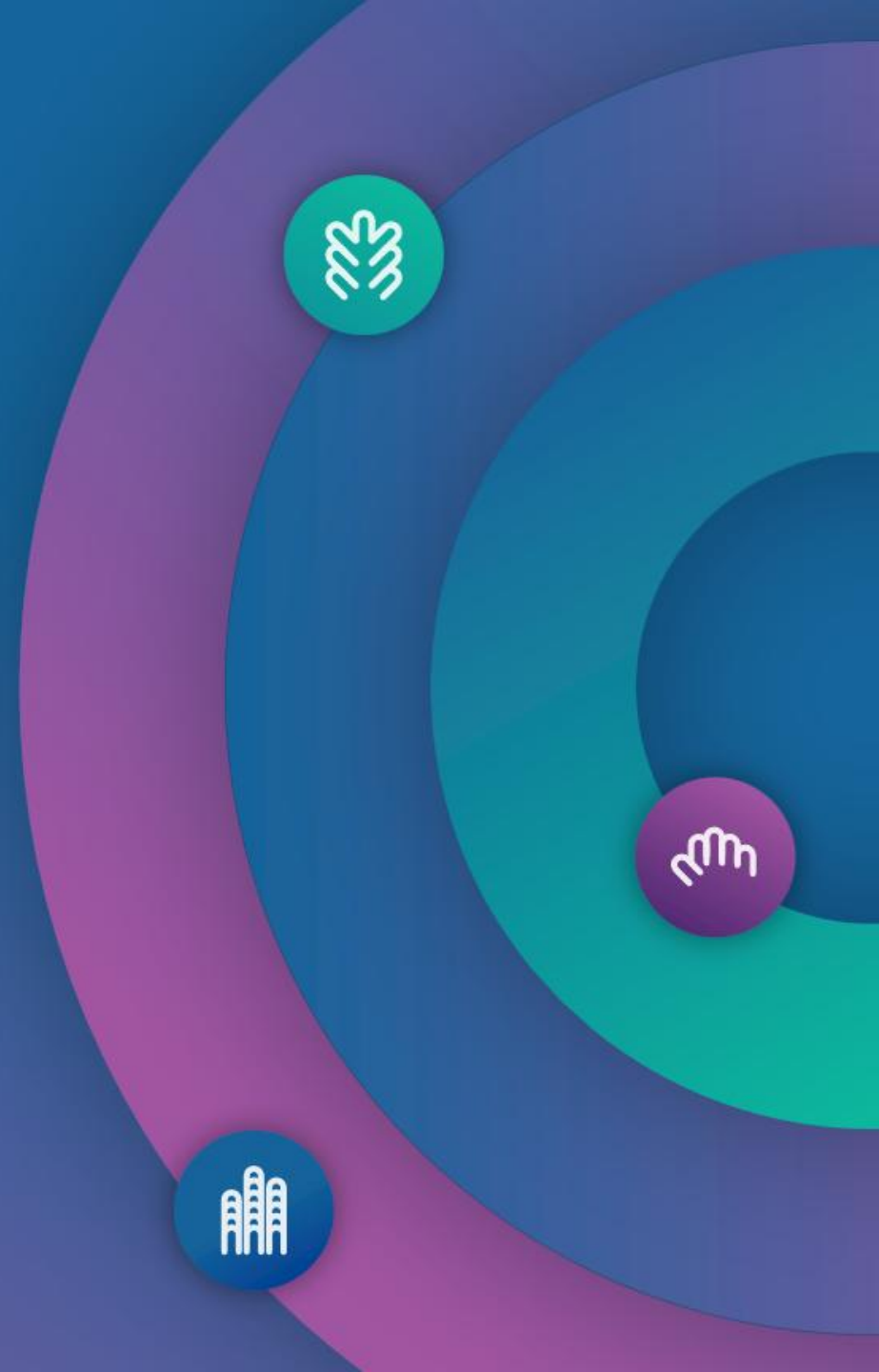
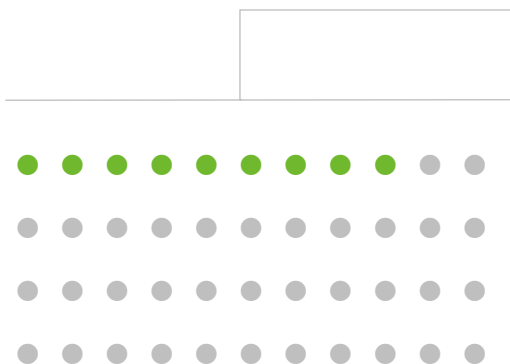


Behing ESG ratings: Unpacking sustainability metrics

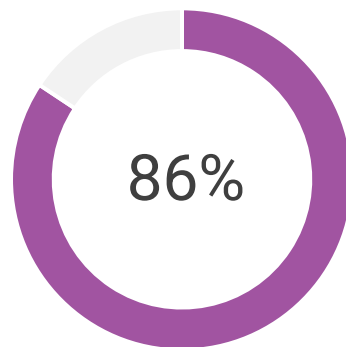
04 April 2025



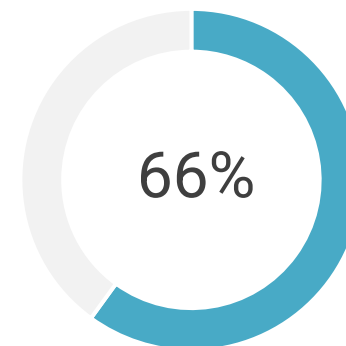
Sustainability reporting on the rise



Almost **9 600** of the **44 000 listed companies** globally disclosed sustainability-related information.



Companies that represent **86% of the total market capitalisation** disclosed sustainability-related information.



An external service provider **assures the sustainability disclosure** of 66% of the companies disclosing sustainability information by market capitalisation.

Methodology and classification process (1/3)

Selection of ESG rating products

Selection of eight major ESG rating products representing over 80% of estimated ESG data provider market capitalisation.



80%



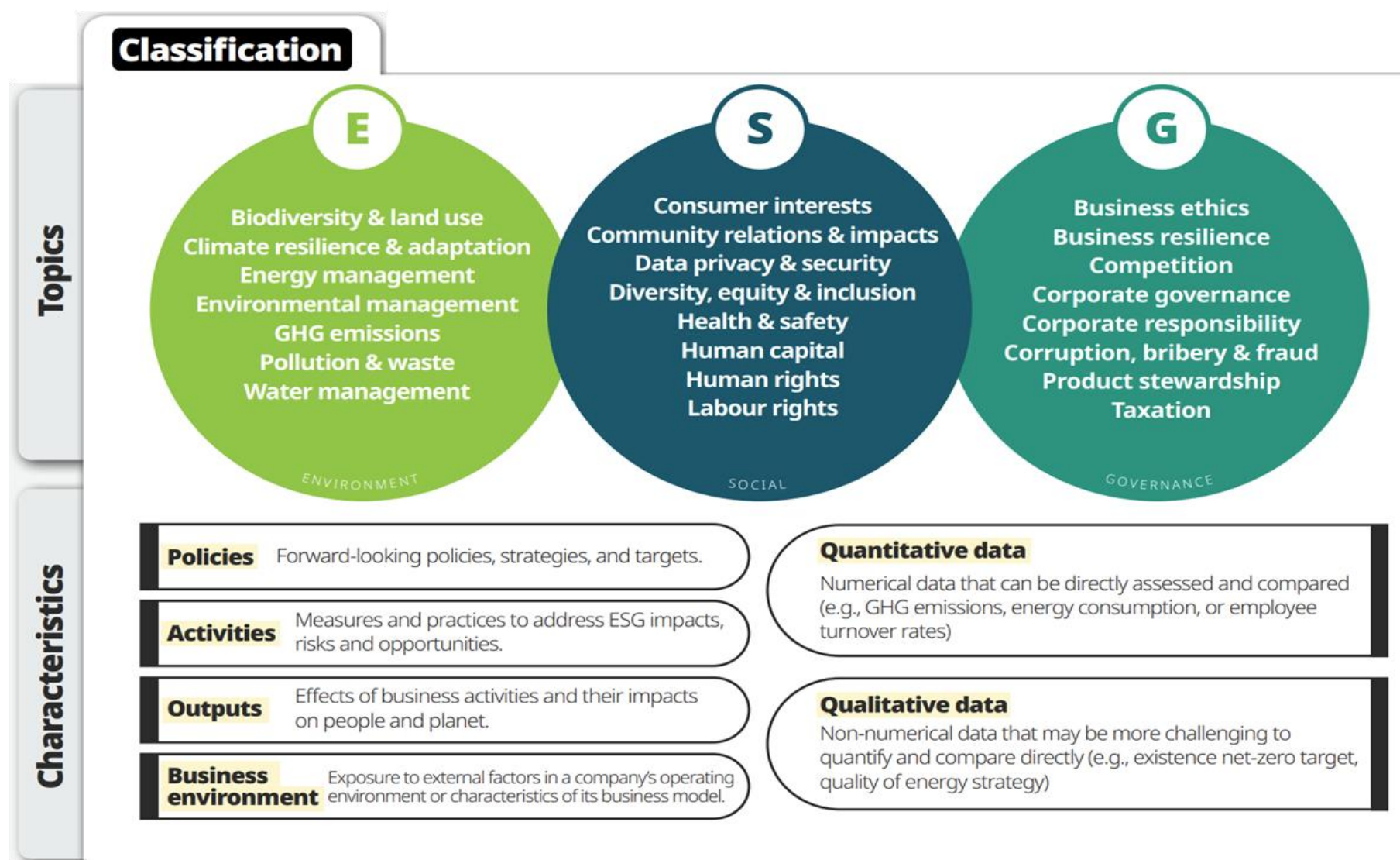
Data collection

Collection of nearly 2,000 ESG metrics and interviews with ESG rating providers.



2,000

Methodology and classification process (2/3)

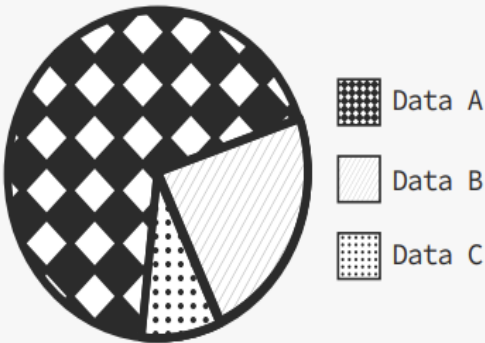


Methodology and classification process (3/3)

Analysis

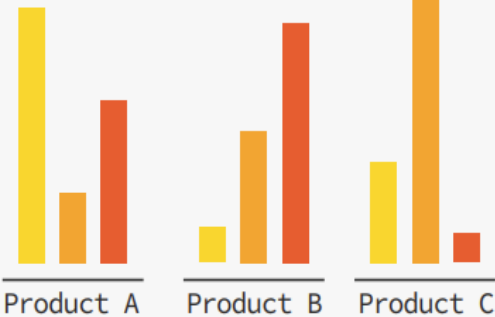
Across rating products

How is ESG performance measured?



Between rating products

How do such measurements differ between different rating products?



Key findings: Efficient markets need relevant, credible, and comparable sustainability information

68% of metrics measure company policies and activities rather than outcomes.

68%



Key topics such as biodiversity, human rights and corruption are barely covered in the metrics or entirely omitted.

The number of metrics used to measure corporate governance ranges from 4 metrics in one product to 113 metrics in another product.

4
↕
113



Less than 5% of metrics are associated with enterprise-wide due diligence and only 7% with management of supply chain sustainability.

Finding 1: significant imbalances and gaps across ESG topics

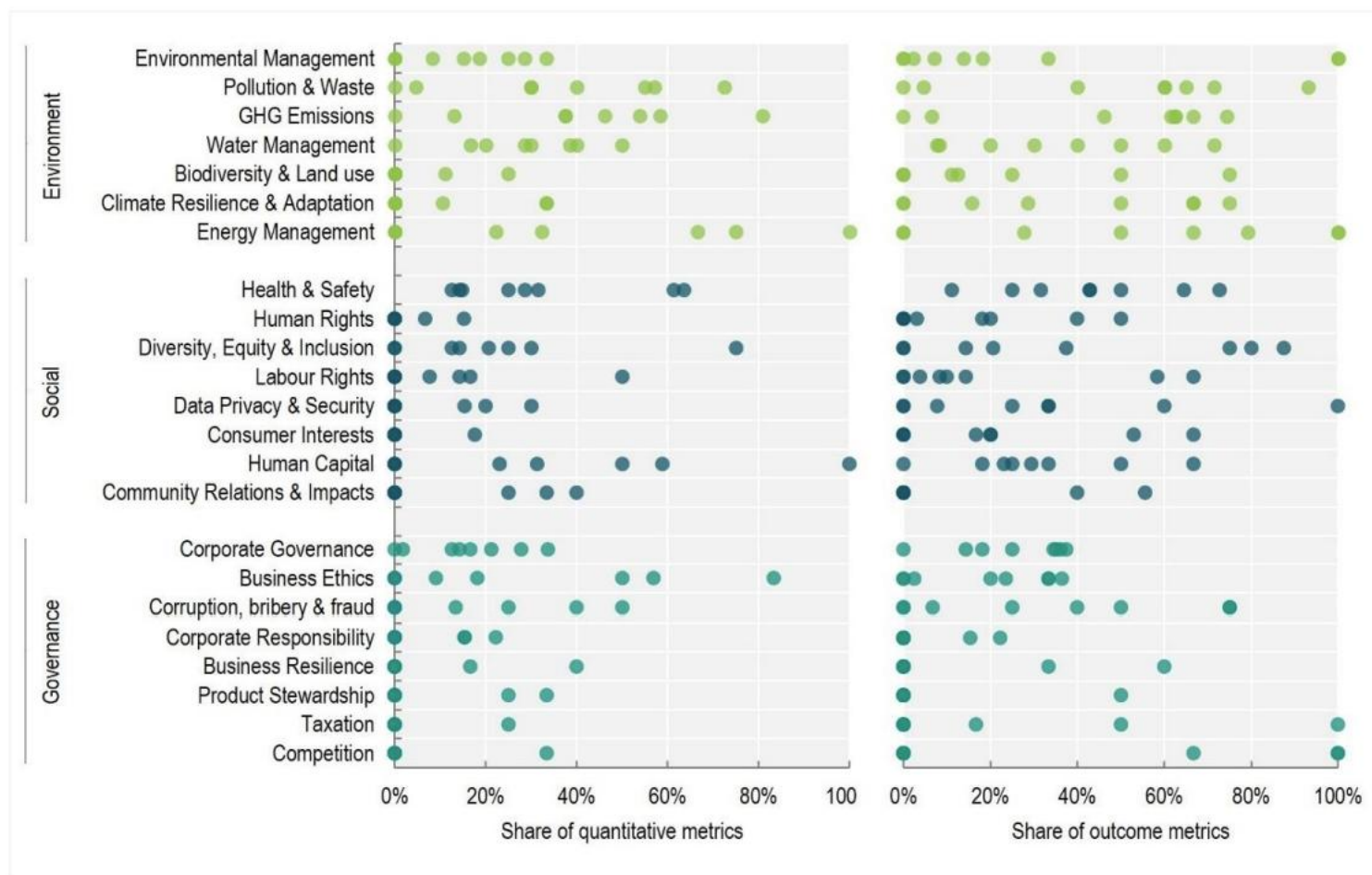


ESG metric coverage by ESG pillars and topics:

- distribution of metrics across the E, S and G categories is broadly comparable
- The disparity in the number of available metrics is however more pronounced at the topic level

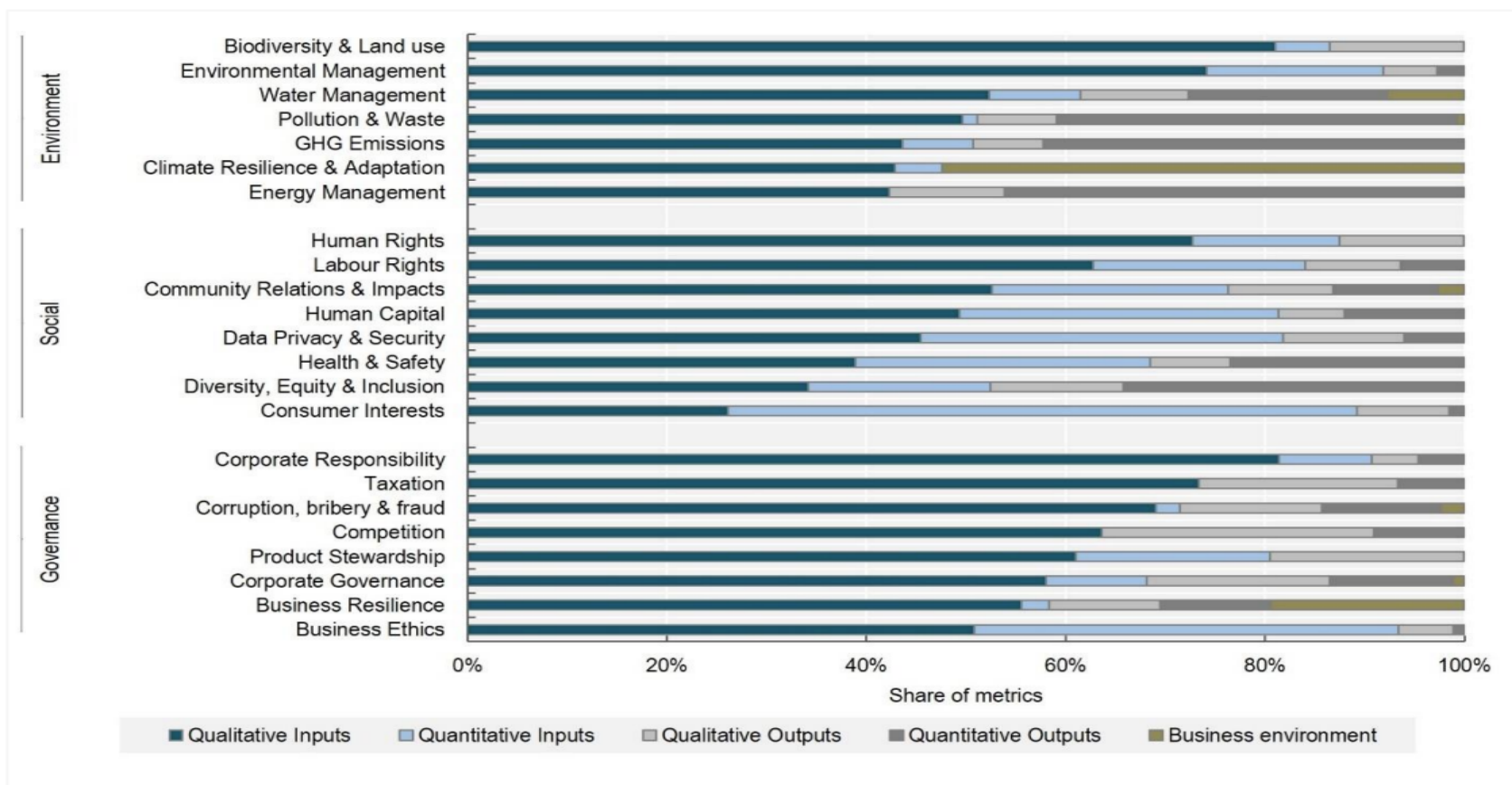
Finding 2: Considerable divergences in measurement approaches across products

Variance in metric characteristics between rating products



Finding 3: ESG performance largely measured by focusing on business' effort rather than effect

Prevalence of different combinations of metric characteristics per topic



Finding 4: metrics are insufficient to assess observance of OECD standards on RBC

Number of supply chain metrics per ESG topic:

