Newmont Mining (ranked third), Rio Tinto (fourth) and BHP Billiton (tenth) were among the top-ten most controversial companies in the world last year, says reputational risk assessor RepRisk. Companies on the list have been criticised by the world’s media, governmental organisations and NGOs for issues including human rights abuses, environmental violations, and impacts on local communities, corruption and bribery, as well as breaches of labor, and health and safety standards.

Rankings are based on the ECOFACT’s *Reputational Risk Index* (RRI), as measured by RepRisk throughout 2009.

The RRI is directly derived from the negative press captured by RepRisk and its calculation is strictly rule-based.

RepRisk says it objectively monitors the level of criticism to which a company is exposed. All data is collected and processed by a strictly rule-based approach; it is not the result of an assessment, rating or verdict from analysts.

But some companies in the list have dismissed the measure as merely a list of news stories that have no relevance to how they manage corporate responsibility.

A BHP Billiton spokesperson said that while the the report recorded the number of media items relating to any one company, it made no attempt to assess the significance or veracity of the issues raised.

“As a result it cannot be viewed as a measure of how a company was performing on social and environmental issues.

“BHP Billiton's annual sustainability report tracks the company's performance on a range of health, safety, environmental and community issues and how it measures against specific targets. The report is independently verified.”

Others expressed concern that while they viewed it as a useful tool for a company that wants to know if it is in the public eye, it does not gauge validity of issues raised or the level of public concern.

Karen Reiner of ECOFACT says RepRisk focuses only on criticism of companies within its environmental and social framework.

“It highlights risks rather than assessing a company’s overall reputation,” Reiner says.

“We do not look at media coverage of how large mining or oil and gas companies address such issues and impacts in a positive sense, as this is promoted by the companies themselves and is picked up by other data providers.”

One company spokesperson commented the tool was not a reflection of the mainstream media, since it takes into account blogs.

“Anyone can start a blog,” the spokesperson said.

RepRisk looks at a range of media sources and each story is usually picked up only once, no matter how many media articles it appears in.

“A story is however taken into RepRisk more than once if the issue appears in the media again after a six-week period, or if it is taken up by more influential media within this period (we have two escalation steps),” ECOFACT’s Reiner says.

“If it was first picked up by us from a large media outlet, it would not be taken in again. This way, RepRisk avoids a snowball effect. Bigger companies however are usually featured in the report simply because they have more issues on a global scale.”

Some of the incidents picked up by RepRisk last year include the Rio Tinto Grasberg Gold Mine in Indonesia, which continued to prove controversial. Shareholders criticised the alleged practice of dumping waste minerals and chemicals directly into rivers and the forced relocation of tribal people.
Rio’s La Granja Copper Mine in Peru was named in an Oxfam report for alleged contamination of land and water sources, lack of local participation, and violations of human rights. Meanwhile its Escondida Mine in Chile faced similar allegations.

The company was further criticised for continued links to Myanmar’s military junta through its stake in the Monywa Mine.

At BHP’s AGM in London, community members from Colombia pleaded with executives to conduct fairer negotiations with locals affected by the Cerrejon Coal Mine, one third owned by BHP.

Its joint venture, Hallmark Nickel Mine, in the Philippines was criticised for allegedly using a flawed and corrupt process to secure indigenous peoples’ lands.

It faced further criticism in Argentina where its Pilciao 16 Mining concession will reportedly require the removal of most of the inhabitants from the city of Andalgala.

RepRisk is used by asset owners and asset managers, commercial and investment bankers, supply chain managers, and corporate responsibility experts.