

The ESG ratings system is undermining corporate accountability and human rights.

ESG research firms

collect information on companies' ESG practices, using **company self-reporting and third party sources** like news media. They sell this information to ratings firms.



ESG ratings firms

use the information to assign scores to individual companies, but these **ratings focus on how ESG factors could affect a company's profitability, not how the company affects people and the planet.**



Index providers

use ESG ratings to create **ESG indexes**, or suggested **portfolios of companies with good ESG scores.**



Fund managers

then use ESG indexes to design **ESG investment funds** that are marketed as **"responsible investment."**



Portfolio companies in ESG funds

often include **companies involved in serious human rights violations.**



ESG funds

include companies with **good ESG ratings, but not necessarily good social impact.**



Investors

might choose ESG-labeled funds because they **are marketed as ethical investments.**

Billions in “socially responsible” ESG investments go to companies propping up Myanmar’s military regime.



An Inclusive Development International investigation found that 331 ESG-labeled investment funds hold at least \$13.2 billion worth of shares in companies that do business with Myanmar’s military, allowing it to maintain its brutal grip on power.

Companies receiving ESG investment include tech firms that serve the military-controlled national police force, weapons dealers that arm the regime, and others that direct profits and resources to the military.