private companies)
ISS's State of the art Transition analysis	Forward-looking assessment of the climate-related performance of companies, taking into account industry-specific challenges and risk profiles as well as companies' positive impact. Assessment of a portfolio's alignment with three climate scenarios provided by the International Energy Agency (IEA), including the Sustainable Development Scenario (SDS) that aligns with the Paris Agreement. The analysis also includes a qualitative climate target assessment and temperature scores	Outputs : - Temperature scores - Qualitative target assessment *→ One of the two ouptuts in the scope*
MSCI's Climate Targets and Commitments Dataset	Evaluates companies' pledges to decarbonize and compares decarbonization commitments among companies. The dataset details and standardizes the publicly stated commitments of most publicly listed companies to provide a complete picture of their targets in a single view	A « score card » which does not include a « defined ranking system of rating categories ». *→ Not in the scope according to the current definition*
MSCI's current green revenues product	The recent-year percentage of revenue, or maximum estimated percent, a company has derived from products or services related to alternative energy, energy efficiency, green building, pollution prevention, sustainable water or sustainable agriculture.	Green activities alignment for worldwide companies
S&P's Taxonomy Alignment (also sold by many other providers)	Business activity revenue data in 125 countries mapped to the EU taxonomy including eligible revenues ($, %), substantial contribution to climate change mitigation, do no significant harm and minimum social safeguard data resulting in a taxonomy alignment % and $	Taxonomy alignment for worldwide companies

Such alignment tools are also sold by other data providers as ratings (for instance, Sustainalytics Low Carbon Transition Rating).

2. Footprint tools

These are products that assess the level of emissions of given companies, which are used (i) as part of regulatory obligations for financial products (PAI) or (ii) as part of a more global assessment of the alignment of companies with our climate goals.

Output metrics : estimated GHG emissions of a company or a portfolio.

Product	Description	Output
S&P's Trucost environmental	S&P Global Trucost Environmental data provides absolute and intensity-based environmental metrics, including greenhouse gas (GHG) emissions*, land, water, air pollutants, waste disposal, natural resource and water use, fossil fuel reserves, power generation capacity and associated carbon metrics, alongside revenue generated from each sector or a company's operations	Data on key environmental metrics, including GHG emissions.
Sustainalytics' Carbon Emissions Data	The product assesses and analyses companies' GHG emissions. Morningstar Sustainalytics' multi-factor regression models for Scope 1, 2 and 3 GHG emissions follow a common framework	Estimated carbon emissions
MSCI's climate solutions	This dataset represents a company's Scope 1, Scope 2 and Scope 3 greenhouse gas emissions as reported (if available) or estimated by our proprietary estimation model	Estimated carbon emissions
ISS's Carbon footprint data	Scope 1&2 and Scope 3 emissions, including emission intensities	Estimated carbon emissions
Inrate's carbon foot print data	Inrate supports investors by providing climate impact data like greenhouse gas (GHG) emissions (in tCO_2eq) and intensities for all scopes,	Estimated carbon emissions

	covering full supply chains, product usage	
MSCI's Total Portfolio Footprinting	Calculation of the carbon footprint of a total portfolio	Estimated carbon footprint of a portfolio

3. Exposures to physical and transition risks

Such products are used to assess ESG risks faced by companies, that could impact their value or affect different risk factors for lenders/insurers.

Output metrics : regulatory Pillar 3 metrics, indicators on physical risk exposure, indicators on transition risks exposure based on the carbon intensity, etc.

Product	Description	Output
MSCI's sovereign exposure to transition risks	30 data points for sovereign issuers to highlight a country's exposure to transition risk and physical and economic vulnerability related to climate change. The data is collected from sources such as the United Nations (UN), World Bank, Central Intelligence Agency (CIA), etc. It also includes a number of carbon emissions factors (CO2 and GHG), their corresponding intensities and trend calculation that can be used to calculate the carbon footprint of sovereign investments.	Data points used to estimate countries' exposures to physical and transition risks
S&P's Trucost Carbon Earnings at Risk	S&P Global Trucost Carbon Earnings at Risk enables users to assess company-level exposure to transition risk with value-at-risk indicators derived from region- and sector-specific revenue exposure to carbon pricing under three scenarios (low, medium, high).	Indicator assessing the value of earnings affected by a rise of carbon pricing
Bloomberg's Climate Risk Exposure Indicators	Quantification of climate-related physical risk exposure across all IPCC scenarios.	Indicators on physical risk exposure covering 50,000 companies, and used for TCFD/CSRD reporting
MSCI's Climate Risk Management	Measure the climate change risk and opportunities exposure of a portfolio	Indicators on exposures to transition risks linked to carbon exposures.

Such products are also sold as ratings by other providers (see for instance : https://www.sustainalytics.com/esg-data; Carbon Risk Rating | ISS (issgovernance.com). See also Point 5 on Pillar 3 Regulatory Products.

4. Exposure to controversies or to certain sectors/activities

These tools are used to select or exclude companies from portfolios, according to a pre-defined set of criteria (involvement in some activities, compliance with international conventions or with selected « moral » values, etc.).

Output metrics : list of companies based on their exposure to pre-selected sectors or criteria.

Product	Description	Output
Sustainalytics' Carbon Solutions Involvement	Examines the company's involvement in carbon solutions, including renewable energy and low carbon alternatives, such as green transportation, green real estate and energy efficiency.	A list of companies exposed in carbon solutions
Sustainalytics' Fossil Fuel Involvement : assess different types of company involvement in fossil fuels, including thermal coal, oil and gas, oil sands, shale energy, deep water production and Arctic offshore exploration	Assesses different types of company involvement in fossil fuels, including thermal coal, oil and gas, oil sands, shale energy, deep water production and Arctic offshore exploration	A list of companies exposed to fossil fuels
ISS' Ethical Screening solutions Ethical screening (individual screens to certain sectors) : individual screens, or catholic values screen/package	Assesses companies' involvement in industry sectors and products such as alcohol, tobacco, gambling, pornography, weapons, animal welfare, correctional facilities, factory farming & pork, predatory lending, for-profit prisons, cannabis, GMOs, pesticides, and countries of concern.	A list of companies exposed to « controversial activities »
MSCI ESG Business Involvement Screening Research	Portfolio screening for ESG controversies and allegations of breaches of international conventions Compliance with ESG guidelines, such as the UN Principles for Responsible Investment (UN PRI)	A list of companies following an assessment of compliance with ESG international guidelines (assessing breach of some international conventions)

Sustainalytics's controversies research	Identification of companies involved in ESG-related incidents. These incidents are assessed through a framework that considers the severity of incidents, the corporation's accountability and whether they form part of a pattern of corporate misconduct.	List of companies involved in ESG-related incidents (ESG controversies), according to specific methodology.

In some cases, such products can also be sold as a rating or a score where the measured exposure is associated to a value (for instance, classification of the level of exposure to controversies : MSCI's ESG controversies score).

5. Regulatory compliance tools

Most ESG Data providers offer data sets that are « ready » for use to comply with EU's regulatory reporting obligations : SFDR PAI for asset managers, CRR Pillar 3 data for banks, Taxonomy alignment, etc.

Output metrics : EU ESG regulatory reporting data

Inrate's ESG Data & Compliance Solutions (inrate.com)	ESG compliance data product, that includes SFDR PAI indicators, taxonomy indicators, BMR ESG indicators, etc.	EU Sustainable Finance framework regulatory indicators.
MSCI's Sustainable Finance Solutions	Data and reporting for SFDR, Taxonomy, MiFID II and EBA Pillar 3 requirements	EU Sustainable Finance framework regulatory indicators.
ISS' Regulatory solutions	SFDR PAI, National labels indicators, BMR ESG data points, etc.	EU Sustainable Finance framework regulatory indicators.
Bloomberg's ESG Regulatory Solutions	SFDR PAI, Taxonomy alignment	EU Sustainable Finance framework regulatory indicators.
Sustainalytics' EBA Pillar III Disclosures Solutions	Indicators for Pillar 3 (Taxonomy alignment, exposure to fossil fuels, etc.)	EU Sustainable Finance framework regulatory indicators.

6. ESG data platforms

Many platforms leverage on their extensive data sources, estimated data products, and scores to put in place online platforms to evaluate companies' ESG profile. It is currently unclear how the regulation would apply to them.

ESG Moody's ESG view	Such platform uses both scores and indicators. Our platform provides unparalleled capabilities, allowing you to compare and benchmark ESG

	risk exposure and impact within and across sectors, understand the impact of ESG on a company's risk profile and inform stewardship and engagement activities. - Compare ESG risk exposure and impact within and across sectors - Gain a holistic view of companies' ESG and climate risk exposure to better identify and prioritize engagement activities - Assess ESG risks and opportunities with the ability to deep dive into impact of financial materiality and ESG assessments
LSEG 's ESG Disclosure score	The assessment tool provides an estimated score for companies outside of FTSE Russell's research universe. The tool provides an indicative score that can be personalised.