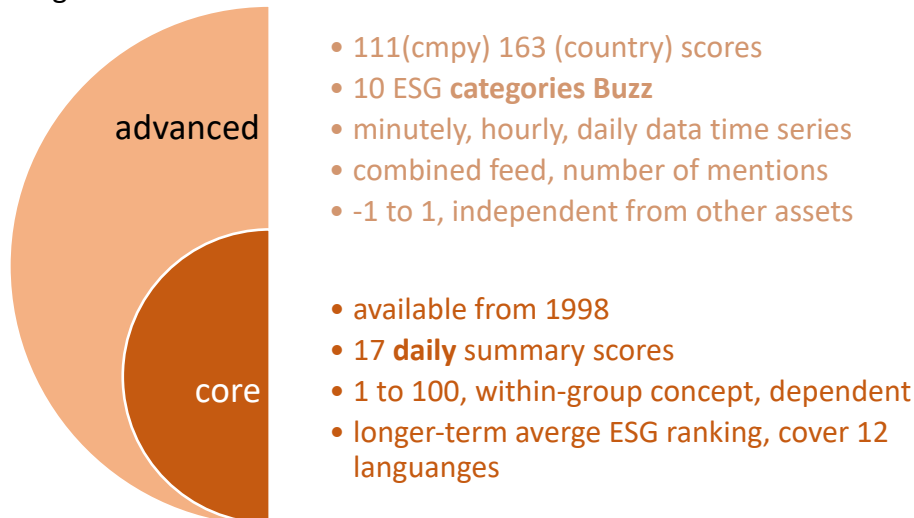# Refinitiv MarketPsych ESG Document Summary

## *White Paper*

- RM-ESG source: external source from news, blogs, and social media to avoid greenwash
- Data span

| *Social Media 2000+* | | Twitter | |
|---|---|---|---|
| MP | LexisNexis | | |
| 1998 | 2009 | 2010 | Now |

| *News 4000+* | | LexisNexis | |
|---|---|---|---|
| MP&Reuters | Reuters + 3rd party | | |
| 1998 | 2003 | 2005 | Now |

   - Addition: this 6000+ sources include 3000+ sources used in RMA in consider of business and finance buzz.

- Data packages



**advanced**
- 111(cmpy) 163 (country) scores
- 10 ESG **categories Buzz**
- minutely, hourly, daily data time series
- combined feed, number of mentions
- -1 to 1, independent from other assets

**core**
- available from 1998
- 17 **daily** summary scores
- 1 to 100, within-group concept, dependent
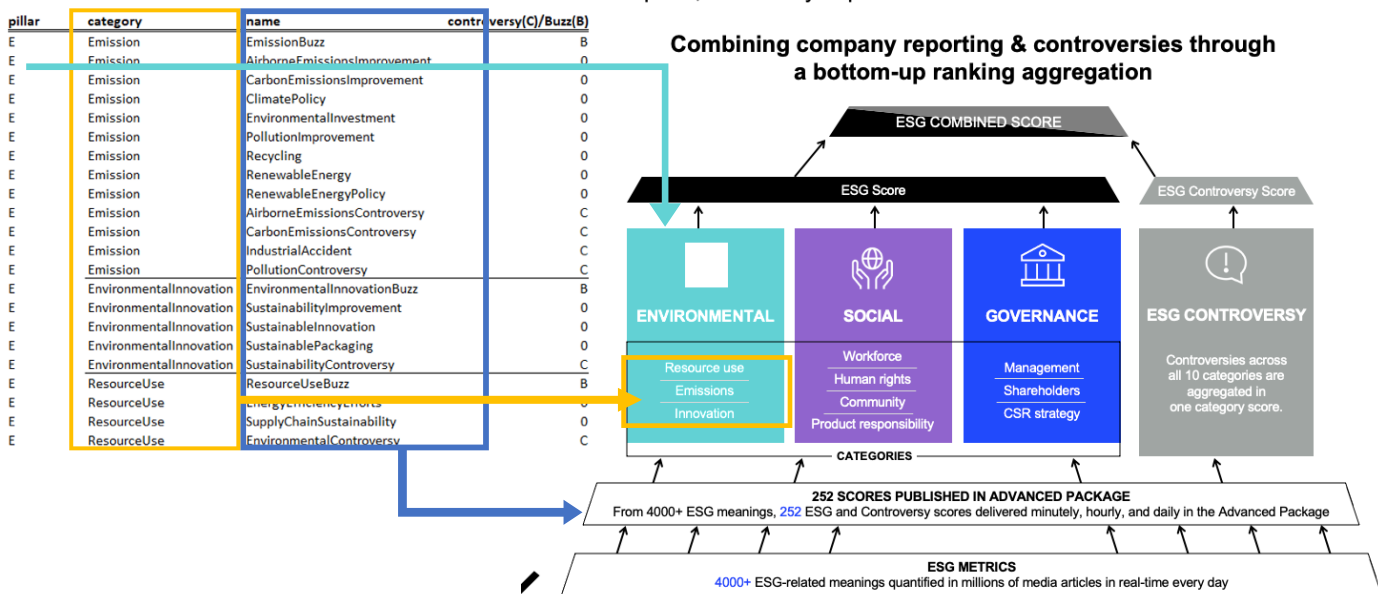- longer-term averge ESG ranking, cover 12 languanges

   - Relationship between packages: overall, **data in advanced package underlies core package**. That is, theoretically, we can calculate core scores by using scores and values provide in advanced package.

   - Advanced score range

| Type | Character | range |
|---|---|---|
| **Directional** | With suffixes "improvement," "Sentiment," "Effort," Support," "Trust" | -1 to 1, NA |
| **Controversy** | Either with suffix "Controversy" or labelled "Y", negative side of ESG scores | Unipolar, with possibility of negative value |
| **Buzz** | With suffix "Buzz" | 0 to infinite |

- Scores construction
  - **Buzz score**: absolute values of each asset. Within specific time-window, Buzz score is the **sum of all contributory ESG variables of each asset**. Advanced package includes **categories Buzz,** while core package contains aggregate Buzz score only.

    E.g., One-minute APPL Buzz score = **sum** of **sources** attributed to **all ESG variables of APPL** within one minute
  - **ESG score**: **computed as a ratio of the Buzz**. (Category ESG scores are normalized by category Buzz.) A single ESG variable can contribute to multiple ESG scores for an asset, possible acting as positive or negative polarity.

    *(Brain dump: so maybe we can investigate those ESG scores which share partially same contributes of innovation score.)*
- Scores structures (from 0217RM-ESG pitch book)

Refinitiv-inspired, MarketPsych-powered

| pillar | category | name | controversy(C)/Buzz(B) |
|---|---|---|---|
| E | Emission | EmissionBuzz | B |
| E | Emission | AirborneEmissionsImprovement | 0 |
| E | Emission | CarbonEmissionsImprovement | 0 |
| E | Emission | ClimatePolicy | 0 |
| E | Emission | EnvironmentalInvestment | 0 |
| E | Emission | PollutionImprovement | 0 |
| E | Emission | Recycling | 0 |
| E | Emission | RenewableEnergy | 0 |
| E | Emission | RenewableEnergyPolicy | 0 |
| E | Emission | AirborneEmissionsControversy | C |
| E | Emission | CarbonEmissionsControversy | C |
| E | Emission | IndustrialAccident | C |
| E | Emission | PollutionControversy | C |
| E | EnvironmentalInnovation | EnvironmentalInnovationBuzz | B |
| E | EnvironmentalInnovation | SustainabilityImprovement | 0 |
| E | EnvironmentalInnovation | SustainableInnovation | 0 |
| E | EnvironmentalInnovation | SustainablePackaging | 0 |
| E | EnvironmentalInnovation | SustainabilityControversy | C |
| E | ResourceUse | ResourceUseBuzz | B |
| E | ResourceUse | EnergyEfficiencyEfforts | 0 |
| E | ResourceUse | SupplyChainSustainability | 0 |
| E | ResourceUse | EnvironmentalControversy | C |

**Combining company reporting & controversies through a bottom-up ranking aggregation**

ESG COMBINED SCORE

ESG Score

ESG Controversy Score

**ENVIRONMENTAL**
- Resource use
- Emissions
- Innovation

**SOCIAL**
- Workforce
- Human rights
- Community
- Product responsibility

**GOVERNANCE**
- Management
- Shareholders
- CSR strategy

**ESG CONTROVERSY**
Controversies across all 10 categories are aggregated in one category score.

CATEGORIES

**252 SCORES PUBLISHED IN ADVANCED PACKAGE**
From 4000+ ESG meanings, 252 ESG and Controversy scores delivered minutely, hourly, and daily in the Advanced Package

**ESG METRICS**
4000+ ESG-related meanings quantified in millions of media articles in real-time every day

# User Guide(s)

Comparison: Feb17 ver. vs. May24 ver.

| Company ESG scores | Product category score → **Product Responsibility** |
|---|---|
| | cSRStrategy Buzz (1) "count of references to a company's sustainability reporting," range from 0 to inf |
| | ~~cSRStrategy Buzz (2) "all controversies related to a company's sustainability reporting category," range from 0 to 1~~ (deleted) |
| RMA company groups | US-based company group/ TRBC Business sector-based asset/ ~~real estate~~ (deleted) |
| | Global company groups/ add 10 more assets (covers India) |

Note
- The RM-ESG scores were designed to parallel the Refinitiv ESG data framework (https://www.refinitiv.com/content/dam/marketing/en_us/documents/methodology/refinitiv-esg-scores-methodology.pdf )
- Difference

| Product | RM-ESG | Refinitiv ESG |
|---|---|---|
| Source | External media | Internal corporate documents |

## Innovation specific
- Comparison

| Product | RM-ESG | RMA-company | RMA-cryptocurrency |
|---|---|---|---|
| Description | corporate, management, and product innovation. | innovativeness | innovativeness |
| Score range | 0 to 1 | 0 to 1 | 0 to 1 |

- Dr. Peterson's answer: *"The Innovation score value is a percentage of all relevant buzz. The **ESG feed includes only ESG-related buzz** (environmental, social and governance meanings). In the ESG product the Innovation value reflects the percentage of all ESG buzz that refers to innovation. In the RMA feed the innovation value represents the percentage of all business and financial buzz that refers to innovation."*

- Excerption from Buzz description (p.12, ESG4.0v1.2): *"The buzz fields represent a sum of entity-specific ESG-related words and phrases used in score computations. It can be non-integer when any of the words/phrases are described with a "minimizer", which reduces the intensity of the primary word or phrase. For example, in the phrase "less concerned" the score of the word "concerned" is minimized by "less". Additionally, common words such as "new" may have a minor but significant contribution to the Innovation score. As a result, the scores of common words/phrases with minor score contributions can be minimized."*

- My questions:
    1. I cannot fully understand the meaning of the underlined part in the above paragraph. So, is it significant or be minimized?
    2. How do MP make sure that two buzzes (ESG & RMA) and these innovation numerators are mutual exclusive (or independent)? Otherwise, if we want to construct a model using company data, we may ignore the variable of ESG and vice versa.
    3. When articles contain combined content (ESG and financial topics), then I think sentiments shown in these may not independent and thus, create biased data.