

Facebook exclusion confirmed

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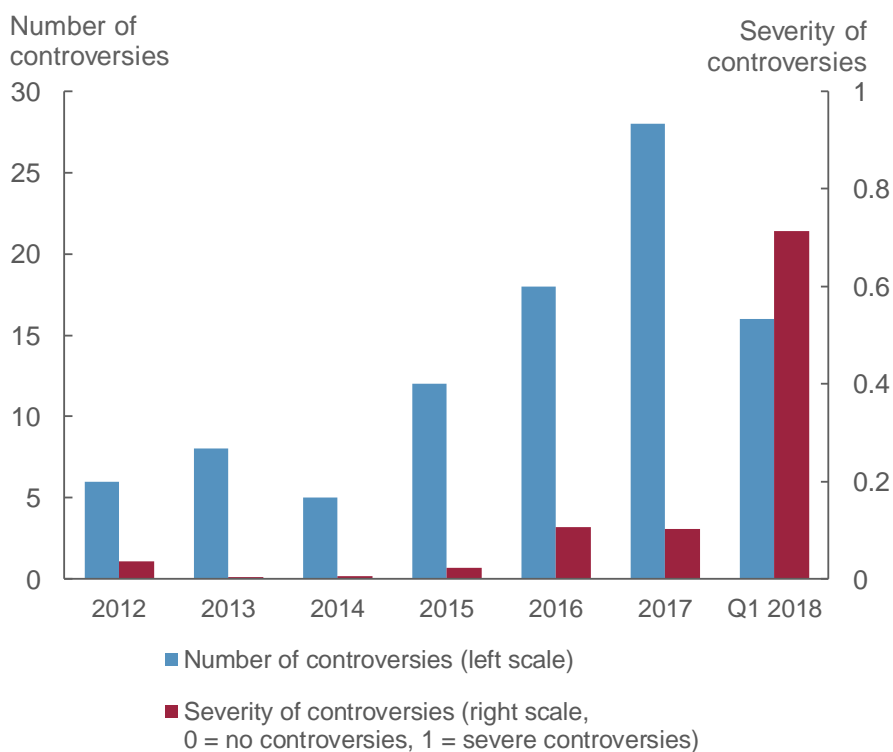
Facebook is facing enormous pressure as Christopher Wylie, former head of research at Cambridge Analytica, recently revealed to the public the extent of customer data abuse by the company. Since then, Facebook has been suspected of knowingly collecting and illegally using customer information or of not taking sufficient care to protect it. The scandal confirms Inrate’s assessment that Facebook is a problematic company due to the shortcomings in the protection of customer data.

Was the development predictable?

Since its IPO in 2012, Facebook has regularly appeared in Inrate’s Reputational Risk Screening for incidents relating to controversial behavior. From Inrate’s point of view, both the unclear use of customer data and the company’s lack of transparency vis-à-vis its investors and stakeholders represent a substantial reputation risk.

Inrate has seen a significant increase in Facebook’s controversial practices since 2015. For the first time in 2016, a Facebook controversy exceeded a threshold, rendering the incident as “critical”. As a result, Inrate excluded Facebook for sustainable investors in 2016 due to controversies.

Development Controversies Facebook





The addition of this year's serious controversies has allowed Inrate to substantiate its assessment of Facebook as a problematic company in regard to shortcomings in protecting customer data.

In general, companies that are involved in serious controversies usually have a history of regular incidents. Inrate is therefore convinced, that the risk profile of portfolios can be optimized by taking appropriate controversy indicators into account.

Inrate Reputational Risk Screening

Inrate's Reputational Risk Screening is based upon the systematic analysis of articles from the media and specialist reports. New controversies are continuously recorded, categorized into 38 subject areas and the severity of the individual controversial behaviors is determined. With the help of controversial screening, companies can be excluded (e.g. serious cases of human rights violations) or companies with increased risk can be identified.

Inrate

Inrate is an independent sustainability ratings provider based in Switzerland. Since 1990, we have been linking our in-depth sustainability analysis with innovative solutions for the financial markets. Inrate sustainability ratings provide a measure of the impacts that a corporation has on society and the environment with its conduct and its products.

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