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# Is BP an Acronym for “Big Polluter”?

One of the key elements of oil giant BP’s strategic plan is a focus on sustainability. Known in the United States for its takeovers of Amoco and ARCO, London-based BP changed the former blue and red colors of those companies’ retail station signage, pumps, and

advertising copy to its own signature green. The BP icon captures the yellow of the sun and surrounds it with green accent petals. An early slogan in its marketing campaign was to associate BP with the words “beyond petroleum” to indicate the corporate concern with issues involving the environment. BP has spent millions of dollars on television ads to project the image of an innovative company doing more than its part to protect the environment.

BP’s website states that it sets goals for performance on a wide basis, including matters of financial, environmental, health and safety, and social targets. To be effective, BP believes it should strive to set objectives that “encompass both clear financial or operational benefits, as well as clear social and environmental objectives, and [that] are intended to deliver value to the company’s

shareholders, but with due care to all our stakeholders’ interests.” One of BP’s values is its aim “to carry on its business in an environmentally responsible manner.”

CEO Tony Hayward notes that the BP Code of Conduct is the “cornerstone” of its commitment to integrity, that it “summarizes the way we behave,” and that “the level of detail and practical approach [in our Code] signal our determination to embed our values and a culture of integrity more firmly in our group.” The section of the Code that concerns health, safety, security, and the environment proclaims: “We are committed to the protection of the natural environment, to the safety of the communities in which we operate, and to the health, safety, and security of our people.” The Code also refers to specific approaches, making statements such as “BP is committed

to providing...a safe and secure work environment where no one is subject to unnecessary risk” and “Wherever we operate, we will strive to minimize any damage to the environment arising from our activities.”

BP’s *Sustainability Report 2006* outlines what responsibility means for the company. Chapter 1, Responsible Operations, states that BP’s commitment goes beyond compliance with laws and regulations to act as a “progressive operator.” Chapter 2 speaks of BP’s initiatives to deal with climate change, and Chapter 3 relates the company’s goals to have a positive influence on social and economic development, which includes contributing to the progress of its host communities.

The 2006 chairman’s letter clearly enunciates BP’s performance relative to these goals. Sir Peter Sutherland states: “For many years, BP has been greatly admired, reflecting its strategic vision, determined execution, and high aspirations in areas such as safety, the environment, and the community—and I believe it still is....In the vast majority of our activities, we continue to be justly proud of our safety record, our environmental initiatives, and our high ethi-

cal standards.” In the Sustainability Report, then-CEO Lord Browne notes that 2006 showed “an improvement in personal safety, with reported recordable injury frequency the lowest in our recorded history and ongoing improvements in our environmental impact across a series of measures.”

Unfortunately, during the last two years, some terrible environmental and social events have taken place in BP U.S. facilities that seem to have overwhelmed apparently largely acceptable conduct elsewhere in the world. The bad news on the safety front began in March 2005, when a tragic explosion and fire at the BP refinery in Texas City, Texas, took the lives of 15 people. The president of BP Products North America later commented, “The mistakes made

during the start-up of this unit were surprising and deeply disturbing.” This was the third major accident at the plant in a year. Two more fires that occurred later, in July and August 2005, led to BP’s comment that the company was “disturbed by the operating culture at Texas City.” In other words, it appeared to BP that its Code of Conduct was being violated widely.

In March 2006, pollution woes began to arise when Alaskan BP facilities reported that the largest ever oil spill in the state had resulted from failures in corroded transmission pipelines due to inadequate maintenance. A smaller spill occurred in August 2006. BP successfully convinced prominent consulting firm Booz Allen to remove references to cost cutting from its report

that described the cause of the inadequate maintenance. An earlier report from another engineering consulting firm had targeted incidents of advanced corrosion as early as 2004. Current and former employees had been providing information about corrosion as early as 1999, which were said to have been ignored. The whistleblowers also alleged that cost cutting had significantly reduced the company’s program to monitor and repair corrosion at the network of aging pipes at Prudhoe Bay, Alaska.

There were also allegations of various safety and environmental concerns from a purchaser of a BP facility in Joliet, Ill. The allegations included corroded storage tanks and wastewater pollution from a BP chemical plant with a broken sewer line. The disturbing pattern of poor upkeep at various BP facilities is a “symptom of something very wrong,” according to Carolyn Merritt, chairman of the U.S. Chemical Safety and Hazard Investigation Board. “When you have the lack of maintenance, procedures, oversight, and training [found in the Texas disaster], these things are pretty systemic, and it’s unusual to find it only at one facility,” she said.

In 2007, BP’s pollution problems also concern increased pollution in the future. The massive BP refinery in Whiting, Ind., located just outside of Chicago, Ill., is the nation’s fourth largest refinery. In order to be able to refine heavy crude oil from Canada, BP plans to invest \$3.8 billion in the old refinery, which was built in 1889 by John D. Rockefeller’s Standard Oil Company. It will expand production by 15% and create 80 new jobs. The sad news for environmentalists is that the refinery, already one of the largest polluters in

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the Midwest, would release 54% more ammonia and 35% more “sludge” into Lake Michigan.

The Great Lakes are the world’s largest source of fresh surface water. Ammonia promotes algae blooms that can kill fish and trigger beach closings, while sludge contains concentrated heavy metals like lead, nickel, and vanadium. Part of what prompted Congress to pass the Clean Water Act during the early 1970s was the release into the lakes of oil, grease, and chemicals from steel mills, refineries, and other factories in this Indiana area.

BP’s plans to expand the Whiting facility and discharge more waste into Lake Michigan is against a provision of the Clean Water Act that prohibits any downgrade in water quality near a pollution source even if discharge limits aren’t exceeded. To let BP violate that rule, state regulators are allowing the company to install equipment that mixes toxic waste with clean lake water about 200 feet offshore. Known as a mixing zone, meeting pollution standards through this method is banned in Lake Michigan, but regulators granted BP the first-ever exemption.

The Environmental Protection Agency also looked the other way so long as the total amount of wastewater discharge into the lake remains below its current level of 21 million gallons a day. The argument that apparently convinced both federal and state regulators to allow BP’s plans was that there wasn’t enough room at the 1,400 acre Whiting site to upgrade water treatment facilities to keep more pollution out of the lake. As a result, the refinery expansion will allow BP to dump an average of 1,584 pounds of ammonia and 4,925 pounds of sludge into Lake Michigan every day. It appears the idea of

requiring BP to purchase additional land for a new waste treatment facility wasn’t considered.

For its part, BP has responded to the outcries in Congress, Illinois, and affected cities by placing full-page color ads that include the yellow sun and green surrounding petals and unveiling a website at <http://whiting.bp.com>. BP states that its wastewater discharges don’t contain “sludge” but rather only “suspended solids” that are nontoxic and consist of 99.9% water. In regard to the fact that the amount of mercury discharges won’t be decreased to comply with existing law, BP states that about 90% of the mercury in the Great Lakes comes from burning coal and that existing technology doesn’t remove mercury to the current standard level. BP believes its expansion permit “complies with federal and state regulations.”

But what about all of BP’s objectives to act as a leader by exceeding legal and regulatory requirements? And what about the increased air pollution that will result from the more intense process necessary to refine the heavy Canadian crude? Should persons concerned with protecting the environment for future generations follow the lead of the Chicago City Council, which directed all city government departments—including the police and fire departments—to boycott the green fuel pumps? ■

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