Which are the world's "most controversial" mining companies?

From Alpha to Vedanta - the RepRisk list

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A new report on the world's "most controversial" mining firms has named and shamed ten companies, after comparing their performance against the UN Global Compact and other environmental, social and governance principles.

The report from Zurich-based RepRisk (a "dynamic business information firm" aimed at investors) emphasises that the risks relate to the companies "access to capital and licenses to operate".

Top of the list is Alpha Natural Resources, followed by Newmont Mining and Glencore International.

Alpha Natural Resources qualified for the number one spot after its 2011 purchase of the leading "mountaintop removal" coal producer Massey Energy, based in Virginia.

Massey already had a well-documented history of appalling health and safety abuses, fraud, and environmental violations.

It was fined a record US$210 million, to settle ongoing criminal and civil cases related to its Upper Big Branch mine disaster in 2010, which resulted in 29 worker deaths. See: Massey Energy fined US$10.8 million for worst mining disaster in 40 years

Community issues

Newmont Mining and Glencore International drew media criticism for mining activities in Africa and South America.

Newmont and Minas Buenaventura (ranked 7th equal by RepRisk) were singled out for opposition by local communities to their Conga Mine in Peru, over its potential impacts on water sources, which led to the project's suspension in late November 2011. See: Thousands march for the right to water in Peru

A study commissioned by Swiss non-government organizations Brot fuer Alle and Fastenopfer reported that, in the Democratic Republic of Congo, Glencore's subsidiary, Katanga Mining, used contract miners, including children, to work in precarious conditions at its Tilwezembe Mine.

The other Top Ten companies evaluated by RepRisk were:

BHP Billiton (4th); Freeport McMoran (5th); Rio Tinto (6th); Barrick Gold (7th equal); Anglo American and Vedanta Resources (ranked 9th equal).

According to RepRisk:

"There has been a significant impact on companies' reputations from negative stakeholder sentiment captured throughout 2011... 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".

In a tribute to long-standing campaigns by "dissident" shareholder groups, particularly in the UK, ReRisk notes that:

"For some companies, such as Vedanta and Rio Tinto, mining operations were so heavily criticised that activists disrupted their Annual General Meetings, calling on the companies to put a stop to alleged human rights abuses near their work sites and improve their stance on the environment".

Although not necessarily prompted by the ReRisk fundings, the Executive director of the UN Global Compact declared he is "on a mission to clean up the organisation and ensure that members are building sustainability into their core activities and not using the Global Compact for PR purposes."

In response to NGO criticisms that the Compact has no effective monitoring or enforcement provisions, George Kell claims his organisation is now dealing with "free riders who joined but had no intention to stay engaged."

To access the RepRisk report:
http://www.reprisk.com/downloads/mccreports/23/150312%20Top%2010%20Most%20Controversial%20Mining%20C

Report cites controversial mining firms

UPI

22 March 2012

SANTIAGO, Chile - The world's most controversial mining companies are named -- and shamed -- in a report comparing their performance against U.N. and other environmental, social and governance principles.

Environmental dangers from mining operations in both emerging markets and developed countries gained new prominence with growing controversy over fracking -- using pressurized fluid to fracture rock layers to extract petroleum or natural gas.

Environmentalist protests challenged government and mining interests in Argentina, Brazil, Chile and Peru over mining activities that citizen groups feared would cause irreversible damage to human habitation and water resources.

In Iceland, singer Bjork mounted a well-publicized campaign to protest overexploitation of geothermal resources to produce electricity.

The report from RepRisk dynamic business information firm said its findings were benchmarked against the U.N. Global Compact Principles and other international standards. RepRisk AG has headquarters in Zurich, Switzerland.

"This report highlights the consequences of environmental, social and governance risks on the companies' reputations, access to capital and licenses to operate," RepRisk said.

In 2011, it said, mining giants Alpha Natural Resources, Newmont Mining, and Glencore International made the top ranks for issues related to mountaintop removal mining and impacts on indigenous people and protected areas.

Alpha Natural Resources, which has headquarters in Bristol, Va., employs 14,000 people worldwide. Newmont has headquarters in Greenwood Village, Co., Glencore is a public company listed in London and Hong Kong, registered in Jersey, Channel Islands, and has headquarters in Baar, Switzerland.

Alpha Natural Resources, top ranked on the list, saw a dramatic increase in its RepRisk Index, a quantitative risk measure that captures criticism and qualifies a company's exposure to controversial issues, after its purchase of rival coal producer Massey Energy from Richmond, Va.

Massey had been targeted over its well-documented history of alleged safety issues, fraud, and environmental concerns relating to its mountaintop removal mining practices. The company paid a fine of $210 million to settle ongoing criminal and civil cases related to an accident at its Upper Big Branch mine in 2010, which resulted in 29 deaths, RepRisk said.

Newmont Mining and Glencore International drew media criticism for mining activities in Africa and South America and their alleged impact on local communities.

Public and media interest in Glencore operations heightened after its Initial Public Offering in early 2011. A study commissioned by Swiss non-government organizations Brot fuer Alle and Fastenopfer reported that in the Democratic Republic of Congo, Glencore subsidiary Katanga Mining used freelance miners, including children, to work in precarious conditions in its Tilwezembe Mine.

For Newmont and Minas Buenaventura, the opposition expressed by local communities against the Conga Mine in Peru over its potential impacts on water sources led to the project's suspension in late November.

"There has been a significant impact on companies' reputations from negative stakeholder sentiment captured throughout 2011," RepRisk Chief Executive Officer 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.

"It demonstrates that 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," Aeby said.

London-listed Vedanta and Rio Tinto's mining operations were so heavily criticized that activists disrupted their annual general meetings, calling on the companies to put a stop to alleged human rights abuses at and around their work sites and to improve environmental impacts.

The RepRisk indexes of Alpha Natural Resources, Vedanta, Rio Tinto, BHP Billiton and Glencore were all impacted by links with corruption, bribery, extortion and money laundering throughout the year, RepRisk said.

The RRI is used by the world's leading financial institutions to manage financial, enterprise reputation and compliance risk.

Alpha Natural Resources tops list of controversial mining companies

By William Clarke

Investment Europe

16 March 2012

Alpha Natural Resources, Newmont Mining and Glencore International have topped RepRisk's list of the 10 Most Controversial Mining Companies of 2011.

The list, benchmarked against the United Nations Global Compact (UNGC) Principles and other international standards, highlights the consequences of environmental, social and governance risks on the corporate reputation, access to capital and licensing.

RepRisk CEO Philipp Aeby said: "There has been a significant impact on companies' reputations from negative stakeholder sentiment captured throughout 2011. 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. It demonstrates that 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."

Alpha Natural Resources rose to top the RepRisk Index (RRI), after its purchase of Massey Energy, which was fined$210 million after an accident at its Upper Big Branch mine in 2010 killed 29. Newmont Mining and Glencore International have both been both attracted criticism for their impact on local communities in South America and South Africa.

RepRisk added: "The RepRisk indexes (RRI) of Alpha Natural Resources, Vedanta, Rio Tinto, BHP Billiton and Glencore were all impacted by links with corruption, bribery, extortion and money laundering throughout the year. The RRI is used by the world's leading financial institutions to manage financial, enterprise reputation and compliance risk."

http://www.reprisk.com/repriskspecialreports/

RepRisk Releases Its New Report on the Most Controversial Mining Companies of 2011

Press release

15 March 2012

LONDON - RepRisk has released its new report on the 10 Most Controversial Mining Companies of 2011, benchmarked against the United Nations Global Compact (UNGC) Principles and other international standards. This report highlights the consequences of environmental, social and governance risks on the companies' reputations, access to capital and licenses to operate.

In 2011 Mining giants Alpha Natural Resources, Newmont Mining, and Glencore International made the top ranks for issues related to mountaintop removal mining and impacts on indigenous people and protected areas.

Alpha Natural Resources, top ranked on the list, saw a dramatic increase in its RepRisk Index (RRI), a quantitative risk measure that captures criticism and qualifies a company's exposure to controversial issues, after its purchase of Massey Energy. Massey had been targeted over its well-documented history of alleged safety issues, fraud, and environmental concerns relating to its mountaintop removal mining practices. The company paid a fine of USD 210 million to settle ongoing criminal and civil cases related to an accident at its Upper Big Branch mine in 2010, which resulted in 29 fatalities.

Newmont Mining and Glencore International have both been heavily criticized by major media outlets, including the Wall Street Journal and the BBC, for their activities in Africa and South America, particularly regarding their impacts on local communities. According to a Reuters Special Report, public and media interest in Glencore's operations, which has traditionally been shrouded in secrecy, has heightened since its Initial Public Offering in early 2011.

A study commissioned by Swiss NGOs Brot fuer Alle and Fastenopfer has also reported that in the Democratic Republic of Congo, Glencore subsidiary Katanga Mining uses freelance miners, including children, to work in precarious conditions in its Tilwezembe Mine. For Newmont and Minas Buenaventura, the opposition expressed by local communities against the Conga Mine in Peru over its potential impacts on water sources led to the project's suspension in late November.

RepRisk CEO Dr. Philipp Aeby stated, "There has been a significant impact on companies' reputations from negative stakeholder sentiment captured throughout 2011. 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. It demonstrates that 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."

Vedanta and Rio Tinto's mining operations were so heavily criticized that activists disrupted their Annual General Meetings, calling on the companies to put a stop to alleged human rights abuses at and around their work sites and to improve environmental impacts.

The RepRisk indexes (RRI) of Alpha Natural Resources, Vedanta, Rio Tinto, BHP Billiton and Glencore were all impacted by links with corruption, bribery, extortion and money laundering throughout the year. The RRI is used by the world's leading financial institutions to manage financial, enterprise reputation and compliance risk.

For more information on the Top 10 Most Controversial Mining Companies in 2011 click here: http://www.reprisk.com/repriskspecialreports/

To read stakeholder views on issues in the energy and mining sector in RepRisk's eZine, RepRisk INSIGHT, click here: http://europe.nxtbook.com/nxteu/reprisk/insight_201203/index.php #/0

Alpha Natural Resources chairman to step down

Associated Press

20 March 2012

RICHMOND, Va. (AP) - Coal producer Alpha Natural Resources Inc. said Tuesday that its founder and the chairman of its board of directors, Michael J. Quillen, will step down following the company's 2012 annual meeting in May.

The Bristol, Va.-based company said Quillen has chosen not to stand for re-election at the company's May 17 shareholder meeting and the board has selected CEO Kevin S. Crutchfield to succeed him.

The 63-year-old Quillen got his start in the coal industry in 1974 and rose to leadership positions at several mining companies including Pittston Coal Co. and American Metals & Coal International Inc. He formed Alpha Natural Resources in 2002 and led the company through its initial public offering in 2005 and more than a dozen mergers and acquisitions. He has served as chairman since 2006 and as a board member since 2004.

In the last 10 years, the company has grown to become one of the nation's largest coal suppliers and the sixth-largest coal supplier worldwide.

Alpha's annual coal sales grew nearly three-fold from 2008 to 2011 through two major transactions - the July 2009 merger with Foundation Coal Holdings Inc., and the $6.7 billion acquisition of Massey Energy Co. in June 2011.

"Alpha has gone from a concept on a piece of paper to a global leader in the coal industry, thanks to Mike's vision, leadership and caring for people," Crutchfield said in a statement. "While we will miss his wisdom and counsel on the board, his legacy at Alpha will endure."

In a statement on Tuesday, Quillen said he will always have "strong and emotional ties" to Alpha, but has full confidence in the actions taken by the board and management team to strengthen and grow the company, and the strategy they have charted for its future.

Quillen serves on the Virginia Tech Board of Visitors and as chairman of the Virginia Port Authority, where he has been a commissioner for nine years. He also serves on the board of the Coalfields Economic Development Authority, and the advisory boards of the Virginia Community College Foundation and Virginia Tech College of Engineering.

Alpha Natural Resources has more than 180 mines and processing plants in Kentucky, Pennsylvania, Virginia, West Virginia and Wyoming. It employs about 14,000 people through its affiliates.

Judge rules Massey shareholder lawsuit can move forward

By Donna Caudill

International Longwall Newws

30 March 2012

A FEDERAL judge in southern West Virginia has ruled not to dismiss a lawsuit filed by Massey Energy shareholders who claim that on many occasions they were misled about the operator being one of the safest in the industry.

US District Judge Irene Berger on Wednesday rejected Massey's dismissal motion in a Beckley courtroom which, according to the Associated Press, now allowed a case by the Massachusetts Pension Reserves Investment Trust to proceed.

The investor group filed suit against Massey less than a month after the April 5, 2010 explosion that killed 29 miners at the Upper Big Branch underground mine in Raleigh County, West Virginia.

The individuals said Massey regularly purported to be one of the industry's safest companies and by promoting its safety achievements, they were led to believe safety was a priority.

Additionally, the investors claimed Massey's deception led to falsely inflated stock prices between February 2008 and July 2010.

According to federal records, UBB was shut down by the US Mine Safety and Health Administration 48 times in 2009 alone but abatements of the violations allowed the operation to reopen shortly after.

From the beginning of 2009 until the day of the explosion, MSHA issued 645 violations to Massey, with $US1.2 million in penalties but the investors were not aware of them.

Massey and the UBB mine were both taken over last June by Alpha Natural Resources and the mine remains closed.

ANR did not release any public comment on Berger's decision by press time.

To date, four investigations into the UBB blast have been released, including reports from MSHA, the West Virginia Office of Miners' Health, Safety and Training, the United Mine Workers and an independent panel commissioned by former governor Joe Manchin.

All have in some way concurred that Massey was at fault, citing worn and broken equipment that created a spark which subsequently ignited accumulated methane gas and high levels of explosive coal dust.

Cleaning up the Global Compact: dealing with corporate free riders

The executive director of the UN's voluntary sustainability initiative is determined that members adhere to its principles

By Jo Confino

Guardian Professional Network (UK)

26 March 2012

If you want to know whether greenwash is alive and well, look no further than the thousands of companies being thrown out of the world's largest voluntary corporate sustainability initiative, the UN Global Compact. More than 750 businesses, including major corporations in Europe and America are likely to be kicked out in the next six months alone, with hundreds more to follow. These are on top of the 3,100 businesses already delisted in the past few years.

Executive director Georg Kell is on a mission to clean up the organisation and ensure that members are building sustainability into their core activities and not using the Global Compact for PR purposes. While some companies have been removed because of bankruptcies and mergers, Kell says he is dealing with "free riders who joined but had no intention to stay engaged."

Non-governmental organisations have long criticised the Global Compact, which promotes 10 principles in the areas of human rights, labour, the environment and anti-corruption, because it has no effective monitoring and enforcement provisions.

They also accuse businesses of using it to oppose any binding international regulation on corporate accountability and for benefitting from the Global Compact's logo, a blue globe and a laurel wreath, which is very similar to the UN logo, while continuing to perpetrate human rights and environmental abuses.

Part of the problem, Kell acknowledges, was of the Global Compact's own making. Expectations about engagement a few years ago meant a chief executive statement and "some kind of commitment to implement sustainable principles." Kell says this has been tightened up with the development of several engagement tools and that companies are being clearly marked out if they are at an early or advanced stage of reporting.

In support of Kell's outing of companies which are not meeting minimum reporting requirements, a coalition of global investors from 12 countries managing over $3tn (£1.9tn) of assets, recently wrote to 29 large-scale Global Compact members, with a combined market capitalisation of $136.9bn, to put pressure on them to start producing progress reports.

Kell is anxious to act because he recognises that the corporate sector is moving far too slowly to deal with the enormity of the social and environmental challenges heading this way.

He puts the lack of progress down to company CEOs not liking to change and the fact that many thrive on perverse incentives.

"If the business model is doing fairly well you do not want to rock the boat," says Kell. "In other areas it is true to say the business case has not penetrated down through organisations' subsidiaries yet. It is understood at CEO level and headquarter level but to drive the sustainability agenda through the value chain is a tall order.

"The other barrier is the operating environment. The fact is that in many parts of the world the enabling environment for business is not well developed. It has to do with corruption and violence and the way that power is managed for the benefit of the few."

Kell is also openly critical of conservative business organisations that are seeking to prevent progress by trying to stamp on modest proposals at Rio+20 such as mandatory reporting for companies. He recognises there is a battle between progressive and conservative businesses and says what a different world we would live in if "all chambers of commerce had been called chambers of corporate responsibility."

Despite the delisting exercise, which Kell had to force through against reactionary forces within the Global Compact, it still has more than 5,300 participating businesses from over 135 countries and is signing up new businesses at the rate of around 100 companies every month. One reason Kell gives for this renewed interest is that the financial crash has forced companies to recognise they need to be more resilient.

"It has pushed business into a reflective mode and a recognition they need to move beyond philanthropy and looking good," says Kell. "Now it's going to the core of how I make my company resilient and fit for the future. How can I prepare for the next shock and how do I move to a long term value creation space rather than riding the high risk speculative fashion trend. The financial crisis was a huge boost for the Global Compact and continues to be so.

"On the investment side, before the financial crisis, analysts had no time for us. I can tell you of board meetings when institutions on Wall Street said it was nice what we were doing but they did not have time as they had to go back to the office and make big money right now. That was the kind of mindset. Now there is a realisation that environmental, social and governance issues affect long-term performance. Investors are still lagging behind the real economy, but that gap is closing and that is great thing."

Despite the rise in companies joining the Global Compact, Kell himself points out that only 40% of the 500 largest global companies are members and just 10% of multinationals. On top of this, most have just started the journey with very few in a clear leadership position. In the last year, of the near 4000 companies that submitted progress reports, only 5% were considered to be at an advanced level.

"Many in our movement do create change and some of the work is spectacular such as the national efforts on anti-corruption by our Indian and Brazilian networks," says Kell.

"But even in our strongest markets, the Global Compact is not yet at scale. Only when we have critical mass at country level will corporate sustainability lead to the big transformation. From our angle, we would need at least 20,000 active participants to make global transition inevitable."

Over the last eight months, Kell has been concentrating on preparations for the Rio+20 conference, which has involved working with networks in more than 80 countries.

He recognises that economic incentive structures must be realigned so that sustainability is valued and profitable and that it is imperative that the corporate sector needs to value externalities, such as ecosystems and biodiversity.

However, with the chance of radical change at Rio being highly unlikely, the Global Compact is setting its sights a lot lower, concentrating much of its resources in seeking support for a global policy framework for business to annually disclose sustainability information in their annual financial reports or other reports - or explain why they do not.

Kell admits that reporting is no silver bullet, but says "that if Rio comes to an understanding on the future of disclosure and there is genuine consensus behind this and it is supported by governments, it can go a long way to drive corporate sustainability and get the 90% who currently do not report into the fold."

What gives Kell nightmares is that Rio+20 will end up sending the wrong signal to companies if governments do not start to act together.

"I know that multilateral decision making is in a deep freeze these days and we are facing difficult times," he says. "We have the fallout from the financial crisis, the sovereign debt crisis, many countries are preoccupied with their own affairs, we have the rapid shift of economic growth and power from the traditional centres towards the east and the south while global institutions are still catching up with that, so there are many challenges on the political front."

He also points to the fact that the two largest powers, the United States and China, are facing leadership elections which will weaken their ability to act decisively.

But Kell is staying optimistic and hopeful: "If governments were to agree some fundamental principles on green growth, the need for natural capital evaluation, agree to adopt incentive structures to shift towards a more sustainability orientated reward and punishment system, and if governments agree to a couple of collaborative platforms then I would say this is a great beginning."

Even without government support, Kell believes that collaboration and innovation within the private sector can help create solutions to many of the world's problems.

He says it is already possible to run zero carbon transport systems, produce decentralised clean energy, build sustainable livelihoods at village level, and conserve 80% of the water usage in agriculture.

Despite this potential for change, Kell, like many others who are engaged in the field of sustainability, worries that it may take an environmental disaster of epic proportions before governments and business really face up to the challenges of climate change.

"Mother nature will impose on us a change of course and will force us to accelerate our adoptive flexibility towards a new environment," he says. "The sooner we start the journey the lower the cost and the bigger the benefits."

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