RepRisk

RepRisk's Most Controversial Companies Report: A dam collapse, factory explosions, fatal workplace accidents leading ESG risk incidents in 2019

Seven out of ten companies ranked are headquartered in the developed world including Germany, Iceland, and the United States

Occupational health and safety concerns rank among the highest risks faced by companies, according to RepRisk's report on the Most Controversial Companies of 2019.

RepRisk, a leading ESG data science firm, today released its annual 2019 Most Controversial Companies (MCC) Report, which highlights ten companies that were most exposed to new environmental, social, and governance (ESG) risks in 2019. The report, now in its tenth edition, is based on RepRisk's proprietary research, which combines artificial intelligence and machine learning with human intelligence to analyze ESG risks based on public information in 20 languages.

Six of the ten companies in the 2019 MCC Report were ranked as a result of fatal workplace accidents stemming from a collapsed dam and factory explosions, up from three companies linked to fatal accidents in last year's report. Nine of the ten companies ranked in this year's report had been flagged by RepRisk for their exposure to ESG risks before the incidents highlighted in the MCC Report were reported.

"With the financial and corporate communities increasingly paying attention to ESG, it is imperative that investment managers, banks, insurers, and multinational companies are adequately assessing all ESG risks related to their operations, business relationships, and investments," said Dr. Philipp Aeby, CEO of RepRisk. "Too often, companies self-report their ESG factors or use incomplete data sets that hinder transparency. By providing our views on the challenges faced by the companies ranked in our report, we hope to encourage corporations to ensure that adequate internal and external risk management processes are

in place to ideally prevent or at least mitigate such events."

The full ranking of Most Controversial Companies from this year's report:

1. TÜV Süd AG (Support Services, Germany)
2. Jiangsu Tianjiaya Chemical Co Ltd (Chemicals, China)
3. Hacienda HealthCare (Healthcare Equipment and Services, United States of America)
4. Wilke Waldecker Fleisch- und Wurstwaren GmbH & Co KG (Food and Beverage, Germany)
5. Burning Sun Entertainment Co Ltd (Travel and Leisure, South Korea)
6. Lubrizol Corp (Chemicals, United States of America)
7. Guangzhou R&F Properties Ltd (Financial Services, China)
8. Samherji hf (Food and Beverage, Iceland)
9. Henan Coal Gas Group Co Ltd (Oil and Gas, China)
9. Intercontinental Terminals Co LLC (Industrial Transportation, United States of America)

The ranking in this report is compiled using risk incidents and reports from the RepRisk ESG Risk Platform, the world's largest database on ESG risks with profiles on over 140,000 public and private companies. The companies included in the report were those that had the highest RepRisk Index (RRI) scores in 2019. The RRI is a proprietary risk metric that quantifies a company's reputational risk related to ESG issues. It facilitates an initial assessment of the ESG risks associated with investments or business relationships, allows the comparison of a company's exposure with that of its peers, and helps track risk trends over time. The RRI reflects a company's actual risk management performance as opposed to its stated goals and policies.

The RRI is built on several factors, including the severity of the risk incident and the source of the risk information. Notably, the RRI emphasizes companies that face new risk exposure or have had less exposure in the past, i.e. companies with significant past exposure are less sensitive to new exposure. In certain cases, at RepRisk's discretion, the ranking may bundle and rank a parent company and subsidiaries with similar RRI scores into one case study and may exclude previously ranked companies for which no new major developments are reported, as well as buyers affected by their suppliers' wrongful actions.

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Disclaimer

Any references to or distribution of this Report must refer to or include the Report in its entirety to provide adequate information on RepRisk's methodology and ranking procedure and to provide sufficient context for the Report's content.

This Report is intended to present our opinions, based on our proprietary methodology, our analysis, and our ranking system. Investment and other financial or strategic decisions require further due diligence and consideration of additional factors and should not be made solely on the basis of the rankings or other information included in the Report.

About RepRisk

Founded in 1998 and headquartered in Switzerland, RepRisk is a pioneer in ESG data science that leverages AI technology and machine learning with human intelligence to systematically analyze public information and identify material ESG risks. RepRisk's flagship product, the RepRisk ESG Risk Platform, is the world's largest and most comprehensive due diligence database on ESG and business conduct risks, with expertise in 20 languages and coverage of more than 140,000 public and private companies as well as more than 35,000 infrastructure projects. For more than a decade, the world's leading financial institutions and corporations have trusted RepRisk for due diligence and risk management across their operations, business relationships, and as a key input for their investment decisions. Learn more at www.reprisk.com.