SOCIALLY RESPONSIBLE INVESTING: SUSTAINABILITY INDICES, ESG RATING AND INFORMATION PROVIDER AGENCIES*. 

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ABSTRACT

Currently there are many sustainability indices and ESG rating and information provider agencies (ESG agencies). These organisations study companies in terms of sustainability, that is, economic, social, environmental, and corporate governance criteria. But what are the standards? Which are the criteria used to evaluate? In this paper, we analyse the different criteria for evaluation used by sustainability indices and ESG agencies. The sample comprises a group of six sustainability indices and ten ESG agencies. The importance of the sustainability indices and ESG agencies is increasing in terms of encouraging the implementation of responsible corporate policies. This is considered an important research topic because of the growth of social responsible financial markets, and the fact that investors are demanding more information. These trends have created the need for organisations that examine companies in terms of sustainability. The results suggest that the methods currently being used by ESG agencies and sustainability indices are diverse and lack of standardization. Moreover, little internal information is provided by these organisations.

Keywords: environmental, social, and governance information provider agencies (ESG IPAs), ESG rating agencies (ESG RAs), sustainability indices, socially responsible investing (SRI), corporate social responsibility (CSR).

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