

# Does BP Still Mean “Big Polluter”?

Contrasted with the many lofty ethical, environmental, and social goals that BP often articulates, its performance in those areas has often not kept pace. Ethical missteps seem to continue, particularly in issues involving health and the environment.

On the website of the BP Group (formerly known as British Petroleum), the company’s Code of Conduct states, “To be a trusted company, year after year, we need to work to a consistent and higher set of standards and follow them in everything we do and say, every day, everywhere we work.” Yet while professing these intentions of always operating at high levels of good corporate citizenship and articulating sustainability as a corporate objective, BP has suffered significant environmental, safety, and other disasters.

The most well-known event in recent history occurred on April 21, 2010, when BP’s Deep-water Horizon drilling rig in the Gulf of Mexico exploded and burned. The accident killed 11 workers and inflicted significant environmental damage from Texas to Florida. So far, only about half of the \$20 billion in the escrow account that BP provided for environmental damages in the Gulf has been paid out.

Section One of BP’s Code of Conduct deals with specific objectives in the realm of protecting health, safety, security, and the environment. It states: “Everything we do relies upon the safety of our workforce and the communities around us. We make it a top priority to protect our own safety, as well as that of our colleagues and everyone else we come into contact with. We are also committed to protecting the environment and

respecting the rights and dignity of communities around the world where we do business.”

BP’s most recent promotion of its good business behavior was a November 13, 2013, press release, “BP Issues First Annual US Economic Impact Report Detailing its Commitment to American Economy.” In the release, BP America Chairman and President John Mingé states, “Our people are BP’s greatest assets. Each day, their commitment to safety, pursuit of excellence and involvement in the community reflect BP’s core values and our commitment to being America’s premier energy partner.” These values are set forth in BP’s Code of Conduct: “We expect to be held to high standards in what we do. We strive to be a safety leader in our industry, a world-class operator, a good corporate citizen and a great employer.”

Yet only a few weeks before that release reaffirming BP’s commitment and values, the *Chicago Tribune* published a story describing negative environmental impact from a BP refinery plant. The October 18, 2013, story, “BP oil refinery waste piles up on Southeast Side,” explained how environmental waste from BP’s Whiting, Ind., refinery was piling up just across



the state line in Chicago, Ill. Petroleum coke, or “petcoke,” is a byproduct of the process of refining heavy coal tar sands and contains concentrated amounts of carbon, sulfur, and heavy metals, according to the *Tribune*. Because petcoke emits more smog-forming sulfur dioxide and heat-trapping carbon dioxide than coal, U.S. regulations tightly control the amount that can be burned without elaborate pollution controls. Consequently, most petcoke is used as fuel in nations that have more lenient air pollution standards.

BP told the *Tribune* that only about five days’ production of petcoke can be stored at the Indiana refinery to comply with the company’s federal permit and consent decree under the U.S. Environmental Protection Agency (EPA). There the toxic waste must be surrounded by 40-foot walls and an enclosed conveyor. The loading system contains water sprayers and wind screens to help keep dust down. Scott Dean, a BP spokesperson, said, “BP Whiting is complying with its permit regarding coke handling at the refinery.”

BP and other defendants were named in class-action lawsuits in both Cook County and Federal District Courts. The suits allege that the defendants should have done more to prevent petcoke from blowing into homes and properties. In addition to damages, the suits demand procedures similar to those in California that require the covering of waste piles. “BP byproducts create this mess,” attorney Kevin Rogers said. “It’s a toxic material that’s all over these neighborhoods. It’s bad for kids

## U.S. regulations tightly control the amount of petcoke that can be burned without elaborate pollution controls.

who breathe it in, and it’s filthy in the air and the soil.” But Dean said that the lawsuits’ claims against BP have no merit. He said a company named KCBX is responsible for complying with regulations associated with the storage of petcoke. He added, “BP has been told by KCBX that it is in compliance with Illinois regulations.”

KCBX Terminals owns two petcoke sites in Chicago. On November 4, 2013, Illinois Attorney General Lisa Madigan filed suit against KCBX Terminals for repeatedly violating state law by allowing lung-damaging particulate matter to swirl off piles of petcoke and coal in Chicago. A few days before that, on October 30, 2013, the Illinois

EPA accused the owner of a third petcoke site in Chicago of violating air pollution limits, overhauling its storage terminal without necessary permits, and failing to file plans to reduce lung-damaging particulate matter.

BP’s massive Whiting refinery is no stranger to environmental controversy. As part of a massive expansion to accommodate the refining of Canadian tar sands, the Indiana EPA granted BP approval in 2007 to release 54% more ammonia and 35% more suspended solids, or “sludge,” into Lake Michigan. This was done despite public uproar and the predicted adverse environmental consequences. Ammonia promotes algae blooms that can kill fish and trigger beach closings, and sludge contains concentrated heavy metals like lead, nickel, and vanadium.

A July 1, 2013, *Tribune* editorial, “BP Is Polluting Lake Michigan,” states that lax enforcement by the state of Indiana allows BP to dump 20 times the allowable federal limit for mercury, a highly toxic mineral, into Lake Michigan. The exemption to enforcement of this law was supposed to expire in 2012 but was extended for one year. The editorial states that “Indiana regulators want to give BP an indefinite pass on mercury restrictions.” Yet the need for and use of an exemption to mercury limits seems to be contrary to BP’s sustainability motivations as expressed in its *2012 Sustainability Review*. Under the section labeled Waste Management, the *Review* states, “We develop plans for compliance with all applicable legislation and seek to minimize any po-

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tential impacts.” The document doesn’t mention a timetable or any progress in accomplishing these goals.

In an August 2007 statement, then-BP America Chairman and President Bob Malone said, “We will not make use of the higher discharge limits in our new permit. We’re not aware of any technology that will get us to those limits but we’ll work to develop a project that allows us to do so.” This pledge isn’t legally binding on BP, hence its effort to persuade Indiana in 2014 to allow mercury pollution and presumably the ammonia and sludge excess discharges into Lake Michigan to continue.

While BP’s *Sustainability Review* reports quantitative data on 2011 greenhouse gas emissions and oil spills, it doesn’t contain information about BP’s toxic discharges into the water table. It states, “We manage and report on our performance for most of our environmental issues at a local level, where they are most relevant.” It would seem that the long-standing issue of alleged significant pollution of one of the Great Lakes, the world’s largest source of fresh surface water, deserves greater global attention by BP and more public reporting of its progress in minimizing environmental damage. Stakeholder feedback to the *Review* requested inclusion of environmental targets and performance, but BP’s response only addresses why it doesn’t set group-level targets for greenhouse gas emissions. The independent assur-

ance statement released by Ernst & Young covering the *Review* states: “We are not aware of any material aspects concerning BP’s sustainability performance which have been excluded in the Report.”

In other environmental matters, the update of the status of BP’s U.S. legal proceedings that was included in the company’s second quarter results issued on October 29, 2013, notes that the EPA affirmed in July 2013 its previous suspension and debarment of 23 BP entities from participating in new federal procurement contracts. The adverse financial effect of these actions wasn’t disclosed.

Perhaps it’s time for BP management in London, and its audit firm, to give more prominence to dealing with and reporting on matters of water and air pollution from its U.S. refineries, which are significant environmental concerns. Global BP stakeholders deserve more environmental transparency. **SF**

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