



RepRisk Special Report

Most Controversial Projects 2015

About RepRisk

RepRisk is a leading business intelligence provider, specializing in environmental, social, and governance (ESG) risk analytics and metrics.

Harnessing a proprietary, systematic framework that leverages cutting-edge technology and hands-on human intelligence in 15 languages, RepRisk curates and delivers dynamic risk information for an unlimited universe of companies.

Since 2006, RepRisk has built and continues to grow the most comprehensive ESG risk database that serves as a due diligence, research, and monitoring tool in risk management, compliance, investment management, corporate benchmarking, and supplier risk. The database currently includes risk profiles for over 60,000 public and private companies, 16,000 projects, as well as for every sector and country in the world.

Headquartered in Zurich, Switzerland, RepRisk serves clients worldwide, including global banks, insurance providers, investment managers, and corporates, helping them to manage ESG and reputational risks in day-to-day business.

RepRisk provides the transparency needed to enable better, more informed decisions.

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CEO Foreword



I am pleased to announce the release of our Most Controversial Projects Report that highlights projects – such as factories, mines, and residential and leisure complexes – that were most exposed to environmental, social, and governance (ESG) risks in 2015.

Six of the projects included in the report faced an unexpected incident in 2015, which led to reputational, compliance, and financial risks for the companies concerned.

The report has been compiled using RepRisk's dynamic ESG risk analytics and metrics and is based on information that is screened, analyzed, and quantified on a daily basis from a wide range of publicly available media, stakeholder, and other third-party sources.

Currently, RepRisk's ESG Risk Platform covers over 16,000 projects that are linked to ESG-related risk incidents. This number increases daily as new information is captured and analyzed. At the request of our clients, the MCP Report is now an annual feature on RepRisk's calendar of reports.

We hope you find the report useful and interesting. Our aim is to raise awareness of potential ESG risks and to encourage companies to systematically take into account such issues in their risk management strategies and processes.

Dr. Philipp Aeby, CEO, RepRisk AG



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Overview and ranking

MCP 2015 ranking	Project name	Peak RRI in 2015	Sector	Country of headquarters
#1	Rajput Polyester Factory	69	Personal and Household Goods	Pakistan
#2	Valenzuela Slipper Factory	68	Personal and Household Goods	Philippines
#3	Vostochnyi Spaceport (Vostochny Kosmodrom)	61	Construction and Materials	Russia
#4	Tia Mia Gold Mining Project	60	Mining	Peru
#5	Angra 3 Nuclear Reactor	59	Utilities	Brazil
#6	Hpakant Gyi Jade Mine	58	Mining	Myanmar
#6	Carmichael Coal Mine and Rail Project (Galilee Basin Project)	58	Mining	Australia
#7	Ilha Pura Olympic Village	57	Construction and Materials	Brazil
#8	Long Lake Oil Sands Project	56	Oil and Gas	Canada
#9	Formosa Fun Coast Water Park	55	Travel and Leisure	Taiwan
#10	Grand Mosque Expansion Project	53	Construction and Materials	Saudi Arabia

Excluded Projects: Tianjin Chemical Storage Facility, China, RRI: 91; Germano Mine, Brazil, RRI: 88; FIFA World Cup (South Africa, Qatar, Russia), RRI: 71; Brenham Plant (Blue Bell Creameries), RRI: 63.

Overview and ranking

Throughout 2015, RepRisk systematically screened big data from over 80,000 public sources in 15 languages in order to identify, analyze, and quantify environmental, social, and governance (ESG) risks related to companies, projects, sectors, and countries.

Our Most Controversial Projects Report 2015 (MCP 2015) highlights the projects that had the highest Reputational Risk Index (RRI)¹ in 2015 – and therefore, the highest exposure to ESG risks. Four of the projects are based in Asia, three are located in Latin America, and the other projects are in based in Australia, Russia, Saudi Arabia, and the United States. The projects span a wide range of sectors including construction, leisure, mining, oil and gas, personal and household goods, and utilities.

The International Labour Organization estimates that every 15 seconds, a worker dies from a work-related accident or disease, and that poor occupational safety and health practices has an annual cost of around 4 percent of global GDP.

Out of the ten projects ranked in the MCP 2015 report, six were related to major workplace accidents that led to deaths and injuries. It is interesting to note that negligence on the part of management was blamed for five out of these six fatal incidents. The collapse of a manufacturing plant in Pakistan, a factory fire in the Philippines, a landslide of mining debris in Myanmar, an explosion at a music event in Taiwan, and a construction site accident in Saudi Arabia were all attributed to a severe disregard of safety regulations by the companies concerned.

Projects in Brazil and Russia were linked to endemic corruption, while extraction projects in Australia and Peru faced massive protests from NGOs and local residents over concerns about their impacts on the environment and local communities.

Although some other projects in 2015 had a higher ranking than those highlighted in this report, we have chosen to exclude those that were cited in our [Most Controversial Companies Report 2015](#). The excluded projects are listed below the chart on page 6.

1. The RRI is RepRisk's exclusive and proprietary algorithm which dynamically quantifies reputational risk exposure related to ESG issues. It facilitates an initial assessment of the ESG and reputational risks associated with financing, investing, or conducting business with a particular company. For more information see our methodology on page 25.

1. Rajput Polyester Factory

Location: Pakistan; **Peak RRI:** 69

RepRisk has identified the Rajput Polyester Factory, which collapsed on November 4, 2015 in the Sundar Industrial Estate in Lahore, Pakistan, as the most exposed project of 2015. Workers were adding another floor to the three-story building when the structure collapsed, trapping over 150 workers. Over 2,000 rescue personnel, including the Pakistani army, worked to free the survivors, but the final death toll reached 46, including the factory owner and his son, and a further 103 people were injured. Survivors claimed that the factory owner had ignored requests to stop construction work after an earthquake caused cracks to appear in the walls of the building.

The factory, which manufactured plastic shopping bags, was allegedly in a poor condition even before the construction work. The IndustriALL union claimed that factory workers were not registered and were being paid less than the minimum wage. In addition, workers were supposedly required to work 12-hour shifts. It was also reported that children as young as 12 years of age were employed at the factory.

Punjab Industrial Estates Development and Management Company (PIEDMC) and other executives were held responsible for the collapse. PIEDMC was also blamed for failing to supervise the construction, or enforce industrial building regulations.

Most associated companies: Rajput Polyester Factory

1. Punjab Industrial Estates Development and Management Company (PIEDMC)

Top ESG Issues: Rajput Polyester Factory

1. Occupational Health and Safety Issues
2. Poor Employment Conditions
3. Human Rights Abuses and Corporate Complicity
4. Child Labor
5. Freedom of Association and Collective Bargaining

Top ESG Topic Tags: Rajput Polyester Factory

1. Negligence

Police in Sundar filed charges of attempted murder against two architects, a chief engineer, and the factory owner under the Anti-Terrorism Act, and Pakistan's Industries Department recommended legal action against eight people who were declared directly responsible.

2. Valenzuela Slipper Factory

Location: Philippines; **Peak RRI:** 68

The Valenzuela Slipper Factory in Manila, that produced rubber shoes for Kentex Manufacturing, ranks in second place on our MCP Report 2015, due to a fire that broke out on May 13, 2015, killing 72 workers. The fire was allegedly started by sparks from welding work being carried out at the factory, which ignited flammable chemicals near the entrance and caused a blaze that trapped workers on the second floor of the building. Survivors claimed that safety standards at the factory had been lax, and the Justice for Kentex Workers Alliance and other activists accused the firm of poor health and safety procedures.

It was then revealed that workers at the factory had allegedly earned PHP 202 (USD 4.3) a day plus an allowance of PHP 200 (USD 4), an amount that is lower than the minimum wage of PHP 481 (USD 10) for non-agricultural workers in the National Capital Region known as “Metro Manila.” It was also alleged that the workers had been constantly exposed to foul-smelling chemicals and forced to work 12-hour days, seven days a week, without overtime pay.

Reportedly, 104 workers were working at the factory when the incident occurred, and one worker alleged that trainee “minors” died in the fire. The Philippine Department of Labor and Employment (DOLE) found that the workers were subcontracted from an unlicensed agency, CJC Manpower Services (CJC).

Most associated companies: Valenzuela Slipper Factory

1. Kentex Manufacturing Inc
 2. CJC Manpower Services (Formerly Panday) Management and Labor Consultancy
-

The Bureau of Fire Protection reported that the Kentex factory had violated fire safety regulations, as the building’s fire safety equipment was poor and there were no fire escapes or special storage facilities for chemical substances.

Activists accused the firm of poor health and safety procedures.

Valenzuela Slipper Factory

Following the tragedy, survivors and the victims' families were concerned that they would not be able to claim benefits, because CJC had allegedly failed to remit employee contributions to the social security authorities. According to DOLE's initial calculations, Kentex and CJC had withheld at least PHP 7.8 million (USD 36,000) in benefits from 99 workers. The regulator ordered both companies to reimburse this amount to the workers who had been underpaid and warned that both companies would also be liable for statutory death benefits.

On November 13, 2015, members of the May First Labor Movement (KMU) held a protest in Manila to voice criticism over the alleged environment of impunity concerning the fire. The demonstrators criticized the Philippine Social Security System for failing to take legal action against the owners of Kentex, despite the company's alleged grave safety violations and failure to pay the workers' social security contributions.

The Valenzuela Prosecutor's Office, the Philippine government, and the Ombudsman were also criticized for refusing to act on criminal lawsuits filed by the workers, which included charges of reckless imprudence resulting in homicide and physical injuries, and falsification of documents.

Top ESG Issues: Valenzuela Slipper Factory

1. Occupational Health and Safety
 2. Poor Employment
 3. Fraud
 4. Child Labor
 5. Human Rights Abuses and Corporate Complicity
-

Top ESG Topic Tags: Valenzuela Slipper Factory

1. Negligence
-

3. Vostochnyi Spaceport (Vostochny Kosmodrom)

Location: Russia; **Peak RRI:** 61

The Vostochnyi Spaceport in the Amur Oblast region of Russia ranks third on the MCP 2015 report due to repeated allegations of corruption, and embezzlement of sums amounting to around RUB 13.2 billion (USD 186 million). The allegations already surfaced in October 2014, when the former head of Dalspetsstroy, a subsidiary of Russia's Federal Agency for Special Construction, Spetsstroi Russia, was arrested on charges of embezzlement during the construction of the spaceport. It was claimed that subcontractors had inflated the costs of construction and had purchased poor quality materials.

The RUB 200 billion (USD 2.7 billion) project has been linked to a number of corruption controversies and the Russian government has launched dozens of investigations into the suspected embezzlement of funds. One former contractor was kept under house arrest on suspicion of having embezzled RUB 288 million (USD 3.9 million). As of July 2015, prosecutors had charged 25,300 individuals and launched 455 criminal cases as part of their investigations into mismanagement of the project.

The spaceport was also repeatedly linked to labor violations and in April 2015, workers went on hunger strike in protest at the non-payment of wages. The workers claimed their families were in a "desperate situation" and that they were unable to leave the site because they could not pay for the jour-

Most associated companies: Vostochnyi Spaceport

1. GUSS Dalspetsstroy
2. Spetsstroy Russia
3. Stroyindustriya-S; OOO
4. Tikhookeanskaya MostostroiteInaya Kompaniya; ZAO (TMK ZAO)
5. VIP-Stroyinzhiniring; OOO

Top ESG Issues: Vostochnyi Spaceport

1. Fraud
2. Poor Employment Conditions
3. Corruption, Bribery, Extortion, and Money Laundering
4. Anti-competitive Practices

ney back home. The construction company, Stroyindustriya-S, was accused of owing 214 workers over RUB 14 million (USD 190,000) in unpaid salaries, and the Russian Ministry of the Interior, the Federal Security Service, and the Investigative Committee launched a criminal case against the management of the company for embezzling the money.

Vostochnyi Spaceport (Vostochny Kosmodrom)

In September 2015, the construction company, Volgo-Vyatskaya Stroitel'naya Kompaniya (VVSK), was accused of embezzling RUB 900 million (USD 12 million) from funds that were received from Spetsstroi Russia for the construction of roads and infrastructure in the town of Tsiolkovsky, as part of the Vostochnyi Spaceport project. The former head of VVSK was criminally charged with large-scale fraud.

In November 2015, Russian police charged the directors of VVSK and VIP-Stroyinzhiniring with fraud in connection with the embezzlement of RUB 468.3 million (USD 6.3 million) in funds from the state-owned company, FGUP Spetsstroytekhnologiya, during the construction of the Spaceport.

The Russian government has launched dozens of investigations into the suspected embezzlement of funds from the spaceport.

4. Tia Maria Gold Mining Project

Location: Peru; Peak RRI: 83

Grupo Mexico's Tia Maria Gold Mining Project, being developed by its subsidiary Southern Copper Corporation (SCC) in the Arequipa department of Peru, has faced fierce opposition from local communities since the company produced its first Environmental Impact Assessment (EIA) in 2009. Rural communities fear that the project will impact various districts belonging to the province of Islay, including the fertile Tambo Valley, where more than 15,000 families work in agriculture and fishing to provide food for the south of Peru. Farmers are also concerned about the impact on the soil and on water resources, as SCC's original EIA allegedly failed to include a hydrogeological study, and did not mention the dangerous extraction process of using mercury to extract gold.

The Peruvian government rejected the original EIA in 2011, after four people died and more than 40 were injured during violent clashes between the Peruvian armed forces and local farmers. However, in 2014, the government approved the EIA when SCC agreed to build an on-site desalination plant.

Despite this new concession, the protests continued and on March 23, 2015, at least 3,000 protesters joined a rally against the USD 1.4 billion project. The Peruvian Police reportedly responded with tear gas and rubber bullets wounding three protesters and injuring others. The police were then blamed for the death of a protester in more violent

Most associated companies: Tia Maria Gold Mining Project

1. Southern Copper Corporation (SCC)
 2. Grupo Mexico SAB de CV
-

clashes in April 2015, which prompted the NGOs Dignity Collective and Callao Zone to organize a protest against the violent repression by the armed forces.

Between March and May 2015, four civilians were killed and 300 were injured during violent protests against the project.

Tia Maria Gold Mining Project

Following another shooting in May, the Government called a state of emergency and sent army tanks to the province of Islay.

By the end of the May, it was reported that since March 2015, four civilians had been killed and 300 others had been injured in protests against the project.

Also at the end of May, audio recordings were released which purportedly documented the President of the Defense Front of the Tambo Valley instructing a lawyer to ask SCC for money in exchange for calling off the protests. The Peruvian government accused SCC of bribery and corruption, and summoned the CEO of Grupo Mexico to Lima to explain the matter.

In September 2015, more than 1,500 people launched a new protest against the mine. The Minister of Energy and Mines has reiterated that the government still wants the project to go ahead, but the presidential candidate for the left coalition is calling for the project to be abandoned.

Due to the strong opposition, as of December 2015, the government had still not issued a construction permit for the project.

Top ESG Issues: Tia Maria Gold Mining Project

1. Impacts on Communities
2. Impacts on Ecosystems and Landscapes
3. Local Participation Issues
4. Local Pollution
5. Overuse and Wasting of Resources

Top ESG Topic Tags: Tia Maria Gold Mining Project

1. Water Scarcity
 2. Indigenous People
 3. Land Grabbing
-

5. Angra 3 Nuclear Reactor

Location: Brazil; **Peak RRI:** 59

Repeated allegations of corruption have led to the inclusion of Brazil's third nuclear power plant, the Angra 3 Nuclear Reactor, in the MCP 2015 report. Eletrobras Termonuclear, a subsidiary of Centrais Eletricas Brasileiras (Eletrobras), began initial work on the Angra 3 project in 1984. However, the project was suspended in 1986 and construction only began in 2010.

However, in May 2015, Eletrobras found itself embroiled in a corruption scandal, when it was alleged that Edison Lobao, Brazil's former Minister for Mines and Energy, had received BRL 1 million (USD 250,000) to help the construction company, UTC Participacoes, win a contract for the Angra 3 Nuclear Plant. It was then revealed that the CEO of Eletronuclear had accepted bribes from construction companies involved in the Angra 3 project and in July 2015, he was arrested for allegedly receiving BRL 4.5 million (USD 1.1 million) in kickbacks between 2009 and 2014 from Andrade Gutierrez and Engevix Engenharia (Engevix). A senior energy executive of Andrade Gutierrez was also arrested. Investigators then began to probe the Angramon consortium, charged with constructing Angra 3, which includes UTC Engenharia, Construtora Andrade Gutierrez, Construtora Norberto Odebrecht, Construções e Comércio Camargo Correa (Camargo Correa), Construtora Queiroz Galvão, Empresa Brasileira de Engenharia (EBE), and Techint Engenharia e Construção (Techint).

Most associated companies: Angra 3 Nuclear Reactor

1. Eletrobras Termonuclear SA (Eletronuclear)
2. Centrais Eletricas Brasileiras SA (Eletrobras)
3. Andrade Gutierrez SA
4. UTC Participacoes SA
5. Camargo Correa Group

Top ESG Issues: Angra 3 Nuclear Reactor

1. Corruption, Bribery, Extortion, and Money Laundering
2. Anti-competitive Practices
3. Impacts on Communities
4. Waste Issues
5. Fraud

Top ESG Topic Tags: Angra 3 Nuclear Reactor

1. Nuclear Power
-

Angra 3 Nuclear Reactor

Later in July, hundreds of shareholders of Eletrobras filed charges against the company in New York, claiming that the firm had known about the corruption at Eletronuclear and had hidden the fact for more than a year. One month later, Eletrobras and some of its executives were sued in a class-action lawsuit in a US District Court for violating the US Securities Exchange Act and for providing materially false statements related to the awarding of USD multibillion construction projects, including the Angra 3 Nuclear Reactor.

In November 2015, the Brazilian Administrative Council for Economic Defense (CADE) launched an investigation into a group of construction companies, including UTC Engenharia, EBE, Construtora Andrade Gutierrez, Construtora Norberto Odebrecht, Construtora Queiroz Galvao, Camargo Correa, and Techint, on suspicions that they had formed a BRL 3 billion (USD 775.3 million) cartel to rig the bidding for the Angra 3 Nuclear Reactor. According to CADE, the cartel was known as the “big group,” which held meetings to agree on the prices and winners of each construction tender.

In December 2015, Brazil’s Federal Criminal Court ratified the charges brought by the Federal Ministry of Public Prosecution against Eletronuclear and former executives of Andrade Gutierrez for corruption related to the Angra 3 Nuclear Reactor. The CEO of Eletronuclear, a shareholder of Engevix, and the former president of Andrade Gutierrez Energia were placed under house arrest.

The Brazilian Administrative Council for Economic Defense launched an investigation into a group of construction companies on suspicions that they had formed a USD 775.3 million cartel.

6. Hpakant Gyi Jade Mine

Location: Myanmar; **Peak RRI:** 58

In October 2015, the NGO Global Witness criticized the Hpakant Gyi Jade Mine for poor working conditions, and claimed that the mine was employing minors, encroaching on villages, and causing deforestation. The NGO accused firms owned by Myanmar's military of turning the town of Hpakant into a "dystopian wasteland."

However, the Hpakant Gyi Jade Mine is included in our MCP 2015 report due to a landslide of mining debris on November 21, 2015 that buried the homes of miners. The mine's operators, Hlan Shan Myonwesu, Yadanar Yong Chi, and Yadanar Aung Chan were criticized for dumping large piles of waste, knowing that miners, and illegal immigrants that scavenged for jade remnants, were living in makeshift shelters below the dumpsite.

By the end of November, the death toll from the accident had reached 113, and 100 people were still missing. Although the total number of casualties could not be accurately estimated, it was feared that the final death toll could reach 200, which would make it the worst jade mining disaster in the country for a decade.

On December 25, there was another landslide of mining waste at the Hpakant Gyi mine and a further three people were reported missing. The authorities denied claims that as many as 50 people had died in the accident, stating

Most associated companies: Hpakant Gyi Jade Mine

1. Yadanar Yong Chi
2. Caterpillar Inc
3. Hlan Shan Myonwesu
4. Triple One Jade Mining Co
5. Yadanar Aung Chan

Top ESG Issues: Hpakant Gyi Jade Mine

1. Impacts on Communities
2. Human Rights Abuses and Corporate Complicity
3. Occupational Health and Safety Issues
4. Corruption, Bribery, Extortion, and Money Laundering
5. Impacts on Ecosystems and Landscapes

Top ESG Topic Tags: Hpakant Gyi Jade Mine

1. Land Grabbing
-

Hpakant Gyi Jade Mine

that the dump soil had not been as high as in the November accident.

Global Witness also linked the Hpakant Gyi Jade Mine to organized crime and companies connected to Myanmar's military dictatorship, namely Apho Tan San Chain Hmi, Myanmar Ta Kaung, and Myanmar Economic Holdings. The NGO claimed that mining companies circumvented government restrictions on jade mining and, with the help of United Wa State Army rebels, smuggled USD 100 million worth of jade per month by using untaxed shell companies. The US Treasury has banned jade imports from Myanmar as the industry is allegedly linked to human rights abuses and the former junta government.

The US Treasury has banned jade imports from Myanmar as the industry is allegedly linked to human rights abuses and the former junta government.

6. Carmichael Coal Mine and Rail Project (Galilee Basin Project)

Location: Australia; **Peak RRI:** 58

Since 2012, RepRisk has identified repeated criticism of the Carmichael Coal Mine and Rail Project being developed by India's Adani Group in the Galilee Basin in Queensland, Australia. However, in 2015, international protests against the scheme intensified. The Carmichael project foresees the development of six open-pit mines and five underground mines across an area of more than 200 square kilometers. Environmentalists have warned about the impact on local water sources in an arid region, as the project will allegedly use 12 billion liters of water annually.

The project also envisages the expansion of the Abbot Point Coal Terminal to handle the coal exports from the Carmichael mines. Following worldwide condemnation about plans to dump the dredging spoil from the port expansion near the Great Barrier Reef, and threats by UNESCO to include the reef on its list of World Heritage Sites in danger, in March 2015, Australia's Environment Minister announced a total ban on all dumping of dredging material within the marine park boundaries of the Great Barrier Reef.

However, environmentalist organizations such as Friends of the Earth and Greenpeace continued to warn about the potential impact of dredging activities near the reef, contamination of the groundwater at the site of the Carmichael project, and the impact on the ancestral lands of Aboriginal groups and the habitats of critically endangered birds. There

Most associated companies: Carmichael Coal Mine and Rail Project

1. Adani Enterprises Ltd
 2. Adani Ports and Special Economic Zone Ltd (APSEZ)
 3. Alpha Coal Pty Ltd
 4. GVK Industries Ltd
 5. Abbot Point Port Holdings Pte Ltd
-

were also worldwide concerns about the project's carbon emissions amid claims that the Carmichael Mining project would emit 128.4 million metric tons of carbon dioxide annually.

The Adani Group also came under scrutiny in February when Australia's Fairfax Media company traced Adani's Australian coal developments to tax havens, through a complex structure involving Singaporean-based Carmichael Rail and Port Singapore Holdings, and Cayman Islands-based Atulya Resources. Particularly questioned was the ultimate ownership of the Abbot Point development as Fairfax found documents stating that the Adani Group had sold its port interests to Singaporean company Abbot Point Port Holdings, whose director is facing a USD 1 billion-fraud investigation involving three Adani companies in India. There were also concerns

Carmichael Coal Mine and Rail Project (Galilee Basin Project)

that Adani may have inflated the number of jobs to be created by the Carmichael project by as much as 300 percent.

Throughout 2015, over 50 activist groups, including 350.org, BankTrack, the Climate Council, and ATTAC France, repeatedly called on international banks to refrain from funding projects in Australia's Galilee Basin. By April 2015, 11 international banks including Barclays, BNP Paribas, Citigroup, Credit Agricole, HSBC, Morgan Stanley, and Societe Generale, had publicly distanced themselves from the Galilee Basin projects. Standard Chartered also agreed in June to terminate its financing of the Carmichael project.

In August, an Australian court suspended the Carmichael project over environmental concerns, but in October, the Australian Minister of Environment granted approval for the project, a decision described by the President of the Australian Conservation Foundation as "grossly irresponsible."

International concern against the Carmichael Project continues, and the Australian Minister of Environment was fiercely criticized when he approved the expansion of the Abbot Port Terminal in December 2015.

Top ESG Issues: Carmichael Coal Mine and Rail Project

1. Impacts on Ecosystems and Landscapes
2. Global Pollution (including Climate Change and GHG Emissions)
3. Impacts on Communities
4. Local Pollution
5. Overuse and Wasting of Resources

Top ESG Topic Tags: Carmichael Coal Mine and Rail Project

1. Protected Areas
 2. Endangered Species
 3. Water Scarcity
 4. Indigenous People
 5. Coal-fired Power Plants
-

7. Ilha Pura Olympic Village

Location: Brazil; **Peak RRI:** 57

The Ilha Pura Olympic Village in Rio de Janeiro being financed by Caixa Economica Federal and constructed by Odebrecht and Carvalho Hosken, attracted a lot of criticism in 2015. The project will cover an area of just over 800,000 square meters and will host around 11,000 athletes in 3,600 apartments.

According to the Metropolis Observatory, around 10,000 people are being displaced to make way for Ilha Pura Olympic Village and other buildings for the 2016 Olympic Games in Brazil. Allegedly, some of the affected people have been forcibly moved, while others have been offered meager compensation. Reportedly, Ilha Pura and other Olympic projects will mainly affect the fishing community of Vila Autodromo, as residents are being removed from their own land and relocated to remote areas.

The Ilha Pura Olympic Village attracted severe criticism in August 2015 when an investigation conducted by a Brazilian Labor Court and the Federal Ministry of Labor revealed that 11 workers employed by a subcontractor, Brasil Global Servicos (BGS), were being accommodated in “slave-like” conditions. BGS had reportedly recruited the workers from remote and impoverished Brazilian states and had promised to cover their accommodation costs. Instead, the firm allegedly lodged the workers in squalid and cockroach-infested houses in a slum area.

Most associated companies: Ilha Pura Olympic Village

1. Carvalho Hosken SA Engenharia e Construcoes
2. Brasil Global Servicos de Empreiteira Eireli Ltda
3. Odebrecht SA

Top ESG Issues: Ilha Pura Olympic Village

1. Impact on Communities
2. Poor Employment Conditions
3. Local Participation Issues
4. Occupational Health and Safety Issues
5. Supply Chain

The workers also claimed that BGS had failed to uphold its promise of reimbursing their plane tickets. At a hearing before the Public Ministry of Labor, the company agreed to make a voluntary payment of around BRL 70,000 (USD 20,000) and to lodge the workers at a hotel, however it refused to sign a commitment to pay collective damages and individual compensation, and will therefore face a civil action case.

8. Long Lake Oil Sands Project

Location: Canada; **Peak RRI:** 56

Nexen Energy's Long Lake Oil Sands Project in Fort McMurray, Alberta, entered the news headlines in 2015 due to a leak of around 5 million liters of bitumen, sand, and wastewater from one of the company's pipelines on July 16, 2015. The spill, which was considered one of the biggest in Canada, reportedly covered an area of approximately 16,000 square meters with oil emulsion.

Nexen was acquired by the Chinese state-controlled CNOOC in 2013, apparently to gain access to Canadian oil sands. A Nexen executive suggested that the pipeline could have been leaking for up to two weeks before the rupture was discovered.

In September 2015, the Alberta energy regulator ordered Nexen to shut down 95 pipelines at the Long Lake plant, and warned that it would not lift the suspension order until the company proved that it could safely operate its facilities. One month later, the regulator lifted the suspension of 24 pipelines, but decided to keep a shutdown order for the company's other pipes, including the one that had ruptured in July 2015.

Although Nexen resumed normal production at Long Lake in September 2015, it shut down the plant at the beginning of 2016 following an explosion in the facility's hydrocracker unit on January 15, 2016 that caused the death of two workers. The explosion allegedly happened while the workers were

Most associated companies: Long Lake Oil Sands Project

1. Nexen (Formerly Nexen Inc)
2. China National Offshore Corporation (CNOOC)
3. CNOOC Ltd.

Top ESG Issues: Long Lake Oil Sands Project

1. Local Pollution
2. Impacts on Ecosystems and Landscapes
3. Waste Issues
4. Impact on Communities
5. Occupational Health and Safety Issues

Top ESG Topic Tags: Long Lake Oil Sands Project

1. Oil Sands
2. Indigenous People

changing the valves on a compressor. Investigations into the exact cause of the accident are still ongoing.

9. Formosa Fun Coast Water Park

Location: Taiwan; **Peak RRI:** 55

The Formosa Fun Coast Water Park in New Taipei City, Taiwan, hit the headlines in 2015 when a flammable “party powder” exploded in the air during a Color Play Asia event on June 27. The accident, which killed 15 people and injured around 500, was described as the worst mass injury incident in New Taipei.

According to the local fire department, the logistics company Juipo International Marketing Company had sprayed a colored powder made from cornstarch into the air for special visual effects. However, the company’s staff allegedly used a portable cylinder containing carbon dioxide, which ignited due to the heat from lighting equipment. Many of the victims suffered over 50 percent body burns as well as damage to their respiratory organs due to the inhalation of large amounts of black carbon dust.

In June, Taiwanese police arrested five people, including Color Play Asia’s event manager, in connection with the explosion. Prosecutors questioned the detainees on charges of offenses against public safety and negligence of duties.

In July, a local magazine reported that as many as seven New Taipei officials may have accepted bribes in the form of admissions tickets in exchange for being lax with safety measures at the park. The magazine claimed that the officials had been given a “stack” of tickets with a value of over TWD

Most associated companies: Formosa Fun Coast Water Park

1. Color Play Asia
2. Juipo International Marketing Company (Ruibo International)

Top ESG Issues: Formosa Fun Coast Water Park

1. Impacts on Communities
2. Corruption, Bribery, Extortion, and Money Laundering

Top ESG Topic Tags: Formosa Fun Coast Water Park

1. Negligence

20,000 (USD 610,000) nine days before the event. The City Mayor and the Shilin District Prosecutors Office vowed to investigate the bribery allegations.

In October, prosecutors in Taiwan charged the owner of Color Play Asia with negligence leading to death and injury. The victims have criticized the indictment of just one person, however, and are calling for a new investigation.

10. Grand Mosque Expansion Project

Location: Saudi Arabia; **Peak RRI:** 53

The Grand Mosque Expansion Project in Mecca, Saudi Arabia, is also included on our MCP 2015 list due to an accident in September 2015 that killed 107 people and injured a further 238. The Saudi Binladin Group (SBG) had reportedly been contracted to increase the capacity of the Grand Mosque (Masjid al-Haram), the largest mosque in the world located in Islam's holiest place, the Kaaba, in the city of Mecca. The project includes the construction of new housing, a ring road, parking facilities, and a new metro system.

The mosque welcomes more than two million religious tourists every year for the annual Hajj pilgrimage and the expansion project aims to increase the capacity of the mosque from 770,000 worshippers to over 1.5 million.

Saudi Arabia's General Directorate of Civil Defense reported that strong winds had caused a massive crane, manufactured by the Liebherr Group, to tip over and crash into the Grand Mosque.

Residents of Mecca claimed that there had been a serious lack of safety precautions in the construction boom being led by SBG. The Islamic Heritage Research Foundation stated that the tragedy had not come as a surprise, considering the lack of health and safety systems in place and the absence of protective equipment provided to engineers.

Most associated companies: Grand Mosque Expansion Project

1. Saudi Binladin Group
2. Liebherr International AG

Top ESG Issues: Grand Mosque Expansion Project

1. Impacts on Communities
2. Occupational Health and Safety Issues

Top ESG Topic Tags: Grand Mosque Expansion Project

1. Negligence

In September, Saudi Arabia's Royal Court barred SBG from any new public contracts, and barred the company's executives from leaving the country pending investigations into possible negligence. Investigations revealed that the crane had not been properly positioned on the site and that SBG had failed to follow safety regulations.

Methodology

RepRisk Special Reports are compiled using information from the RepRisk database, which monitors environmental, social, and governance (ESG) risks for companies, projects, sectors, and countries. The RepRisk database currently contains risk incidents on over 60,000 public and private companies, as well as over 16,000 projects. RepRisk analysts monitor the issues related to ESG risk across a broad shareholder and other stakeholder audience of NGOs, academics, media, politicians, regulators and communities. Once the risk incident has been identified with advanced search algorithms and analyzed for its novelty, relevance and severity, risk analysts enter an original summary into the database and link it to the companies and projects in question. No article is entered twice unless it has been escalated to a more influential source, contains a significant development, or has not appeared for the past 6 weeks.

The RepRisk Index (RRI)

All data is collected and processed through a strictly rule-based methodology. This helps to ensure the balanced and objective rating and weighting of the risk incident, and thus the company's quantitative measure of risk exposure, the RepRisk Index (RRI). The RRI measures the risk to a company's reputation, not its actual reputation. The RRI ranges from zero (lowest) to 100 (highest). The higher the value, the higher the risk exposure. The Peak RRI denotes the value of the Peak RepRisk Index (RRI), which denotes the highest level of reputational risk exposure related to ESG issues over the last two years.

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