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March 24, 2012

RepRisk Names World's Most Controversial Mining Companies

by Robert Kropp

Alpha Natural Resources, the parent company of Massey Energy, ranks first on RepRisk's list, which highlights the consequences of environmental, social and governance risks on corporate reputations, access to capital, and licenses to operate.

SocialFunds.com -- "The extraction industry is traditionally one of the most criticized by various stakeholders for its negative impacts on communities and the environment."

So begins the new report by RepRisk, entitled [Most Controversial Mining Companies of 2011](#). The report identifies the 10 corporations in the extractives industry whose operations have received substantial criticism in the press and elsewhere, thus increasing their reputational risks.

RepRisk's methodology then benchmarks corporate performance against such international standards as the [ten principles](#) of the [United Nations Global Compact \(UNGC\)](#).

Analyses by the [Reputation Institute](#) have found strong correlations between corporate reputation and "the revenue generating activities which drive share price."

"There has been a significant impact on companies' reputations from negative stakeholder sentiment captured throughout 2011," RepRisk CEO Dr. Philipp Aeby said. "This is made obvious by the fines paid by the industry, increasing regulation, and the risk of loss of license to operate faced by many of the firms mentioned."

No mining company has attracted as much negative attention in recent years as Massey Energy, whose poor corporate governance practices led directly to the disaster at its Upper Big Branch mine in West Virginia, according to the Mine Safety and Health Administration (MSHA). In April, 2010, a coal dust explosion there resulted in the deaths of 29 miners.

In December of last year, Alpha Natural Resources, since last June the parent company of Massey Energy, agreed to pay \$209 million in restitution, including \$46.5 million for the families of the miners who were killed or injured. It was the largest settlement ever for a mine disaster. As a consequence of its acquisition of Massey, "Alpha Natural Resources shot to the top of the most controversial mining companies list," RepRisk stated.

Alpha Natural Resources was followed on RepRisk's list by Newmont Mining, for its poor international reputation on human rights as well as environmental violations; Glencore International, for environmental and human rights abuses in its global operations; and BHP Billiton, also for its environmental and human rights abuses.

Rounding out the top ten are Freeport-McMoRan, Rio Tinto, Compania de Minas Buenaventura, Barrick Gold, Anglo American, and Vedanta Resources.

"It may be in these companies' best interests to heed the warning signals and to proactively engage to address the environmental, social and governance (ESG) issues raised by various activist groups, employees, governments, shareholders and communities," Dr. Aeby said.

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