

Regulatory Information

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Ref	Annex.	Article.	Requirement	Relevant / Disclosure	Methodology Reference (Section / Title & Page)
ESMA Reference:					
RTS on Article 23					
Rating Product Disclosures	Annex III 1.f	Article 3(1)	Information on the ESG rating's clearly defined objective and marking whether the rating is assessing risks, impacts, or both, according to the double materiality principle, or any other dimensions, and in the case of double materiality the proportion of the risk and impact materiality.	LSEG D&A ESG Scores are designed to transparently and objectively measure a company's relative ESG performance, commitment and effectiveness, based on company-reported data. This covers 10 main themes including emissions, environmental product innovation, human rights, shareholders and others. We also provide an overall ESG combined (ESGC) score, which is discounted for significant ESG controversies impacting the corporations we cover.	Executive Summary, page 4
			(a) A description of the risks covered, where the ESG rating is assessing risks.	ESGC score – overlays the ESG score with ESG controversies to provide a more comprehensive evaluation of the companies' sustainability risks, impacts and conduct over time.	Section 1, Scores overview, page 6
			(b) A description of the impacts covered, where the ESG rating is assessing impacts.	Easily identify companies with strong ESG practices or exposure to ESG risks, Table 1	Section 2, Scores structure, page 8
			(c) Information on how the risk and impact materiality are taken into account according to the double materiality principle, where applicable.	Given the interdependencies between financial and impact materiality and the role of time horizons (dynamic materiality), the LSEG D&A ESG Scores are best interpreted within a double materiality framework. Where distinctions are required, the Scores apply the broader scope of double materiality, capturing both risks to enterprise value and wider environmental and social impacts	Section 1, Scores overview, page 5
			(d) Where the ESG rating is based on other materiality dimensions, a description of those dimensions.	Not applicable - There are no other materiality dimensions.	N/A
	Annex III 1.g	Article 3(2)	The ESG rating's scope, namely, whether it covers an individual E, S, or G factor or whether it is an aggregated rating aggregating E, S and G factors, or whether it covers specific issues such as transition risks.	The LSEG D&A ESG Scores comprise an aggregated ESG rating that combines separate Environmental (E), Social (S) and Governance (G) assessments into an overall ESG Score. In addition to the aggregated ESG Score, the methodology provides separate Environmental, Social and Governance Pillar Scores and ten underlying Category Scores, enabling users to assess each ESG factor independently.	Section 2, Scores structure, page 7
			(a) A description of what is covered under the E, S or G factors and which factors are aggregated, where applicable.	The Environmental factor covers categories relating to Climate and Emissions, Energy and Resource Use, Water Use, and Product Innovation. The Social factor covers Labour Relations, Health and Safety, Training and Development, Human Rights, Product Responsibility and Community. The Governance factor covers Board and Management, Shareholder Rights, and CSR Strategy. The methodology assesses relative sustainability-related disclosures and performance of companies through a double materiality framework but does not provide a dedicated rating for specific issues such as Workforce Health and Safety, which are reflected within the relevant underlying category scores.	Section 2, Scores structure, page 7
			(b) A description of the specific issues that the ESG rating covers.		Section 3, Scores calculation methodology, page 9
	Annex III 1.h	N/A	In the case of an aggregated ESG rating, the weighting of the three overarching E, S and G categories of factors (for example 33 % for the E factor, 33 % for the S factor, 33 % for the G factor), and the explanation of the weighting method, including weight per individual E, S and G category.	ESG pillar scores are the relative sum of the category weights.	Section 3, Scores calculation methodology, page 9
	Annex III 1. i	N/A	Within the E, S or G factors, specification of the topics covered by the ESG rating, and whether they correspond to the topics from the sustainability reporting standards developed pursuant to Article 29b of Directive 2013/34/EU.	While Corporate Sustainability Reporting Directive disclosures may be used as a source of underlying information, the methodology does not incorporate or rely on alignment with the EU Taxonomy Regulation or disclosures under the Sustainable Finance Disclosure Regulation (SFDR) as direct inputs to the scoring model.	Sub-section 4.1, Data collection and inputs for the ESG score, page 17
	Annex III 1. j	N/A	Information on whether the rating is expressed in absolute or relative value.	LSEG D&A ESG scores reflect the underlying ESG data framework and are a transparent, data-driven assessment of companies' relative ESG performance and capacity, integrating and accounting for industry materiality and company size biases. The scores are based on relative performance of ESG factors with the company's sector (for environmental and social) and country of incorporation (for governance).	Section 1, Scores overview, page 5
	Annex III 1.o, Annex III 1.p	Article 3(3)	If an ESG rating of a rated item covers the E factor, information on whether that rating takes into account the targets and objectives of the Paris Agreement or any other relevant international agreements.		
			(a) Include an indication of whether the rating takes into account the targets and objectives of the Paris Agreement and which other international agreements are taken into account, with reference to basic identifying information on these agreements together with an explanation of their relevance to the rating; (b) Specify whether the rating is benchmarking commitments against the objectives of those agreements.	The model does not correlate with EU Taxonomy alignment or any other international agreements.	N/A
Annex III.1.a	Article 4(1)	An overview of the rating methodologies used and changes thereto, including whether analysis is backward-looking or forward-looking and the time horizon covered.			
		(a) the title of the rating methodology used;	LSEG D&A ESG Scores	Executive Summary, page 4	
		(b) a description of the types of rated items in relation to which the methodology referred to in point (a) applies	LSEG ESG data covers approximately 17,000 public and private companies globally. ESG scores and underlying metrics are available for around 15,000 public companies.	Executive Summary, page 4	
		(c) the time horizon over which the ESG rating is considered valid, where applicable	ESG scores are calculated and available for all companies and historical fiscal periods in the ESG global coverage, i.e., back to fiscal year 2002 for approximately 1,000 companies (mainly US and European).	Section 1, Scores overview, page 6	
		(d) a list and overview of the relevant supporting models and key rating assumptions, where applicable; information on measures and procedures to ensure the quality and reliability of data used;	Refer to Section 3. Scores calculation methodology.	Section 3, Scores calculation methodology, pages 9-16	
		(e) a description of the defined ranking system of rating categories used, with reference to: i. the meaning of each rating category for absolute and relative values and how the ranking system should be interpreted;	Refer to Table 1. Percentile score to letter grade conversion rules.	Section 2, Scores structure, page 8	

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Basic Methodological Disclosures	Annex III.1.b	Article 4(2)	ii. in the case of relative values, an explanation as to whether they are relative to a specific industry, geographical area, peer groups or other comparative references and their respective description		
			(f) the dates of the most recent update of the methodology and a description of the changes introduced to the previous version.	Effective Date 1st July 2026; Version 2.0	Model Change Log - Version Control Table, page 3
			The industry classification used.		
			(a) The name of the issuing body for the industry classification used.	LSEG	Executive Summary, page 4
	Annex III.1.c	Article 4(3)	(b) The name and version of the industry classification used.	The LSEG Business Classifications (TRBC)	Executive Summary, page 4
			(c) Any publicly available link to the official documentation of the industry classification system, if available.	Link to the official documentation: https://www.lseg.com/en/data-analytics/financial-data/indices/trbc-business-classification	Executive Summary, page 4
			An overview of data sources, including whether data is sourced from sustainability statements required under Directive 2013/34/EU or from information disclosed under Regulation (EU) 2019/2088 and whether sources are public or non-public, and an overview of data processes, estimation of input data in case of unavailability and frequency of data updates.		
Annex III.1.e	Article 4(4)	(a) An overview of data sources, including whether data is sourced from sustainability statements, and whether sources are public or non-public; overview of data processes, estimation of input data in case of unavailability and frequency of data updates.	<p>LSEG operates a global data collection framework designed to ensure that ESG data used in the calculation of the ESG scores is objective, consistent, comparable and traceable across all covered entities.</p> <p>Data is collected by a global network of trained content specialists, supported by standardised data collection methodologies, internal controls and quality assurance processes. All data points are defined through a structured taxonomy and are subject to consistent application across companies to ensure comparability.</p> <p>The ESG score is based exclusively on publicly available information. Primary data sources include, but are not limited to:</p> <ul style="list-style-type: none"> • Annual reports and integrated reports • Corporate sustainability or ESG reports, including disclosures prepared under the Corporate Sustainability Reporting Directive (CSRD) where available • Company websites and official publications • Press releases and regulatory filings <p>While CSRD disclosures may be used as a source of underlying information, the methodology does not incorporate or rely on alignment with the EU Taxonomy Regulation or disclosures under the Sustainable Finance Disclosure Regulation (SFDR) as direct inputs to the scoring model.</p> <p>The methodology does not incorporate non-public information, estimated data or proxy inputs. Where relevant data is not publicly disclosed by a company, the absence of disclosure is reflected in the scoring outcome in accordance with the predefined methodology.</p>	Section 4, Data Collection Process, page 17	
		(b) A description of the engagement process with rated items or issuers of these items, including how the input from such engagement is considered.	Refer to ESG Data Management Policy Statement available via LSEG's Regulatory Disclosures Website.	Refer to ESG Ratings Data Management Policy Statement document.	
Annex III.1.k	N/A	Information on whether and how the rating methodologies are based on scientific evidence	Scores are not based on scientific evidence.	Section 4, Data Collection Process, page 17	
		Where applicable, describe the process for identifying relevant scientific evidence.			
Limitations in data sources, methodologies and information	Annex III 1.m, Annex III 1.q	Article 5	Where applicable, reference to the use of artificial intelligence in the data collection or rating process including information about current limitations and risks of using artificial intelligence.	<p>Data collection:</p> <p>AI (NLP/ML) is used in a semi-automated manner at the data collection stage, which provides recommendations. However, all outputs are subject to data specialist review and validation before data is entered into the collection system. There is no analyst discretion, all reviews are based on the policy and rules defined for collection of each data metric. There is no straight through processing (STP) for ESG data collection using AI. The SFI tool provides recommended extract from public disclosures relevant to a given data metric, with a human reviewer making the final selection.</p> <p>Rating process:</p> <p>Score calculation/rating process is algorithmic and does not use AI.</p>	Section 4, Data Collection Process, page 17
			Any limitation in data sources and methodologies used for the construction of ESG ratings.	Refer to Sub-section 5.2. Data Limitations, page 19.	Sub-section 5.2, Data Limitations, page 19
			Any limitation on the information available to ESG rating providers.		
			(a) the availability or consistency of data used in the rating process;	The availability and consistency of ESG data may vary across companies, regions, and reporting periods due to differences in disclosure practices, reporting standards, and regulatory requirements. While LSEG seeks to ensure broad and consistent coverage, not all companies disclose information for all indicators in each fiscal year	Sub-section 5.2.1, Availability, consistency and completeness of data, page 19
			(b) the completeness, timeliness and accuracy of information;	Corporate-reported data is updated as and when new disclosures become available, including annual reports, sustainability reports, and other relevant publications. As disclosures are subject to companies' own reporting schedules, there may be a time lag between the end of a fiscal year and the availability of complete data. During this period, ESG scores may be provisional in nature. LSEG applies validation and review processes to enhance data accuracy; however, the methodology relies primarily on publicly disclosed information and, as such, cannot fully eliminate the risk of errors, omissions, or subsequent restatements by reporting entities	Sub-section 5.2.2, Timeliness and accuracy of information, page 19

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			(c) the use of assumptions, proxy reference points and data estimation.	The methodology does not incorporate non-public information, estimated data or proxy inputs. Where relevant data is not publicly disclosed by a company, the absence of disclosure is reflected in the scoring outcome in accordance with the predefined methodology.	Sub-section 4.1, Data collection and inputs for the ESG score, page 17
Organisational	Annex III.1.d	Article 6(1)	The ownership structure of the ESG rating provider.	Refer to ESG Ratings Organisational Structure Statement available via LSEG's Regulatory Disclosures Website.	Refer to ESG Ratings Organisational Structure Statement document.
	Annex III.1.l	Article 6(2)	General information on criteria used for establishing fees charged to clients, specifying the various elements taken into consideration, and general information on the business/payment model.	Refer to ESG Ratings Pricing Framework available via LSEG's Regulatory Disclosures Website.	Refer to ESG Ratings Pricing Framework document.
	Annex III.1.n	Article 6(3)	The main risks of conflicts of interest and the steps taken to mitigate them.	Refer to Conflicts of Interest Policy Statement available via LSEG's Regulatory Disclosures Website.	Refer to Conflicts of Interest Policy Statement document.

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