RepRisk Releases Annual 'Most Controversial Companies' List
by Sustainable Brands (user/10996)  April 17, 2014

RepRisk has released its Most Controversial Companies of 2013 (http://www.reprisk.com/marketing/wp-content/uploads/2014/04/140416-Reprisk-MCC-Report.pdf) report. Throughout the year, RepRisk detected news on thousands of companies across the globe in relation to their environmental, social and governance (ESG) risks. The report analyzes documented negative incidents, criticism and controversies related to the 10 firms that received the highest RepRisk Index (RII) in 2013.

2013’s 10 most controversial companies are headquartered around the world and represent a range of industries including banking, pharmaceutical and retail. The issues for which they generated controversy spanned the spectrum of ESG issues including poor labor conditions, anti-competition breaches, human rights violations as well as fraud, bribery and money laundering.

The RRI is RepRisk’s proprietary algorithm that captures criticism and quantifies a company’s exposure to controversial ESG issues. The information has been captured and systematically analyzed from a wide range of third-party sources including online and print media, NGOs, government agencies, blogs and more.

As some of the companies have relatively untarnished reputations prior to the issues they experienced during 2013, the impact on their RRI was greater due to the novelty of such incidents — this is because the RRI emphasizes companies that are newly criticized or have had less criticism in the past. In other words, companies with a lot of past criticism are less sensitive to new criticism — this particularly applies for Mango, Comigel and Findus.

The Federation Internationale de Football Association (FIFA) tops this year’s list, conditions of migrant workers have been likened to forced labor during the construction of the 2022 World Cup facilities in Qatar. Last summer, FIFA came under fire in relation to the deaths of approximately 40 Nepalese workers under “suspicious circumstances.” The association has also experienced issues with corruption regarding the selection of Qatar, while in Brazil there have been a myriad of social issues as locals have been affected by the 2014 World Cup preparations.

Retailer Punta Fa, otherwise known as Mango (News and views/supply_chain/mco_reghalo/whiten your critics they could be your biggest allies),

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The 10 Most Controversial Companies of 2013 were:
1. International Federation of Association Football (FIFA)
2. Fomenta Co-operative Group Ltd
3. Punta Fa SL (Mango)
4. GlaxoSmithKline PLC
5. BNP Paribas SA
6. HSBC Holdings PLC
7. IFAP LLC
8. Samsung Group
9. Able Group Ltd
10. Cantor Fitzgerald

suffered a blow to its reputation after the fatal factory collapse of Rana Plaza in Bangladesh. Food and beverage companies Comigel and Findus made the list due to their involvement in the horse meat scandal, while HSBC and ICAP’s reputations suffered after investigations into their role in the manipulation of interbank-offered lending rates and foreign exchange rates. HSBC and BNP Paribas were also highlighted for issues related to money laundering, fraud and for financing controversial projects with negative environmental and social impacts.

Dairy company Fonterra has suffered repeatedly due to allegations of contaminated products, while GlaxoSmithKline was a target of criticism because of health issues associated with its medications as well as drug trials in developing countries, market manipulation and bribery. Finally, poor working conditions at Samsung’s factories and in its supply chain have left the company exposed to numerous health and safety issues with workers suffering severe injuries and illnesses, resulting in death in some cases.

It’s been proven time and again that reputation is everything. Even companies that make considerable strides in ESG are not immune to reputational damage that may take years to overcome. Consumer surveys such as Brandlogic/CRD Analytics’ Sustainability Leadership Report (news and views/articlesbrandlogic-ord-release-2012-sust-leadership-report) and Serviceplan Group’s Sustainability Image Scores survey (news and views/stakeholder trends/insights/jennifer elks/ethical fast fashion bm trying prove its no) illustrate the discrepancy between some brands’ performance in this area and customers’ perceptions of their performance.

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