



## **Major reputation risks reside in supply chains, according to new RepRisk report**

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RepRisk, an international provider of ESG analyses, released a special report in January 2015. The report identifies the ten companies that provoked most public criticism during 2014. Supply chain issues play an important role: they are the main explanation for the bad performance of many of the listed companies.

Supply chains pose today's most important sustainability challenges for a lot of companies. The RepRisk report reveals clearly that not addressing these challenges is linked to high reputation risks and highlights specific issues, such as:

- product quality issues – including health and safety risks for consumers
- incidents of child labor or fatal accidents
- human rights violations

From a supply chain perspective, it is interesting that a number of tier 1 and 2 suppliers of large automotive brands have been identified as most controversial, raising questions on their customers' supply chain sustainability and compliance efforts.

A telling detail illustrates how quickly reputation risks travel down the supply chains and cause reputation transfers: for several less-known companies, the report explicitly mentions their well-known buyers. The reputation of these international brands and companies takes its share when their suppliers get public criticism.

Effective Supply Chain Due Diligence Systems addressing sustainability aspects can help companies reduce their reputational risk and establish more efficient and resilient supplier networks.

To download the whole RepRisk report "The Most Controversial Companies of 2014", please visit the following [link](#).