



LSEG MarketPsych ESG analytics

ESG data designed to drive better
investment decisions

LSEG MarketPsych ESG Analytics analyse corporate sustainability-related news and social media in near-real time.

Powered by MarketPsych Data's AI-based natural language processing engine, the analytics are derived from millions of daily articles from thousands of global news and social media outlets. They provide numerical environmental, social and governance (ESG) insights on companies and countries to drive better investment decisions.

Incorporate LSEG MarketPsych ESG analytics into your process

To monitor perceptions of sustainability and ESG risk, LSEG and MarketPsych partnered to create multidimensional ESG analytics. The analytics capture key ESG themes in 12 languages for 54,000+ public and 50,000+ private companies and 252 countries and regions.

Rather than scoring sustainability based on companies' self-reporting, the LSEG MarketPsych ESG Analytics feed provides an external news and social media-based perspective on ESG initiatives and performance.

The analytics can be used by:

- Quantitative investors to provide uncorrelated alpha signals
- Discretionary investors to allocate assets and manage risks
- Corporate clients to monitor market perceptions
- Regulators to precisely direct investigations
- Analysts and researchers to identify greenwashing

Constructed with AI

The software underlying the LSEG MarketPsych ESG Analytics is a complex AI-based natural language processing (NLP) engine hosted on a carbon-neutral array of cloud servers. It locates, filters and scores (ESG-themed) content pertaining to specific companies as well as cities, regions and countries. It incorporates over 2 million articles and posts daily by tens of millions of authors from premium news publishers, internet news sources, ESG blogs and social media.

The NLP engine scores sentiment on more than 4,000 dimensions including specific policies, actions and themes. This enables the LSEG MarketPsych ESG Analytics to quantify complex meaning in text, including references to such market-moving events as intellectual property violations, management scandals and ESG policy failures.

Coverage

History

History is available from news and social media sources back to 1 January 1998.

Languages

English-language text is scored starting from 1998. Arabic-, Chinese-, Japanese- and Portuguese-language news sources are scored since February 2020, with Dutch, French, German, Indonesian, Italian, Korean, Spanish and Russian added in January 2021.

Companies coverage

More than 100,000 companies from over 120 countries are covered across the feeds and archives:

- 38,000+ Americas equities (14,000+ public and 24,000+ private)
- 29,000+ EMEA equities (14,000+ public and 14,000+ private)
- 34,000+ AsiaPac equities (24,000+ public and 9,000+ private)

Access

Two LSEG MarketPsych ESG Analytics data packages are available:

Core package:

- Seventeen daily scores from combined news and social media for every company and country:
 - Buzz score (1)
 - ESG Combined score (1)
 - ESG score (1)
 - ESG Controversies score (1)
 - Pillar scores (3 = E, S, G)
 - Category scores (10) provided

Advanced package:

- Provides access to daily scores included in the Core package plus:
 - 300 analytics for companies (CMPNY-ESG)
 - 456 analytics for countries (COU-ESG)
 - Each advanced analytic updates minutely, hourly and daily

Overall scores in the core package

Seventeen daily scores are published in the Core package. These consist of weighted averages of the underlying Advanced scores described below.

The LSEG MarketPsych ESG Core data is designed for comparison with the core scores in the LSEG ESG data using the same industry-based weightings and percentile ranking operations. A key difference between the two products is the value-adding primary perspective the ESG reporting takes: external media (MarketPsych ESG Analytics) versus internal corporate documents (LSEG ESG data).

Detailed scores in the advanced package

In the Advanced package, scores for hundreds of ESG indicators are published in near-real time. These items also match counterparts within the LSEG ESG framework.

The Advanced package includes three broad pillars of ESG indicators:

- Environmental (E) indicators such as Recycling, CarbonEmissionsImprovement and ForestHealth
- Social (S) metrics including WorkplaceConditions, PublicHealthEfforts and Misinformation
- Governance (G) measures like ManagementTrust, CivicEngagement and SocialUnrest

In addition to traditional ESG analytics, Controversy and Buzz analytics are also provided:

- Controversy (C) scores include AirborneEmissionsControversy, IndustrialAccident and TaxFraud
- Buzz metrics are a proxy for media attention, delivering the number of ESG-relevant references made to a given asset (company or country locations) in the media

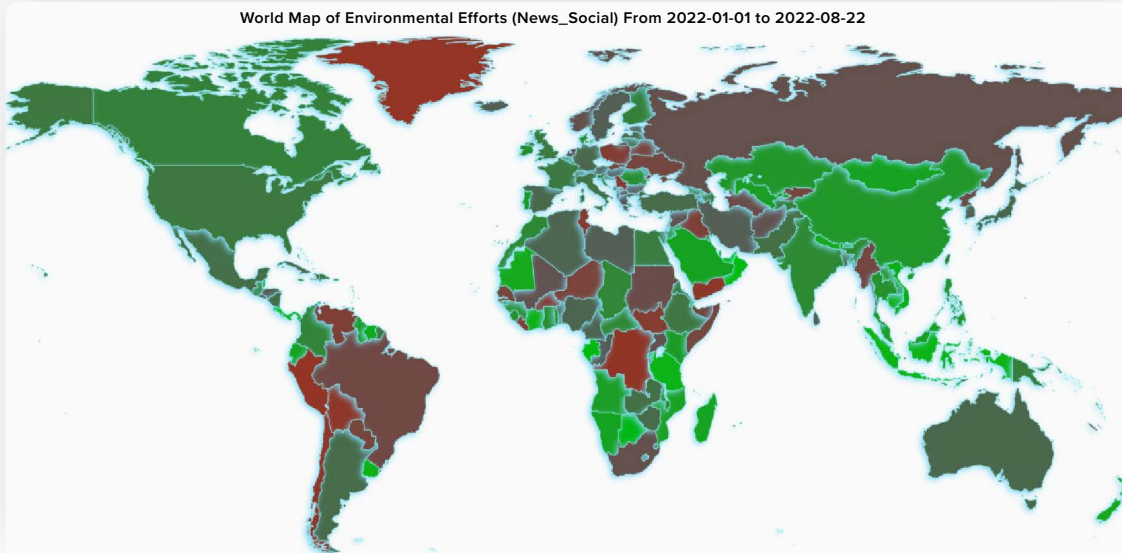


Analytics in action

LSEG MarketPsych ESG Analytics can be used to inform research, business planning and investment strategies.

National environmental efforts

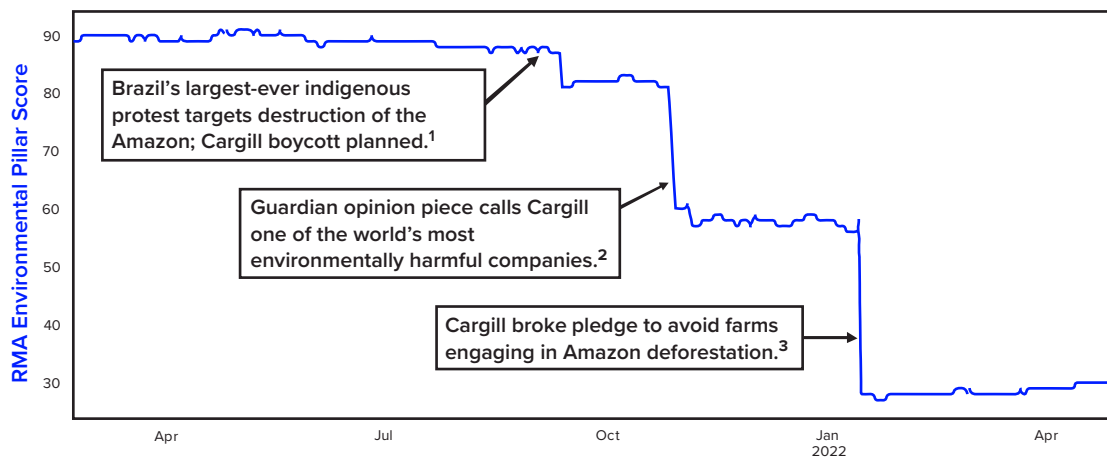
Using the EnvironmentalEfforts score, we see the level of environmental clean-up, conservation and protection, climate mitigation and sustainable technology initiatives reported in global media – allowing analysts to evaluate overall environmental efforts.



Private company monitoring

Companies whose regulatory environment does not require ESG disclosure, including private companies, create a gap in standard ESG data and scoring. Yet many such companies are critical to economies and supply chains. The chart below demonstrates the

declining Environmental score of one company which doesn't file regulatory ESG data, Cargill. The score is derived from media sentiment based on deforestation reports.



1 The Intercept, 28 August 2021
 2 The Guardian, 28 October 2021
 3 The Bureau of Investigative Journalism, 14 January 2022

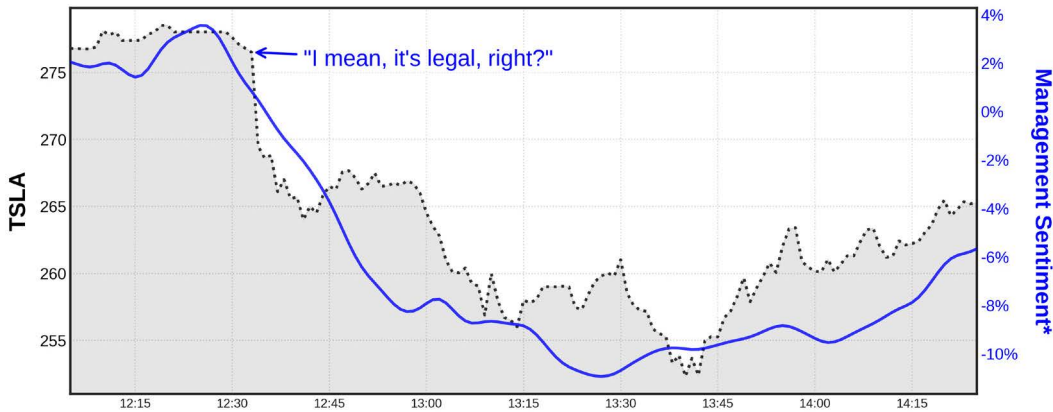
Source: MarketPsych Data



Near-real time corporate risk management

By incorporating management sentiment into analysis, you can catch controversies before they break in mainstream media. The example below shows the reaction of the Tesla stock price and the

ManagementSentiment ESG score following Elon Musk’s public disclosure of his substance use during The Joe Rogan Experience podcast on 8 September 2018.



Quantitative portfolio management

One of the advanced ESG scores is WorkplaceSentiment. In basic quantitative research, when S&P 500 companies are ranked by their past month’s WorkplaceSentiment score, month after month

the stock prices of companies with extremely high sentiment (top 5%) significantly outperform those with low sentiment (bottom 5%). See our whitepapers for our latest quantitative research.

