



# BASICS FOR CREATING AN ESG RATING

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[www.raestimo.com](http://www.raestimo.com)

# INTRODUCTION

In an increasingly regulated and sustainability-oriented economic world, companies face the challenge of not only managing their environmental, social, and governance (ESG) performance internally, but also presenting it externally in a transparent and comprehensible manner. Regulatory requirements such as the CSRD, ESRS, VSME, and EU taxonomy are increasing the pressure on companies to make their sustainability performance measurable—both for regulatory authorities and for investors, business partners, and the public.

From raestimo's perspective, a standardized, comprehensive ESG rating is therefore no longer an optional analytical tool, but a strategic management and communication tool. It provides clarity about a company's current sustainability position, identifies areas for action, and delivers reliable metrics that can be used for presentation purposes.

In addition, a holistic ESG rating provides an objective frame of reference for stakeholders and decision-makers: it promotes confidence in a company's sustainability strategy, strengthens its capital market viability, and supports the development of sustainable business relationships. For companies, this ensures not only regulatory compliance, but also competitiveness and future viability.

## WHAT IS AN ESG-RATING?

An ESG rating assesses the sustainability performance and responsible conduct of a company or financial instrument in the areas of environment, social issues, and corporate governance. It provides an informed assessment of how well a company manages environmental and social risks and has embedded sustainable principles in its corporate governance.

An ESG rating is not an investment recommendation and does not replace a legal assessment or market value forecast. Rather, it represents a forward-looking analysis based on a careful evaluation of all available and relevant information. The aim is to make a company's ESG risks and opportunities transparent, thereby providing investors and stakeholders with a basis for decision-making.

## HOW DOES AN ESG RATING WORK?

The rating takes into account a variety of quantitative and qualitative factors. These include, for example:

- Environmental management, resource efficiency, and climate protection measures
- Social aspects such as working conditions, diversity, and community engagement
- Quality of corporate governance, transparency, and ethical standards

The assessment is based on a scale that shows a company's relative ESG performance compared to its industry peers. A better ESG score indicates stronger sustainability performance.

## TYPES OF ESG RATINGS PUBLIC AND PRIVATE

raestimo offers two types of ESG ratings: public and private. The classification follows the provisions of the EU Rating Regulation (EU Regulation (EC) No. 1060/2009).

## PUBLIC ESG RATINGS (PURSUANT TO EU REGULATION 2024/3005)

An ESG rating is considered public if it is actively published or made available to investors for regulatory purposes.

raestimo publishes ESG ratings of companies traded on the capital market on its website.

Ratings that are only accessible to a specific group of investors are not published online, but are subject to reporting requirements to ESMA (European Securities and Markets Authority) if they fall within the scope of the regulation.

ESMA may also make public ESG ratings available on its internet platform.

ESG ratings commissioned directly by investors or special purpose entities attributable to them may be used for regulatory purposes, but are not published and do not appear on the ESMA platform.

These regulations comply with the requirements of EU Regulation (EU) 2024/3005, which ensures the transparency, independence, and integrity of ESG rating activities.

## PRIVATE ESG-RATINGS

A private ESG rating is intended for internal use and is not intended for publication or disclosure to subscribers. It is not suitable for regulatory purposes. The client may forward the rating to selected third parties. If the ESG rating is to be used for regulatory purposes or disclosed to investors, a public ESG rating is required instead.

## WHY ARE ESG RATINGS IMPORTANT?

Investors and companies are increasingly using ESG ratings to make sustainable and responsible decisions. Companies with high ESG ratings are considered more resilient to social and environmental risks and can achieve better financial results in the long term.

In addition, ESG ratings help companies improve their sustainability strategy and create transparency for customers, investors, and the public.

## RATING SCALES

raestimo uses a uniform rating scale for evaluating all KPIs. The exact meaning of the scale and the individual scores are described in detail in our rating system.

AAA	Score from 90-100
AA+	
AA	
AA-	
A+	Score from 70-89
A	
A-	
BBB+	
BBB	Score from 50-69
BBB-	
BB+	
BB	
BB-	Score from 30-49
B+	
B	
B-	
CCC+	Score from 10-29
CCC	
CCC-	
CC	
C	Score from 0-9
D	

## TARGET GROUP AND AREA OF APPLICATION

raestimo is primarily aimed at small and medium-sized enterprises (SMEs) that, as part of supply chains, are increasingly confronted with rising requirements for sustainability reporting and transparency obligations – particularly in the context of the Supply Chain Due Diligence Act (LkSG) and the Corporate Sustainability Reporting Directive (CSRD).

Raestimo's ESG rating model offers a practical, scalable solution for recording and evaluating ESG metrics in a structured manner and making them available in reports. This enables SMEs to provide their clients and partners in the supply chain with reliable information about their sustainability performance and to efficiently meet various requirements.

Areas of application include:

- self-assessment in the context of ESG compliance requirements,
- support for reporting obligations along the supply chain,
- internal sustainability management,
- and preparation for external audits and investor inquiries.

raestimo makes ESG transparency feasible for SMEs too – data-based, traceable, and economically viable.

## BASICS AND PRINCIPLES OF THE ESG RATING PROCESS

raestimo evaluates companies exclusively in terms of environmental, social, and governance (ESG) aspects.

ESG ratings are prepared in accordance with EU Regulation (EU) 2024/3005, which ensures the transparency, independence, and integrity of ESG rating activities.

The assignment can be commissioned by the company being assessed or other authorized parties, provided that the requirements of the regulation are met.

The aim is to produce an objective and comprehensible ESG assessment based on a structured analysis.

### HOW THE ESG RATING PROCESS WORKS

- **Commissioning and team composition**

An ESG rating is commissioned exclusively by the rated company or by affiliated third parties.

For each rating, an analyst accompanies the entire assessment process and acts as the central point of contact.

- **Request for information**

- **Base ratings:** The analyst requests isolated ESG-related information: NACE code, country, etc.

- **Individual ratings**

The analyst specifically requests ESG-related information, such as sustainability reports, environmental indicators, governance structures, social standards guidelines, or industry-specific data. All information provided is treated as confidential..

- **Data analysis**

The assessment is based on the established raestimo methodology, which weights the ESG criteria and combines them into an overall score. The data is evaluated in a self-contained technical system. Due to the automated process, raestimo does not use a rating committee.

- **Monitoring and follow-up ratings**

The ESG rating is valid for a specified monitoring period. After this period has expired, a follow-up rating is carried out to update the rating.

## BASIC PRINCIPLES OF ESG RATING AT RAESTIMO

### INDEPENDENCE

The ESG rating is prepared independently of the type, duration, or scope of the business relationship.

### TRANSPARENCY

The valuation is based on clearly defined and published methodologies and reflects the assessment as of the reporting date.

### NOT RECOMMENDED

The ESG rating is not a recommendation to buy or sell, but serves as an analytical factor in company valuation.

### RELIABLE INFORMATION BASE

raestimo assumes that all information provided is complete and correct, but does not guarantee this.

### CURRENT EVENTS

If relevant data is not provided or is provided late, raestimo may adjust or suspend the rating.

### PRE-RATING

A pre-rating from raestimo provides an initial non-binding assessment of the likely range of the full ESG rating. As this does not involve a complete rating process, the pre-rating is not binding. The results are summarized in a concise short report. The final ESG rating following a complete analysis may differ from the pre-rating assessment.

## DATA, MODEL CALCULATION, AND EVALUATION

raestimo employs only qualified ESG analysts and processes. These analysts typically have a relevant university degree and often additional specialist qualifications in sustainability or finance. However, our analysts are not auditors or lawyers. They do not audit annual financial statements or internal accounting systems. Instead, they rely on audited financial statements, reports, and studies, as well as information obtained from discussions with the company.

The task of the raestimo methodology is to provide a professionally sound assessment of the company's sustainability performance based on the data provided, depending on whether a basic or individual rating is chosen. These assessments are forward-looking opinions and are therefore naturally subject to uncertainty.

## DATA

### DATA SOURCES

One of the main data sources is Eurostat, the statistical office of the European Union. It provides high-quality statistics across Europe as well as ESG-relevant data, such as CO<sub>2</sub> emissions, energy consumption, and the gender pay gap. Data sources such as ESG-relevant data from the World Bank and various others supplement the model. In addition, raestimo uses automation-based technologies to independently collect publicly available company reports and make them available for its own purposes.

### DATA QUALITY

For a commissioned ESG rating, raestimo uses both internal information obtained directly from the company and publicly available data. All sources are checked for reliability.

### CALCULATION OF THE MODEL

#### CONSIDERATION OF DATA CURRENCY

Since reviewing and statistically analyzing Europe-wide/global data takes more time than publishing a company report, this data is often only available after a delay. Therefore, raestimo's target vision includes a forecast of aggregated data in order to create comparable information and thus generate meaningful, up-to-date ratings.

#### SELECTED ESG KEY FIGURES

In the course of the ESG rating, various public and other available data sources are used to compile a list of various KPIs for the company, divided into E (Environment), S (Social), and G (Governance). These are listed below as examples:

Environment	Social	Governance
total energy consumption	Mitarbeiteranzahl	Korruptionsfälle
Share of renewable energy	Vollzeitäquivalente (FTE)	Verurteilungen (Korruption)
Scope 1 Emissions	gender ratio	ESG certificates/labels
Scope 2 Emissions	turnover rate	Proportion of women in leadership positions
Scope 3 Emissions	work accident rate	average age
Emissions intensity (per revenue)	Work-related deaths	Length of service (average)
Emissions intensity (per FTE)	Gender Pay Gap	Controversial sales
Emissions by product type/location	Training hours per employee	
air pollutants	minimum wage compliance	

water pollutants	collective bargaining agreement	
soil contamination	human rights training	
Environmental violations / fines	human rights violations	
biodiversity impacts	remedial measures	
Total water withdrawal	compensation payments	
Water from contaminated areas		
Hazardous waste		
Non-hazardous waste		
recycling rate		
material reuse		

## THE METHODOLOGY

A large number of ESG indicators are required to calculate a meaningful ESG score, but these are difficult or impossible to obtain, especially for small companies. To address this issue, raestimo is developing a model that can calculate ESG scores from various available indicators. To this end, publicly available data from statistics-collecting companies and data from public company reports are used for the calculation. The results also take into account geographical and cross-border trends as well as patterns in various economic sectors.

## VALIDITY OF RATINGS

A rating remains valid until it is withdrawn by raestimo. A rating may be revoked, for example, if there is no longer sufficient information available to keep the rating up to date, or if the contractually agreed monitoring period has expired and no further updates are made.

After revocation, the rating is marked as "not rated" (NR).

## Kontakt

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