

RepRisk Readies User - Specific ESG Risk Products, Tests New Rating Metric

- By [Faye Kilburn](#)
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Zurich-based environmental, social and governance (ESG) risk data provider RepRisk is planning to diversify its offering over the course of this year to provide multiple products that cater to specific groups of end users.

Until now [RepRisk](#) has maintained a single database—dubbed the [ESG](#) Risk Platform, which the vendor launched in 2006 — that covers the risk profiles of more than 50,000 public and private companies, and 12,000 projects across multiple industry sectors worldwide.

However, in response to a diversifying customer base and a growing need for ESG data for different use cases in the capital markets industry, the vendor is now creating products targeted at specific users, such as, investors and risk managers who are interested in supply chain information, as well as users who need to monitor their own firms' reputational risk profile and report internally to management.

"We started off as due diligence risk monitoring tool for the financial sector, and now our data is a treasure chest of information on over 50,000 companies, but the expectations of our customers have evolved," says Alexandra Mihailescu Cichon, head of business development and marketing at RepRisk. "Now there are lots of different needs for such information, so we are moving strategically from being a one-product company to being a multi-product company. The transition is one that we are undertaking now, and we are working to package and visualize the data in different ways."

The first of the new products, which is still in development, is a suppliers screening report that will enable users to screen and prepare quarterly reports on the risk profiles of suppliers to companies that they are interested in investing in. Clients will be able to use these risk profiles to assess any change to a company's risk profile at the specific point when it begins working with a new supplier, or monitor their risk profiles over time.

The vendor has been receiving interest from multinational financial firms looking at supply chain relationships, which has been "a big issue" since the 2013 Rana Plaza

building collapse in Bangladesh, which Mihailescu Cichon says made companies realize that current supply chain disclosures were insufficient and meant that companies were not fully aware of their risk exposure. "Now, multinationals have woken up to the fact that there is potential unknown risk in the supply chain, so they are looking for information providers," she adds.

The vendor is also developing investment and portfolio screening reports to provide investment management clients with views not only of the "hot spots" of ESG risk, but also of the aggregate measure of risk in their portfolios. Meanwhile, in the latter half of this year, RepRisk will release a Director's Brief targeted at executives and directors, which will provide a four- to five-page quarterly report of their own company's ESG risk, as well as a comparative analysis against their peers.

Finally, the vendor will launch a new metric based on its RepRisk Index to help users better understand ESG risk. Currently, the vendor's index assigns a score of between zero and 100 to companies, countries or sectors, whereas the new metric will adopt the AAA to D rating scheme commonly used by the major index providers.

"People see RepRisk's score of zero to 100, and they ask what 12 means, or what 64 means. The new rating is easy to understand, and we are providing it not just for all the companies in our database, but also for country and sector exposure," Mihailescu Cichon says.

The new rating metric is currently in beta testing and will be launched later this year.