



RepRisk

ESG Compliance & Fraud Risk Management

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Introduction to RepRisk

An ESG dataset unique
in the industry

RepRisk is the world's largest ESG technology company and a pioneer in ESG data science



- RepRisk specializes in premium, daily-updated **ESG risk research and quantitative solutions**
- 1998: Born out of credit risk management, founded as a risk consultancy serving the financial sector
- 2006: Launch of the RepRisk Platform as a due diligence tool to identify, assess, and monitor ESG risks in business relationships, operations, and investments
- 2022: Runs the **world's largest and most comprehensive database on ESG risks (220,000+ companies)** serving 500+ clients and 40+ partners globally

The only ESG research and data provider to systematically cover emerging and frontier markets, private companies, and infrastructure projects.

RepRisk is beautifully simple

Helping to systematically identify and assess ESG risks



**ESG through
a risk lens**

**With an outside-in
perspective**

**Daily-updated
research and metrics,
since January 2007**

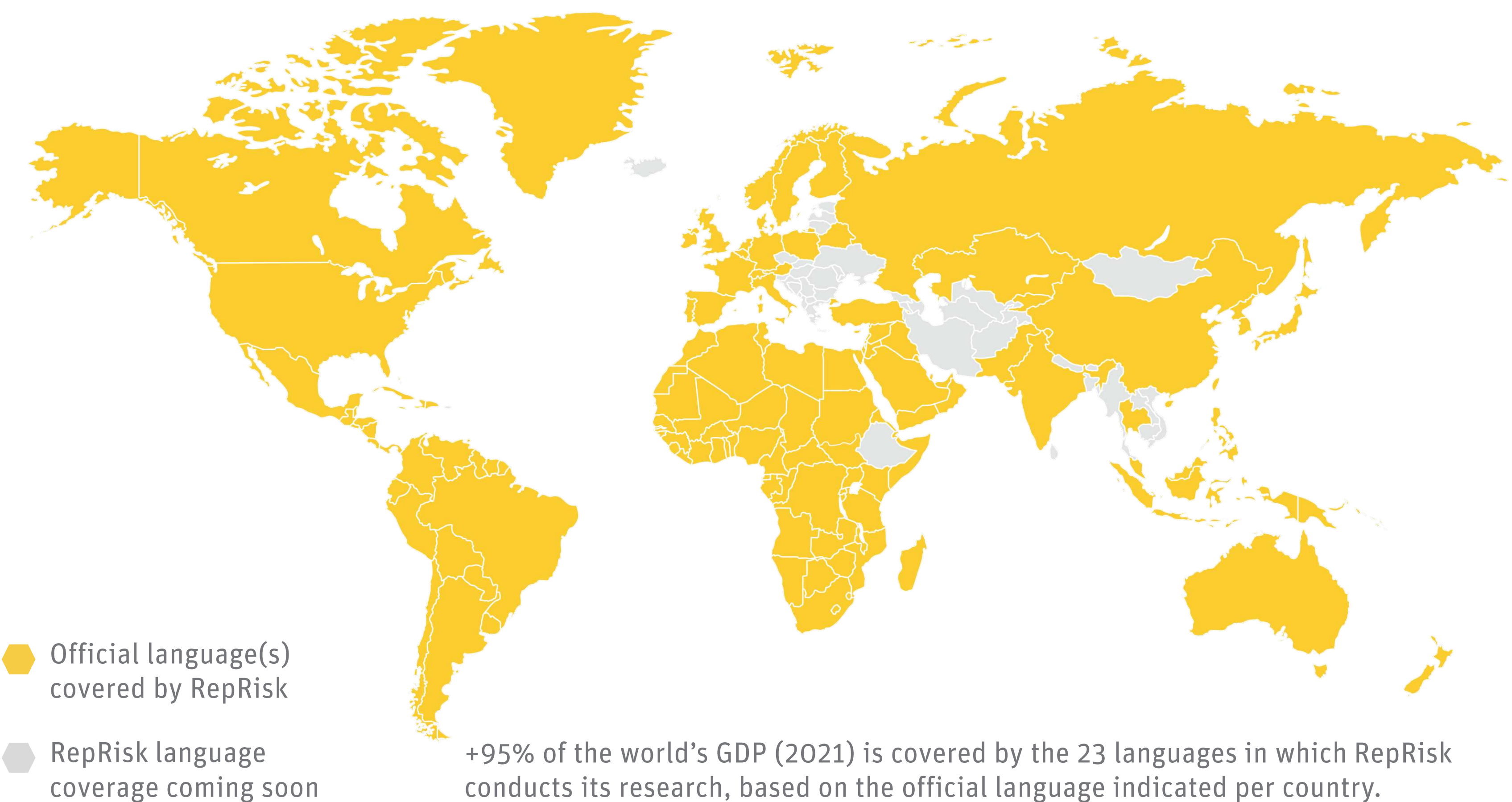
**Powered by a
unique combination
of AI & machine
learning + human
intelligence (HI)**

Our research input: A daily screening of big data to systematically identify and assess ESG risks

Big data: Daily screening of 100,000+ sources and stakeholders in 23 languages



Research in 23 major business languages means risk identification at the local level in local languages



Arabic	Bahasa Indonesia
Bahasa Malaysia	Chinese
Danish	Dutch
English	Filipino
Finnish	French
German	Hindi
Italian	Japanese
Korean	Norwegian
Polish	Portuguese
Russian	Spanish
Swedish	Thai
Turkish	

Our research scope comprises 28 ESG Issues in line with key international standards

Environment

Environmental footprint

- Climate change, GHG emissions, and global pollution
- Local pollution
- Impacts on landscapes, ecosystems, and biodiversity
- Overuse and wasting of resources
- Waste issues
- Animal mistreatment

Social

Community relations

- Human rights abuses and corporate complicity
- Impacts on communities
- Local participation issues
- Social discrimination

Employee relations

- Forced labor
- Child labor
- Freedom of association and collective bargaining
- Discrimination in employment
- Occupational health and safety issues
- Poor employment conditions

Governance

Corporate governance

- Corruption, bribery, extortion, money laundering
- Executive compensation issues
- Misleading communication (including greenwashing)
- Fraud
- Tax evasion
- Tax optimization
- Anti-competitive practices

Cross-cutting Issues

- Controversial products and services
- Products (health and environmental issues)
- Supply chain issues
- Violation of national legislation
- Violation of international standards

Note: The 28 RepRisk ESG Issues are mapped to the UN Global Compact Principles, the SASB Materiality Map, and the Sustainable Development Goals (SDGs)

Fraud as an ESG risk

Examples of recent widely known large-impact, fraud associated cases

Volkswagen

Emissions cheating through defeat device (Dieselgate)

Collapse of Morandi Bridge in Genoa on August 14, 2018

1Malaysia Dev. Bank

Global corruption and fraud case involving fund diverted from 1MDB

Hearing loss due to defective ear plugs

Deutsche Bank

Concealment of problems with the 737 MAX flight-control system

Illegal practices in relation to investment of its funds

Autostrade per l'Italia

January 2019 collapse of Brumadinho Mine dam

Teva

Deceptive commercial practices linked to deliberate slowing down of iPhones

Role in opioid overdose and addiction epidemic

Subsidiary DWS Group's exaggeration of credentials linked to ESG-labeled investment products

3M Co

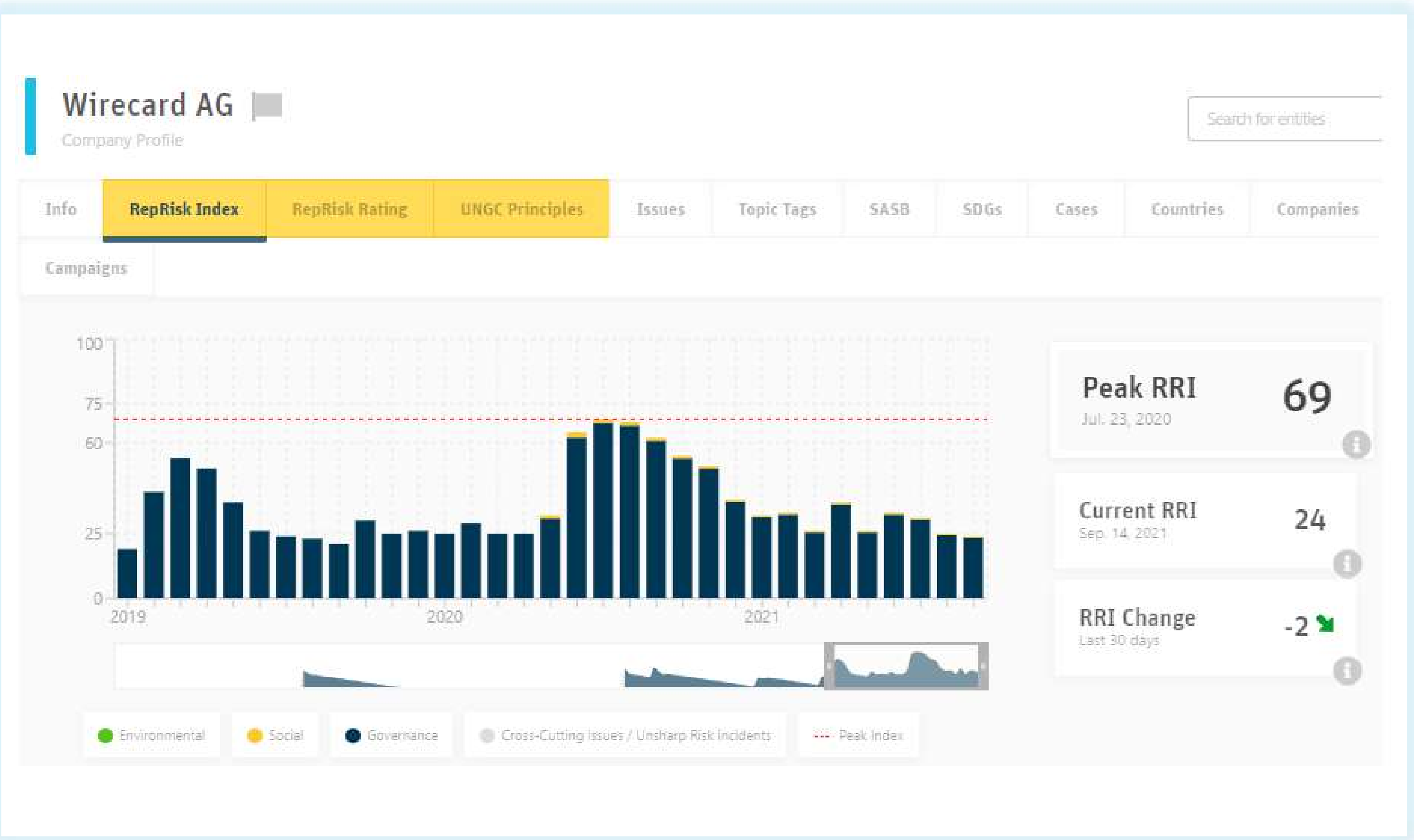
Boeing

Optimus Asset
Management

Vale

Apple

ESG risks can have bottom-line financial, compliance, and reputational implications for companies



RepRisk linked Wirecard eleven times to issues related to fraud and nine times to issues related to corruption and money laundering between 2010 and February 2019 before the company reached its high-risk threshold level.

[Read the full case study](#)

RepRisk dataset: 5 facts about fraud

Fraud definition (RepRisk research scope)

Intentional deception made for personal gain or damage to another individual (lying with financial or legal impacts).

This includes, for example:

- counterfeiting
- forgery
- embezzlement
- insider trading
- fraud related to bankruptcy, investments or securities,
- breach of fiduciary duty,
- false advertising /billing /claims /documentation,
- misleading investors,
- stock price manipulation,
- etc.

56,000+ fraud-related risk incidents

Of these, 666 were also linked to misleading communication (including greenwashing)

Top 5 countries with most fraud-related incidents:
USA, China, South Korea, Russia, India

Top 5 companies: one car manufacturer, followed by banks

Top 5 companies with most incidents defined as very severe: Goldman Sachs, Volkswagen Group, Vale SA, Boeing, Glencore

Industry pain points with ESG data

The challenge

Finding data that can reliably be used in decision-making, and therefore does not mask risk or include superfluous metrics.

How to address it

- Use a risk focus
- Do not solely rely on company self-reporting
- Data generation via a robust methodology

Pain point: evolving regulatory requirements

The challenge

Regulations increasingly go beyond disclosing policies and intentions to examine on-the-ground impact and risks.

How to address it

- Implement appropriate due diligence procedures
- Focus on impact-based disclosures
- Focus on prevention and mitigation of potential risk

Integrating ESG risk into internal processes

ESG risk incidents can materially impact a company's bottom line



Compliance risks



Reputational risks



Financial risks

RepRisk: Integrating ESG throughout risk management and compliance processes



Thank you!

Get in touch



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