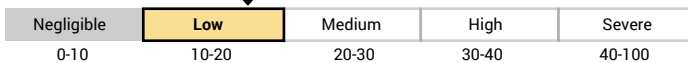


ABC Corp.

Electronics Equipment | Japan | NAS:ABCC

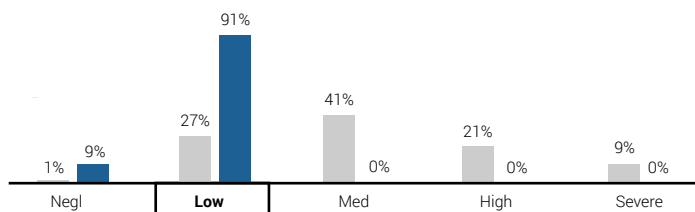
17.3/100 Low Risk



Rating Overview

The company is at **low risk** of experiencing material financial impacts from ESG factors, due to its low exposure and weak management of material ESG issues. The company is noted for its poor corporate governance performance, which is increasing its overall risk. However, its weak management has not resulted in significant controversies and the company's favourable risk assessment is primarily due to its low exposure to ESG issues.

ESG Risk Rating Distribution



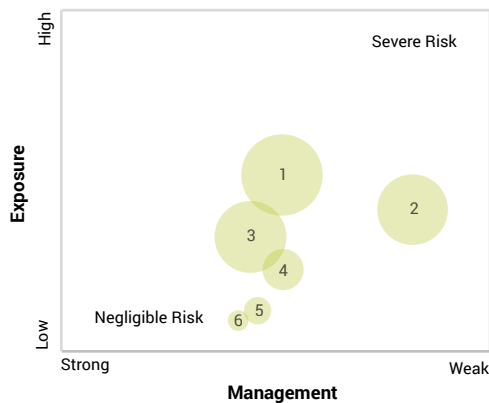
Relative Performance

	Position (1st = lowest risk)	Percentile (1st = lowest risk)
Global Universe	2,981 out of 3,595	17th
Electronics Equipment (Subindustry)	2 out of 23	95th

Attribution Analysis

Top Material Issues

Issue	Score	ESG Risk Rating
		Negl Low Med High Severe
		0-2 2-4 4-6 6-8 8-20
1 Corporate Governance	6.8	High
4 Human Capital	2.6	Low
3 Carbon - Own Operations	2.4	Low
4 Business Ethics	2.3	Low
5 Product Governance	1.7	Negligible
6 Human Rights - Supply Chain	1.5	Negligible



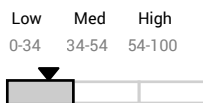
△ = Significant event

○ Circle size = Issue contribution to overall rating

Risk Analysis

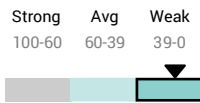
Exposure

20.7/100 Low



Management

16.7/100 Average

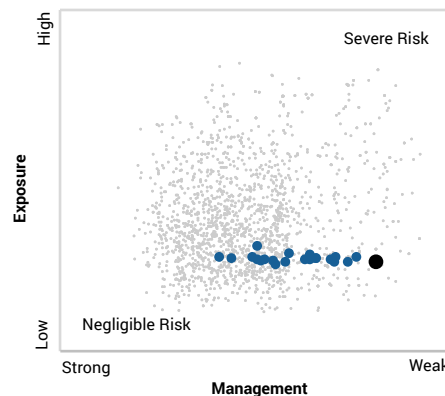


The company is recognized as one of the most profitable companies in Japan, with an operating margin of 55.6% in FY2017. The profitability of the company has been supported by its highly skilled employees. Accordingly, talent attraction and retention are integral to the company's success. Although the company is known as one of the top paying companies in Japan, it faces human capital risks due to its intensive hard-working culture with limited work-life balance. Furthermore, as a fabless company, it faces risks associated with human rights along its supply chain. For example, if a customer finds evidence of child/forced labour in the company's contract manufacturers, it may result in termination of the contract. In addition, Japanese electronics manufacturers often face challenges with anti-competitive practices, which may result in investigations and financial penalties. Therefore, the company's key ESG issues are Human Capital, Human Rights - Supply Chain, and Business Ethics.

The company has minimal sustainability/CSR reporting and does not disclose ESG data and KPIs, and there is no evidence of clear managerial responsibility for sustainability issues. In 2017, the company established procurement guidelines, which include some human rights expectations from its suppliers such as prohibition of child/forced labour. The company also states that it has conducted supplier conflict minerals survey by using the tool provided by the Conflict-Free Sourcing Initiative (CFSI). Although the company demonstrated some initiatives to manage human rights risks in its supply chain, its overall sustainability reporting remains poor, and it does not disclose formal policies and initiatives to address risks associated with Human Capital and Business Ethics. The company manages its material ESG issues poorly.

The company's overall management of material ESG issues is weak.

The company's overall exposure is low and is moderately below subindustry average. Human Capital, Human Rights - Supply Chain and Business Ethics are noteworthy material ESG issues.

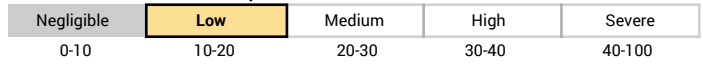


● Global Universe
● Electronics Equipment (Subindustry)
● ABC Corp.

ABC Corp.

Electronics Equipment | Japan | NAS:ABCC

17.3/100 Low Risk



Attribution Details

Issue Name	Contribution to ESG Risk Rating	Subindustry Exposure	Company Exposure	Excess Exposure	Manageable Risk Factor	Management Score	ESG Risk Rating	
Corporate Governance	44.54 %	9.0	9.0	0.0	100 %	24.20	4.7	
Human Capital	13.36 %	6.0	2.7	-3.3	100 %	3.00	6.3	
Carbon - Own Operations	13.36 %	3.0	2.7	-0.3	100 %	9.75	2.9	
Business Ethics	12.69 %	5.0	2.7	-2.3	95 %	15.00	2.7	
Product Governance	8.91 %	2.0	1.8	-0.2	100 %	7.50	1.0	
Human Rights - Supply Chain	7.13 %	2.0	1.8	-0.2	80 %	23.12	0.6	
Overall	100.00 %	-	20.7	-	-	3.40	17.3	Low

= Significant event

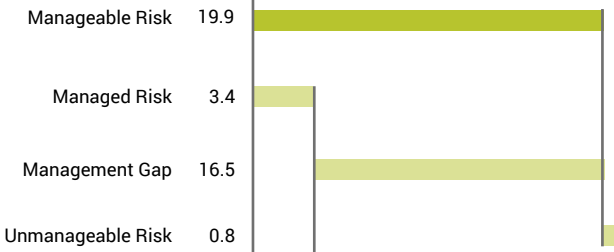
Risk Details

Exposure



A company's or subindustry's sensitivity or vulnerability to ESG risks.

Management

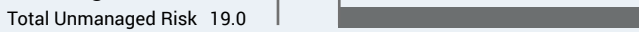


Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

Material ESG Risk that has been managed by a company through suitable policies, programmes or initiatives.

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

ESG Risk Rating



Material ESG risk that has not been managed by a company, and includes two types of risk: unmanageable risk, as well as risks that could be managed by a company through suitable initiatives but which may not yet be managed.