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RepRisk Names Ten Most Controversial Companies in 2012

by Robert Kropp

This year, the annual list from the Swiss-based environmental and social data provider focuses on poor labor conditions and human rights violations as well as bribery, fraud and money laundering.

SocialFunds.com -- Last week, SocialFunds.com reported on the publication of the [Global 100](#) list of the most sustainable corporations by [Corporate Knights](#), the Canadian media and research company. One could question, as I did, the inclusion on the list of a company like Enbridge, a pipeline operator whose plans to transport crude oil from the environmentally destructive tar sands of Alberta, Canada, have been met with significant public opposition. But the methodology employed by Corporate Knights suggests that sustainable investors are more likely to have their long-term approach rewarded by most of the Global 100 companies.

Not so the companies earning the dubious distinction of inclusion on another list of top companies published last week. [RepRisk](#), a Swiss-based environmental and social data provider, released its annual [The Most Controversial Companies](#). "Notably," the report states, "poor labor conditions and human rights violations as well as bribery, fraud and money laundering, were the main issues criticized."

Two of the top three companies on the list were named for specific workplace incidents. In Bangladesh, a factory owned by garment manufacturer Tazreen Fashions caught fire and 112 workers were killed. Survivors reported that exit doors were locked and bystanders reported that workers were forced to jump from the windows of an eight-story building to escape. News reports compiled by RepRisk linked Tazreen with such major corporations as Wal-Mart, Disney, Sears, Enyce, Teddy Smith, and Edinburgh Woollen Mill.

During a worker strike over wages at a platinum mine in South Africa owned by British mining company Lonmin, clashes between miners and police led to the deaths of 34 protestors. Another 78 were injured and 259 were arrested. South African President Jacob Zuma announced a Judicial Commission of Inquiry into the tragedy.

Finishing second on RepRisk's list was Olympus. The Japanese company engaged in accounting fraud that allowed it to conceal \$1.7 billion in investment losses from investors and auditors. Olympus was also criticized for using conflict minerals in its products and for poor working conditions at the factory of a supplier in China.

Tied for fourth place was News Corp, due largely to continuing fallout from the phone hacking scandal but also for the sourcing by a subsidiary of paper from endangered Indonesian forests. Also ranking fourth was Samsung, for poor working conditions at its supplier factories and anti-competitive practices.

Lonmin and Samsung are also included on a recently published list from [GMI Ratings](#) of companies "that have been involved in workplace safety violations and/or have utilized sweat shop labor in their supply chain."

Such companies, GMI reports, "may be more likely to be fined or to suffer reputational damage; poor oversight of such labor matters may also be an indicator of management quality more broadly. As a result, many investors are examining the workplace safety record of the companies whose securities they hold, and are favoring firms that have avoided substantial violations."

Included on GMI's watch list was Wal-Mart, for workplace safety events. Despite the widespread

attention by news outlets to allegations of bribery by the retailer's Mexican subsidiary, Wal-Mart was not included on RepRisk's 2012 list.

Also included on GMI's list is a number of information and communications technology (ICT) companies—Dell, Ericsson, Hewlett-Packard, and Microsoft, along with Samsung—for supply chain issues.