

Report cites controversial mining firms

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SANTIAGO, Chile, March 22 (UPI) -- 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.

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