

Corporate ESG Disclosure Gives ESG Raters More Information to Disagree About

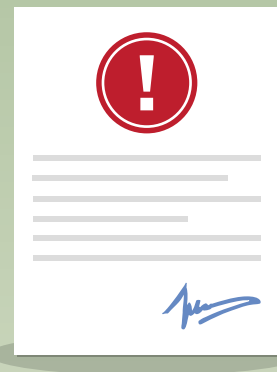
Environmental, social, and governance (ESG) rating agencies often come to different conclusions about whether a given company is socially responsible



However, it is not clear whether ESG disclosure from the companies alleviates or exacerbates this disagreement



Greater ESG disclosure by the company



Greater divergence in ESG ratings

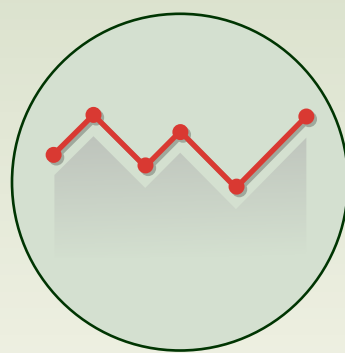


ESG outcomes subject to more subjective interpretation than input metrics

ESG disagreement increases with:



Higher return volatility



Greater absolute price movements



Lower chance of external financing

More information from companies about their ESG practices can exacerbate rather than resolve differences in ratings