Scorecard

Fitch Solutions
ESG Ratings
Methodology

About Fitch

COVERAGE OF COMPANIES

LAUNCH DATE
2019

FOCUS
Corporate ESG ratings

LINK
Fitch Solutions ESG Ratings Methodology Score

Tracker Rank and Score for Fitch
The score is out of a total of 200 and the rank describes the standards position in the 26 standards assessed by the Tracker.

Category scores of Fitch

Fitch

Total possible score

Score Tracker Rank and Score for Fitch

- General disclosure on Corporate Political Activities
- Political contributions
- Lobbying and advocacy activities
- Influence via third-parties

*Categories where the standard received no points do not appear in the colour-coded graph

Rank and scores for all standards

1. UN-PRI Investor Expectations 137
2. Responsible Lobbying Framework 106
3. OECD Principles 103
4. ICGN 104
5. AccountAbility 97
6. EFRAG 95
7. Positive Compass 87
8. Moody’s 80
9. S&P 80
10. World Benchmarking Alliance (WBA) 76
11. Erb Principles 75
12. GRI 415 68
13. ISS ESG 53
14. CDP 53
15. Sustainalytics 46
16. Fitch 40
17. WEF Measuring Stakeholder Capitalism 38
18. FTSE4Good 31
19. MSCI 30
20. ISSB 30
21. B-Lab 30
22. Refinitiv 20
23. TCFD 20
24. EcoVadis 12
25. Bloomberg 10
26. RepRisk 10
Description

According to Fitch, their ESG Entity Rating, launched in 2019 as ‘ESG Relevance Scores,’ "indicates an entity’s performance, commitment, and integration of environmental and social considerations into its business, strategy and management, and the effectiveness of governance. The metrics seek to measure the impact of business activities on the environment and on society. The ESG Framework Score rating evaluates the use of proceeds from green, social or sustainable bond issuances, or the key performance indicators (KPIs) and sustainability performance targets used by the company for reporting on sustainability-linked bonds, and the extent to which they contribute to environmental and social objectives." ²

Summary

The Sustainable Fitch ESG Ratings Methodology for ESG Entity Rating receives a Tracker score of 40 out of 200. The Fitch approach to assessing corporate conduct determines "whether an entity’s main business lines contribute positively to environmental and social goals." This analysis is assumed to cover the disclosure of corporate political activities and lobbying spend as required under local regulations, so the methodology receives points in Category A of the Tracker assessment, ‘General disclosure on corporate political activities.’ The Fitch process benchmarks “each business activity against internationally recognised environmental taxonomies and internationally recognised documents setting out social goals,” including the SDGs.³ Finally, the methodology provides a broad assessment on “the extent to which an entity’s governance profile furthers environmental and social goals and adheres to sound governance practices.” This is understood to include some disclosure of corporate political activities, but only those required by local regulations, which vary by jurisdiction. The high-level approach and lack of specificity in Fitch’s approach to assessing corporate political activities weakens their Tracker score.
Opportunities for improvement

The Fitch Solutions ESG methodology does not currently capture corporate political activities in a consistent or comprehensive manner. There is room for improvement across all eight Tracker categories. As more firms seek to contribute to positive policy goals related to the energy transitions, Category F, ‘Commitment to Sustainable Lobbying Practices’ should be added to Fitch’s existing scanning of company contributions to ESG goals.

Endnotes

2 https://www.sustainablefitch.com/products/esg-ratings?gclid=CjwKCAjw9pGjB-hB-EiwAa5ij3NrbXoUMcNrpZ2ToTam07iB3jBSiBoAm_mLB-xZHSeeBAzsAIOOTV-RoC_mMQAvD_Bw#about-esg-ratings
3 https://assets.ctfassets.net/03fbs7oahl3w/ShWQ7R44kPRUDKNH16k-8Rx/6d14d4655f484cf5bd361558afea06bc/SUF_ESG_Score_Methodology_2022-06.pdf