

Gazprom named Russia's most notorious company

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Gazprom has earned the status of Russia's most controversial company because it is a major shareholder in the contentious Nord Stream pipeline, and the EU antitrust case which accuses the gas giant of price manipulation.

The study by RepRisk looked at companies in the BRIC countries. It found that among the Russian companies Gazprom has faced the highest level of criticism during the last 2 years. Gazprom was 3rd among all the companies evaluated.

The RepRisk Index takes into account criticism from academics, media, politicians, and regulators. Calculated for each of the 4 BRIC countries – Brazil, Russia, India and China – the index showed that these were mostly companies from oil and gas sector that became subject to most criticism.

The BRIC report – The Most Controversial Companies in Brazil, Russia, India and China chose 3 companies in each country. Scored between 0 and 100, any company rated above 50 is considered high risk.

Gazprom got 60 points, while the Femco Group which specializes in vessels for the development of offshore oil and gas fields got 50 points because of reports one of its ships carried military equipment destined for the Assad regime in Syria.

Gazprom is a major shareholder in the Nord Stream project that delivers Russian gas to Europe. The international organization Society for Threatened Peoples said the Nord Stream pipeline altered the lives of nomadic people in Russia's north. Gazprom saw its second pipe opened in October, with the first pipeline having started to deliver gas to Europe in November 2011. Another downgrading factor for Gazprom was the accusations by the European Commission for anti-

competitive behavior and price gouging. Should the accusations be proved Gazprom may be forced to pay over €10bn in fines.

In Brazil, the notorious companies were also involved in natural resources sector. This includes Petrobras that got 55 points for a series of oil spills and tax issues, mining giant Vale scored 66 for the protests against operations in Brazil, Canada, Colombia, Guinea, Indonesia and Mozambique, as well as Norte Energia with its 43 points for its most controversial project the Belo Monte Dam on Brazil's Xingu River.

The three most controversial companies in India all scored below 50. The companies in firing line include Maruti Suzuki which scored 49 for riots at its Manesar plant, Vizag Steel's Visakhapatnam Steel Plant getting 40 points for a fatal blast this summer and Coastal Gujarat's problematic Tata Mundra plant having a 46 reading.

In China, these were HEG Electronics, China National Petroleum Corporation and Riteng Computer Accessory Co that got a blow from RepRisk.

"There is a larger group of companies considered high risk according to the RRI, so while the top three showed significant risk, this appears to be more of a norm in this region, with a number of companies on the ESG risk radar," Anna Tuson, senior analyst at RepRisk, commented to beyondbrics.com.

RepRisk is a Switzerland based company that describes itself as *"the leading provider of business intelligence on environmental, social and governance (ESG) risk."*