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Moody's Analytics research finds a direct correlation between RepRisk ESG risk incident data and total shareholder return

The research demonstrates the materiality of RepRisk data for financial decision-makers

Moody's Analytics leveraged RepRisk ESG risk data for two new research studies that found companies that develop responsible ESG practices and strive to mitigate ESG risks experience fewer noteworthy ESG risk incidents and better shareholder returns.

Moody's analyzed more than 3,000 public companies from 2013 to 2019, finding that a weak ESG risk management culture is among the top characteristics of companies that experience more ESG risk incidents. As ESG risk incidents can result in significant reputational, compliance, and financial impacts, the research evidenced that a firm's ESG risk management policies and actions, and the ESG scores that measure them, contain financially material information for investors.

Other key findings include:

- Moderate to severe ESG events resulted in an average -4% 12-month excess equity return, which represents a loss of \$292 million for a typical-sized firm in the study
- Introducing 'substantial' ESG policies will reduce the number of RepRisk incidents a \$100 billion company is subject to by 18%
- 'Substantial' ESG policies will reduce the incidents and controversy numbers by 31%. The estimated reduction is greater for larger companies

RepRisk has the world's largest database on ESG risks, powered by a consistent, transparent, and rules-based methodology that spans 15 years – the longest data time series in the industry. RepRisk's ESG risk data is ideal for financial decision-makers who wish to leverage historical ESG risk incident data for back-testing, quantitative analysis, and portfolio construction. Moody's research findings underscore the materiality of RepRisk data and how it can be leveraged in future-looking financial and investment analysis and decision-making.

Learn more about the research studies, *Measuring Persistence in ESG Risk Management Culture and The Business Impact of ESG Performance*:

<https://www.moodyanalytics.com/whitepapers/pa/2022/stronger-esg-risk-mitigation-practices-linked-to-better-shareholder-returns>

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About RepRisk

Founded in 1998 and headquartered in Switzerland, RepRisk is a pioneer in ESG data science that leverages the combination of AI 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 23 languages and coverage of 205,000+ public and private companies and 55,000+ 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 investments. Find out more on reprisk.com.