

# A new way to measure corporate responsibility

(<http://thomsonreuters.com/articles/2013/a-new-way-to-measure-corporate-responsibility>)

When we launched a new family of environmental, social and corporate governance (ESG) indices this past April, we expected a great response, and we have not been disappointed. “Investors are very interested in these new indices as they help them to create and benchmark portfolios as part of their sustainable investment strategy. It’s definitely something that has been getting positive attention and feedback because these indices provide our customers with an effective ESG benchmarking system,” says André Chanavat, product manager ESG.

Developed jointly with [S-Network Global Indexes](#), and leveraging the [Thomson Reuters ASSET4 database](#), the [Thomson Reuters Corporate Responsibility Ratings Indices \(TRCRR\)](#) rate companies’ performance and practices in three key areas: environmental, social and corporate governance (ESG) practices. They are reconstituted annually in December and rebalanced quarterly.

Our indices mirror the performance of major global benchmarks against companies that have substantially higher ESG ratings than the weighted average for such indices as the S&P 500 or MSCI EAFE. Another thing that differentiates the TRCRR Indices from what our competitors are doing is that our indices are based on transparent and objective data. “They’re not based on questionnaires sent to companies or derived from opinion and analysis,” says Chanavat. “We collect all of the data with the original sources, so at the core of the indices you have underlying transparent data that is objective and verifiable because you can track it straight back to the source.”

In addition, we have a team that scours online sources for news articles about companies. If an article could potentially impact the bottom line of the firm, or pose risks to the reputation of a company, the analysts may add that information to the relevant controversy Key Performance Indicators (KPIs), which can in turn affect the overall score of the company. “It’s quite dynamic and original that we vet such a factor in the overall ranking of a company and adds another layer of data and richness to our indices,” says Chanavat.

Learn more about our rating and ranking rules and methodologies:

[TRCRR Rating and Ranking Rules and Methodologies](#)  
[Index Methodology](#)  
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