

Corporate Watch

MODULE 5:

RISKS AND RESISTANCE

AIMS OF THIS SECTION

- ▶ To introduce the importance of researching historical and current resistance to a company.
- ▶ To get a basic understanding of the many risks a company faces.
- ▶ To understand how you may use these vulnerabilities to their advantage.

CURRENT RESISTANCE

- ▶ Is anyone campaigning against the company now?
- ▶ It is useful to identify any active campaigns, where they are and who is involved.
- ▶ They are likely to be experts on the company's behaviour!
- ▶ How is the company concerned by current campaigns?



HISTORY OF PAST RESISTANCE

- ▶ Have there been any campaigns against the company in the past?
- ▶ What happened with them?
- ▶ Were they effective?
- ▶ What can be learned from them?



EXAMPLE: ANTI-FRACKING MOVEMENT



RESOURCES

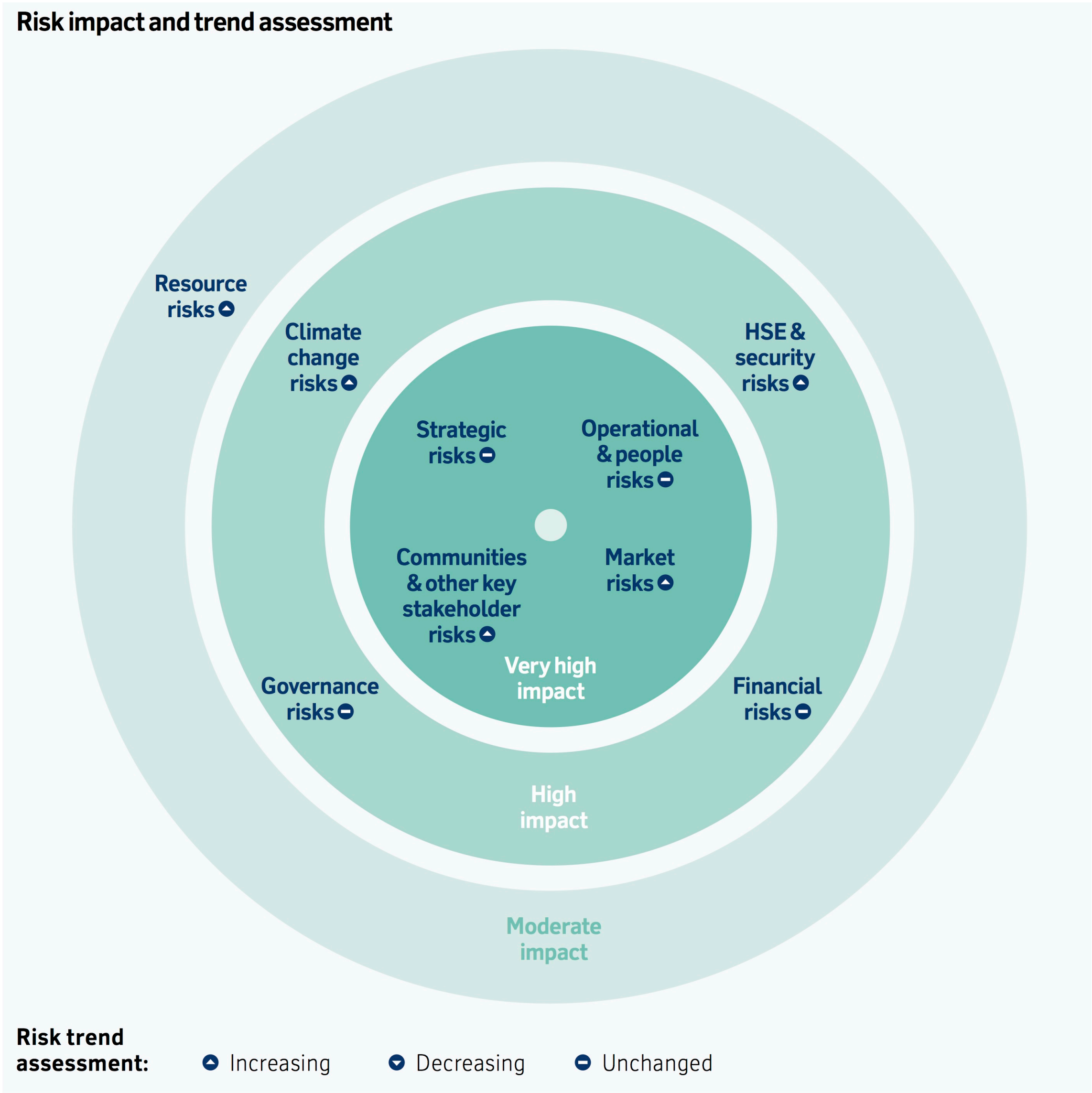
- ▶ Campaigns, community groups and unions: <https://corporatewatch.org/sources-of-information-campaigns-community-groups-and-unions/>
- ▶ Non-corporate media and research sources: <https://corporatewatch.org/sources-of-information-non-corporate-media-and-research/>

IDENTIFYING COMPANY VULNERABILITIES

- ▶ Companies often publish their own risk assessments.
- ▶ Example: Rio Tinto Annual Report - RT-Annual-report-2019.pdf
- ▶ These are very useful to read to gain an understanding of company vulnerabilities.



CASE STUDY: RIO TINTO



MARKET RISKS

- ▶ Commodity prices vary.
- ▶ Exchange rates vary.
- ▶ Geopolitical issues.
- ▶ Reduction in cash flow limits profitability and shareholder returns.
- ▶ Economic slowdowns in different countries e.g. China.
- ▶ Policy decisions.



STRATEGIC RISKS

- ▶ Divestment.
- ▶ Liabilities for the past acts or omissions of assets it has acquired that were unforeseen or greater than anticipated at the time of acquisition.
- ▶ Complex multi-year execution plans affected by:
 - ▶ Cost
 - ▶ Safety
 - ▶ Law and regulation



STRATEGIC RISKS

- ▶ Relationships with stakeholders e.g. Government or community.
- ▶ Inaccurate commercial assumptions.
- ▶ Any delays can impact a project in multiple ways.
- ▶ Joint ventures inherently carry risks.
- ▶ Partners can cause adverse impacts to a project, a company's reputation or cause unexpected financial liability.



FINANCIAL RISKS

- ▶ Inability to raise sufficient funds for planned spending.
- ▶ Unexpected fallout from mergers or acquisitions.
- ▶ Economic downturn e.g. pandemic.
- ▶ Inadequate access to liquidity.
- ▶ Financial decision making mistakes e.g. too much debt.



RESOURCES RISKS

- ▶ Resources risks.
- ▶ Failure to discover viable orebodies.
- ▶ Economic viability of Ore reserves.
- ▶ Shorter duration than expected.



ENVIRONMENTAL AND SAFETY RISKS

- ▶ Hazardous working environments.
- ▶ Potential to cause illness or injury to employees.
- ▶ Damage to the environment.
- ▶ Disruption to a community.
- ▶ Threats to personal security.
- ▶ Catastrophic events.
- ▶ Long-term damage may harm the company's financial performance and license to operate.
- ▶ Climate change physical impacts.
- ▶ Climate change regulatory impacts.

POLITICAL AND SOCIAL RISKS

- ▶ Exposure to wide range of economic, political, societal and regulatory environments.
- ▶ Operational delays due to resistance.
- ▶ Loss of license to operate.
- ▶ Changes in legal frameworks.
- ▶ Changes in taxation.
- ▶ A serious allegation or formal investigation by regulatory authorities could result in a loss in share price value and/or assets or loss of business.
- ▶ Criminal prosecution of the company or individuals.
- ▶ Reputational damage.
- ▶ Expropriation.

QUESTIONS

- ▶ How vulnerable do you think companies are?
- ▶ What risks can campaigns pose to companies?
- ▶ How does organised resistance threaten power structures?