

# RECTICEL N.V. (REC)

COMMODITY CHEMICALS | BE

ESG RATING

**A**

LAST UPDATE: April 19, 2018

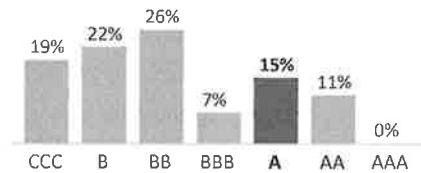
## OWNERSHIP OVERVIEW

**Capital Structure** Single Equity Class  
**Ownership Classification** Principal Shareholder  
**Top Shareholders:**  
 Compagnie du Bois Sauvage SA- 27.56%

## ESG SCORE CARD\*

	WEIGHT	SCORE	QUANTILE
<b>Environment</b>	<b>64.0%</b>	<b>5.6</b>	
Toxic Emissions & Waste	20.0%	3.6	●●●
Carbon Emissions	16.0%	10.0	●●●●
Water Stress	16.0%	4.9	●●●●
Opportunities in Clean Tech	12.0%	3.9	●●●
<b>Social</b>	<b>20.0%</b>	<b>0.2</b>	
Chemical Safety	20.0%	0.2	●
<b>Governance</b>	<b>16.0%</b>	<b>7.2</b>	
Corporate Governance	16.0%	7.2	●●●●
<b>Overall Score</b>			
Weighted-Average Key Issue Score		4.8	
Industry Relative Score		6.6	

## INDUSTRY RATING DISTRIBUTION



## ESG RATING HISTORY

**A**

Apr-18

## RATING COMMENT

**RATING DATE: April 19, 2018**

We initiate coverage of Recticel at 'A'.

Recticel produces polyurethane foams for bedding, insulation, automotives etc. The company has better governance practices related to ownership and control than its peers. Its board has an independent majority, which aids critical governance oversight. It also has fairly strong practices to reduce its carbon emissions. It has set a target of reducing its carbon footprint by 25% in 2020 and 40% in 2030 and is utilizing CO2 in its flexible foam applications. However, we note that Recticel faces potential costs associated with discharges and waste, chemical regulatory risks and potential reformulation costs as its practices to mitigate toxic emissions and ensure chemical safety lag its peers.

**Analyst: Priyanka Dhingra**

## KEY RISKS



**Chemical Safety** - Score 0.2

**April 19, 2018**

In the context of global industry peers, Recticel ranks at the bottom quartile. Recticel's exposure to regulatory risks and potential reformulation costs is determined to be high. Our analysis finds the company to have low capacity to manage the relevant risks.



**Toxic Emissions & Waste** - Score 3.6

**April 19, 2018**

In the context of global industry peers, Recticel ranks at the above average quartile. Recticel's exposure to potential costs associated with its discharges and waste is determined to be moderate. Our analysis finds the company to have low capacity to manage the relevant risks.

## STRENGTHS

No areas of substantial strengths in managing material risks or capitalizing on growth opportunities are identified for this company.

## ISSUER COMMUNICATION

Company response last 12 months? **NO**

## MOST RECENT CONTROVERSIES

There are no recent new controversies or updates to ongoing controversies for this company.

\*For symbols and terms used in this report, refer to the Glossary section at the end of the report.

**CORPORATE GOVERNANCE HIGHLIGHTS**

**CEO**

Name  
Olivier Chapelle

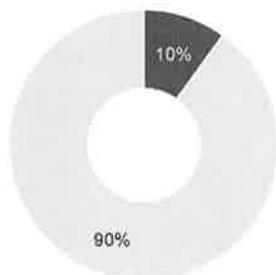
Tenure  
8 Years

Total Realized Pay  
USD 1,741,700.36

Total Summary Pay  
USD 1,184,526.76

**BOARD OF DIRECTORS**

BOARD TYPE: Unitary Board



- Executive
- Links to Management
- Independent of Management

**KEY AREAS OF CONCERN**

**Pay Performance Alignment**

- CEO Equity Policy
- Clawbacks & Malus
- Significant Vote Against Pay Practices
- Pay Linked to Sustainability

**Board Effectiveness**

- Overboarded Non-Exec Directors

**Accounting Risk**

- Revenue Recognition
- Expense Recognition
- Asset-Liability Valuation

**Deduction**

**(-0.75)**

**(-0.50)**

**(-0.35)**

**LARGEST 10 INDUSTRY PEERS (COMMODITY CHEMICALS)**

	TOXIC EMISSIONS & WASTE	CARBON EMISSIONS	WATER STRESS	OPPORTUNITIES IN CLEAN TECH	CHEMICAL SAFETY	CORPORATE GOVERNANCE	RATING AND TREND
ASAHI KASEI CORPORATION	●●●●	●●●●	●●●●	●●●●	●●●	●●●●	AA ↔
TORAY INDUSTRIES, INC.	●●●●	●●●●	●●●	●●●●	●●	●●	AA ↔
LG CHEM LTD	●●●	●●●●	●●●	●●●	●●	●	A ↓
RECTICEL N.V.	●●●	●●●●	●●●●	●●●	●	●●●●	A ↔
NAN YA PLASTICS CORPORATION	●●●	●●●●	●●●	●	●●	●	BB ↓
LOTTE CHEMICAL CORPORATION	●●●●	●●	●●	●●●●	●●●	●●●	BB ↔
LyondellBasell Industries N.V.	●	●●	●●●	●	●●●●	●●●●	BB ↔
WESTLAKE CHEMICAL CORPORATION	●●●	●	●	●●	●	●●●●	B ↔
Formosa Plastics Corporation	●●	●●	●●●●	●●	●●	●	B ↔
FORMOSA CHEMICALS & FIBRE CORPORATION	●●	●●●	●●	●	●	●	CCC ↔
PETRONAS CHEMICALS GROUP BERHAD	●	●	●●●	●	●●●	●●	CCC ↔

**QUARTILE KEY:** ● Bottom Quartile ●●●● Top Quartile  
**RATING TREND KEY:** ↔ maintain ↑ upgrade ↑↑ two or more notch upgrade ↓ downgrade ↓↓ two or more notch downgrade

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