

# Retail sector

## Top 10 Companies in the Retail sector ranked by the RepRisk Rating as of December 2016

Company and Ranking	RepRisk Rating			
	Low Risk AAA – A	Medium Risk BBB – B	High Risk CCC – C	Very High Risk D
1. Coop Genossenschaft	39/15 A			
2. Federation of Migros Cooperatives	44/15	BBB		
3. ALDI Einkauf GmbH & Co oHG	46/19	BBB		
4. Lidl Dienstleistung GmbH & Co KG	52/17	BB		
5. Carrefour SA	66/19		B	
6. Tesco PLC	56/30		B	
7. Target Corp	64/24		B	
8. Amazon.com Inc	68/21		B	
9. Alibaba Group Holding	50/40		CCC	
10. Wal-Mart Stores Inc	64/27		CCC	

The companies in the ranking were selected from among the largest companies in the sector based on market capitalization and are a representative sample for the purposes of this report.

### The RepRisk Rating

The RepRisk Rating is a proprietary risk metric, ranging from AAA to D, that captures and quantifies a company's risk exposure related to environmental, social, and governance (ESG) issues. It combines a company's own ESG risk exposure with the ESG risk exposure of the countries and sectors in which the company has been exposed to risks. The RepRisk Rating facilitates corporate benchmarking and ESG integration. Based on RepRisk's strict, rules-based methodology, the Rating is updated daily for all companies in the RepRisk ESG Risk Platform.

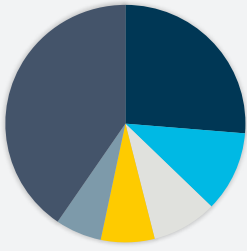
### The RepRisk Director's Brief

The RepRisk Rating is the cornerstone of the RepRisk Director's Brief, a corporate benchmarking report that assesses your company's exposure to ESG risks, and benchmarks it with a customizable peer list. The Director's Brief is a data-driven strategy and decision-making tool designed for board members, executives, investor relations and corporate affairs professionals, as well as CSR and sustainability teams.

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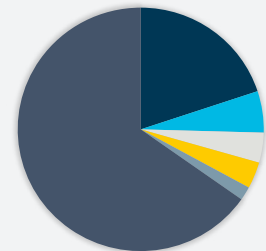
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### Top ESG Issues



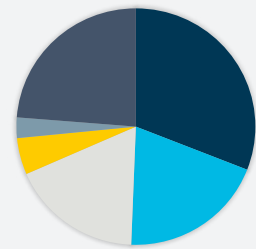
1. Violation of national legislation
2. Fraud
3. Poor employment conditions
4. Supply chain issues
5. Corruption, bribery, extortion and money laundering
6. Other Issues (23 out of 28)

### Top Countries



1. USA
2. China
3. South Korea
4. UK
5. Brazil
6. Other countries (155 out of 258)

### Top ESG Topic Tags



1. Privacy violations
2. Migrant labor
3. Negligence
4. Endangered species
5. Indigenous people
6. Other Topic Tags (23 out of 45)

NB. Not all risk incidents are linked to Topic Tags.

The charts display the top five environmental, social, and governance (ESG) Issues, Topic Tags (ESG “hot topics”), and countries and territories related to the Retail sector, based upon the number of risk incidents in the last two years. For a full list of the ESG Issues and Topic Tags covered by RepRisk, as well as more information on the RepRisk methodology, please visit our website: <https://www.reprisk.com/our-approach>

## The Retail sector has medium ESG risk exposure

The ESG risk exposure of the Retail sector is mainly related to poor working conditions at factories supplying textiles and foods. Slave labor in the Thai seafood sector has been well documented since 2012, however, at the beginning of 2016, activist Andy Hall warned that workers in Thailand risked being ‘sold’ to other employers as they were in debt bondage, and claimed that Thai fish farm owners feed shrimps “fish trash” sourced from slave ships.

In the textile sector, Rip Curl’s 2015 mountain-wear collection was linked to a factory in North Korea, despite being labeled as “Made in China”. Allegedly, North Korean factories force workers to work long hours for minimal pay by threatening to deport them to “gulags.”

In June 2016, China Labor Watch claimed that Walt Disney, MGA Entertainment, NSI International, Black & Decker, and others were sourcing toys from Chinese factories that systematically force employees to work excessive levels of overtime, as well as 11-hour shifts with only half an hour break. Lam Sun Plastic Products and Zhenyang Toy were named as being particularly controversial, and Wal-Mart was criticized for selling these toys.

The Centre for Research on Multinational Corporations has linked Spanish companies such as Inditex, El Corte Inglés, and Cortefiel to child labor and poor working conditions in India. Allegedly, their garment suppliers employ children through a practice known as “sumangali,” in which girls work long hours for a low salary and the payment of their wedding costs.

In October 2016, a BBC Panorama investigation allegedly found children of Syrian refugees in Turkey working on clothes supplied to Marks & Spencer, Next, and online retailer Asos. Panorama claimed that adult refugees have also been illegally employed to work on jeans for Mango and Zara. The refugees are allegedly paid in cash, at rates well below the Turkish minimum wage.

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