A Milestone for RepRisk

Thursday, April 16, 2015, By Dawn Kissi

Companies in the database surpass 50,000 as supply-chain and reputational risk concerns fuel demand for ESG data.

RepRisk, a business intelligence firm that specializes in tracking environmental, social and governance (ESG) risks, said the number of companies in its global database has topped 50,000.

Touting the “most comprehensive ESG risk analysis and metrics database,” Zurich-based RepRisk said it passed the milestone in March. It continuously updates its data and analytics, and the tally on its home page as of mid-April was above 51,500. Roughly 70% of those are privately held, and 55% are based in the developed OECD (Organization for Economic Cooperation and Development) countries.

The large number of non-public companies “means that RepRisk can uniquely serve private equity clients as well as multinationals looking at supplier risk,” said Alexandra Mihailescu Cichon, head of business development. “Of course, we also cover the biggest publicly traded companies in the world.”

Sectors range from food and beverage, support services, extractives including mining, oil and gas, retailing and industrial engineering.

RepRisk evolved out of a social and environmental consultancy, ECOFACT, and is headed by CEO Philipp Abey, formerly of Amgen and Boston Consulting Group, who joined in 2006, the year the RepRisk web-based tool was launched.
“It is important to note that RepRisk tries to stay away from the term ‘coverage,’” Cichon said. “It’s not that we cover these 50,000 and stop there. We do issues-driven research, which means any company from any sector and any country, regardless of private or public or small or large, which is exposed to a legitimate ESG risk, will be included in our database. Our database grows each day as new information is captured and analyzed.”

“We are very proud of this achievement,” Abey said in an interview, referring to the 50,000 landmark. “This signifies our commitment as a pioneer and leader in the ESG space. Our goal has been, and continues to be, to set the standard in ESG risk analysis and metrics, and we remain dedicated to our mission of offering the most dynamic and comprehensive ESG risk data available.”

Financial Background

RepRisk, Cichon pointed out, “was born out of the financial sector,” and unsurprisingly, the majority of clients are in the financial industry, including asset managers, banks and export credit agencies. Interest is growing from private equity firms from banks of all sizes that, Cichon says “use our data primarily to assess the ESG risks related to their clients and business transactions.” Asset managers use RepRisk data “for responsible investment activities and ESG integration.”

RepRisk sees great growth potential in the corporate and multinational areas, driven by supply chain risks and reputation management. Corporates look for business intelligence to support their supply-chain management processes and use RepRisk data to support supplier on-boarding and monitoring.
For reputational risk management, many companies have functions and departments that “didn’t exist even five years ago” Cichon noted. “These departments are tasked with managing their firms’ reputations, tracking peers, researching trends, and more – all functions that RepRisk can assist with.”

Overall, she added. Increasing awareness of ESG issues across multiple stakeholder groups – including investors, regulators, and customers even consumers – has been good for RepRisk. “This awareness then affects companies, who are expected to operate in line with stakeholder expectations.”

**Partnerships**

RepRisk has raised its profile through partnerships with the likes of S&P Dow Jones Indices (Dow Jones Sustainability Index – DJSI), the Newsweek Green Rankings, the Global 100 most sustainable corporations and, as of a March announcement, the CDP Climate Performance Leaders program.

RepRisk said March 31 that sustainability-focused investment firm RobecoSAM is using its data for the Media and Stakeholder Analysis component of its assessment for inclusion in the DJSI.

“RepRisk is extremely proud to have its data used for this prestigious and highly influential benchmark,” Cichon said in a statement. “We believe that dynamic and timely risk information from third-party sources and external stakeholders, such as media, NGOs, and governmental bodies, is a critical component of assessing corporate sustainability. This type of data provides an external perspective and a layer of accountability – while also acting as a good gauge of whether a company’s policies, processes and commitments are translating into performance.”