On The ESG Rating Methodologies Across Different Data Providers

Master’s thesis

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Abstract

In recent years, ESG ratings have experienced growing success across the finance industry, as well as in academic research. Within the current landscape, there are many ESG data providers, with a variety of information sources, rating methodologies and scales. The purpose of this thesis is to shed light on the various ESG rating approaches, which is particularly unchartered territory in the literature. In the first chapter of the present work, a brief presentation on ESG investing is given, followed by a historical overview looking at the emergence of rating agencies through to the establishment of the most recent ESG "raters". The fourth chapter provides a theoretical comparison of the ESG methodologies of four data providers before an empirical analysis is conducted, giving a more in-detail comparison of the different rating approaches.