

The need for independent providers of ESG data

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The demand for investment strategies that factor in environmental, social, and governance (ESG) issues such as climate change, corporate governance, human rights issues, and community relations is climbing at record rates. The coronavirus pandemic has placed an even greater spotlight on these issues as ESG investments outperform the market and investors seek to put their money with companies that are making decisions with all stakeholders in mind.

For banks, insurers, asset managers including alternatives and quants, and asset owners – data integrity is now even more critical for evaluating the long-term ESG risks of potential clients, partners, and investments. For data scientists such as RepRisk, remaining independent as a company is paramount to ensuring the authenticity, transparency, and agility of our business. But most importantly, we can focus all our efforts on our mission – providing transparency on ESG and business conduct risks to help drive accountability and responsible behavior of companies, thus creating positive change.

The importance of independence took on greater significance last week with the announcement that Morningstar was acquiring the remaining stakes in Sustainalytics. RepRisk is now the only major independent ESG data and research provider in the market at a critical time in our history.

Why do we remain independent?

Our independence and our sole focus on data and research – exclusively on ESG risks – means that RepRisk can deliver high-quality information that clients expect without distraction. We can be nimble and adjust easily to what our clients need and, most importantly, do what is right. For both our clients and our business.



In fact, we welcome clients to “kick the tires” and examine our data and ask us the difficult questions. How does RepRisk maintain data consistency over time? How does RepRisk ensure all companies having ESG risk exposure are covered? Since the start of our ESG Risk Platform in January 2007, we have had and will continue to have a transparent, rules-based methodology. In order to preserve data integrity and provide clients with systematically analyzed and curated data that is material and actionable, we only look to external sources and stakeholders – some 90,000+ in 20 languages that are screened daily – and intentionally exclude information from companies’ self-reporting or disclosures. By combining machine learning with human intelligence, we enable speed and scale while ensuring the relevance and depth of our data at the same time.

As the focus on ESG in business decision-making gains momentum, and related data is seen as a differentiator to better manage risks and create alpha, demand for reliable data with a clear use case will continue.

We look forward to working with our clients and partners to continue to deliver data that supports informed decision-making related to their business relationships, operations, and investments.