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RepRisk Names Most Environmentally and Socially Controversial Companies of 2010

by Robert Kropp

Transocean and BP, responsible for the Gulf of Mexico oil spill, are named the most controversial companies in RepRisk's third annual report.

SocialFunds.com -- RepRisk, a Swiss-based environmental and social data provider, compiles negative news on companies' environmental and social performance in its annual rankings of the most controversial multinational corporations. Therefore, it comes as little surprise that in its third annual report, Transocean and BP, the two companies most responsible for the Deepwater Horizon explosion in the Gulf of Mexico, top the list.

RepRisk's methodology consists of monitoring the degree of criticism from thousands of media sources to which a company is exposed. Its Reputational Risk Index (RRI) measures the risk to a company's reputation. Robert Szigeti, the US representative for RepRisk, told SocialFunds.com, "Predominantly, our clients are European pension funds and asset management firms, and we collect data on all business participants in the United Nations Global Compact ."

According to Szigeti, RepRisk recently expanded its operations to the US. "We've signed a contract with in Bloomberg, which will be carrying our RRI with its ESG (environmental, social, and corporate governance) data," he said.

Transocean led the list in 2010, according to RepRisk, because of its actions relating to the explosion of the Deepwater Horizon oil rig, which it owned. Referring to the findings of the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, RepRisk's report stated, "Transocean was in possession of data indicating that the cement mixture used to seal the Macondo well at the drill site was unstable, but neglected to act on this information."

Furthermore, a safety risk analysis conducted one month before the spill "highlighted problems with the ballast systems at several rigs and a general practice of deferring maintenance work to lower costs."

The National Commission's full report is due to be issued on January 11.

BP, which operated the Deepwater Horizon rig, was described by RepRisk as "the most talked about company of this year," and was ranked second by the report. In addition to inadequate preparation for a disaster such as the Gulf oil spill, and the use widely banned toxic dispersants in the cleanup, BP has accumulated a lengthy record of serious health and safety violations.

The company's 2005 Texas City refinery explosion killed 15 workers and injured 180, and its involvement in the controversial practice of oil sands development in Canada has led to further criticism. In 2009, RepRisk ranked BP ninth among the most controversial companies.

Third on the 2010 was Vedanta Resources, whose mining operations in India was widely criticized for breaching international norms in the areas of the rights of indigenous peoples, biodiversity, pollution, safety, and bribery. In 2009, Vedanta ranked second on RepRisk's list.

Another company whose operations received widespread criticism in 2010 was Foxconn Electronics, which was ranked fifth by RepRisk, one place behind Exxon Mobil. At least ten workers at Foxconn's giant facility in Longhua, China committed suicide in 2010 alone. RepRisk reported that despite efforts to improve the quality of life of Foxconn workers, "The company maintains a militaristic work culture and

continues to pay low wages."

Rounding out RepRisk's list of most controversial companies are Chevron, BG Group, Royal Dutch Shell, Sinar Mas, and Magyar Aluminium.

Those interested in learning more about the US operations of RepRisk can contact Szigeti at 609-658-0240. His email address is szigeti@reprisk.com.

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