

EY ESG IQ solution

Optimizing rating agency scores



Banks, insurers and asset managers face rising pressures to better anticipate and manage ESG issues and improve investment decisions.

Key challenges:

- Presence of more than 600+ global ESG ratings and rankings makes it difficult for investors to categorize ESG issues.
- ESG ratings vary by rating agency creating “aggregate confusion.”
- Companies are evaluated using different ESG topics per rating agency.
- Agencies assign varying degrees of importance to attributes.
- Agencies will measure the same attribute using different indicators.

EY ESG IQ benefits

- Prioritizes ESG rating agency and set ratings objectives
- Identifies the biggest score gaps and improvement drivers
- Helps enable scenario planning and “what if” analysis
- Allows multiyear ESG disclosure planning
- Facilitates identification of high-value response criteria and improvement opportunities
- Supports peer benchmarking across different rating agencies
- Provides guidance on strategic changes that can help your organization better manage ESG risks and opportunities

Generates intuitive score gap analysis, interactive dashboards, and data-driven recommendations tailored to your needs

Environmental, social and governance (ESG) performance has become increasingly important to stakeholders, investors, and governments. While ESG rating agencies provide valuable firm-level ESG performance and risk information, changing qualitative and quantitative criteria, dimly understood methodologies and difficult to compare scores can make responses burdensome and score improvements uncertain. The EY ESG IQ solution built on Microsoft technology standardizes and enriches company rating data, calculates score gaps at the most granular level, and makes rating improvements faster and easier.

Transforms rating agency data into a powerful analysis tool

EY ESG IQ provides an interactive dashboard via Excel or Power BI to visualize score improvement opportunities, ESG rating agency gaps, and cross-sectional improvement themes in “native” ESG Rating Agency scores as well as a consolidated basis.

EY teams and Microsoft further help banks, insurers, and asset managers with value-added services, including categorizing rating agency issues into universal ESG taxonomy, standardizing points using an intuitive 100-point scale, and easily comparing performance across ESG rating agencies.

EY ESG IQ Capabilities	Features
Digitize and consolidate	<ul style="list-style-type: none">• Leverages human and machine intelligence to convert ESG Rating PDFs into a standardized database that captures criteria at the most granular level
Calculate opportunities	<ul style="list-style-type: none">• Strips away unnecessary ESG rating agency methodology details to estimate point gaps
Enrich criteria data	<ul style="list-style-type: none">• Enhances data by mapping criteria to a common ESG taxonomy and level-of-effort indicators, enabling comparison across multiple rating agencies
Empower	<ul style="list-style-type: none">• Allows ESG teams to rapidly identify improvement opportunities through ESG disclosures, activities, and strategy

ESG IQ offers a suite of tools that help clients of varying sizes and business models focus their ESG ratings strategy

Ratings gap analysis	Prioritization framework	Disclosure benchmarking	ESG capital analysis	Response support
Jumpstart ESG capabilities: Transform ESG ratings data into a convenient database that powers a suite of capabilities	Simplify a complex challenge: Discrete categories that allow companies to plan improvement activities	Clarify ratings requirements: Evaluate leading peer disclosures to inform activities and reporting	Evaluate market impact: Prioritize ratings and topics that have the greatest impact on access to ESG capital	Realize score improvements: Identify and address actionable gaps to submit a response within the allocated window

Client challenges

- Prioritize ESG rating agencies and set goals for ratings performance
- Identify specific actions to improve ESG performance and understand the value of those actions
- Track performance over time and communicate information to leadership

Client benefits

- Understand which ESG criteria will have the greatest impact across multiple ESG ratings
- Overlay supplemental ESG information from investors, fund managers, and existing company frameworks to further prioritize ESG criteria
- Identify disclosures across leading peers to clarify actions needed to improve ESG ratings

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Together, we empower organizations to create exceptional experiences that help the world work better and achieve more.

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