



ECUMENICAL REFLECTIONS ON MINING

Joint Advisory Committee on the Ethics of Investment 2015

MINING AND THE COMMON GOOD

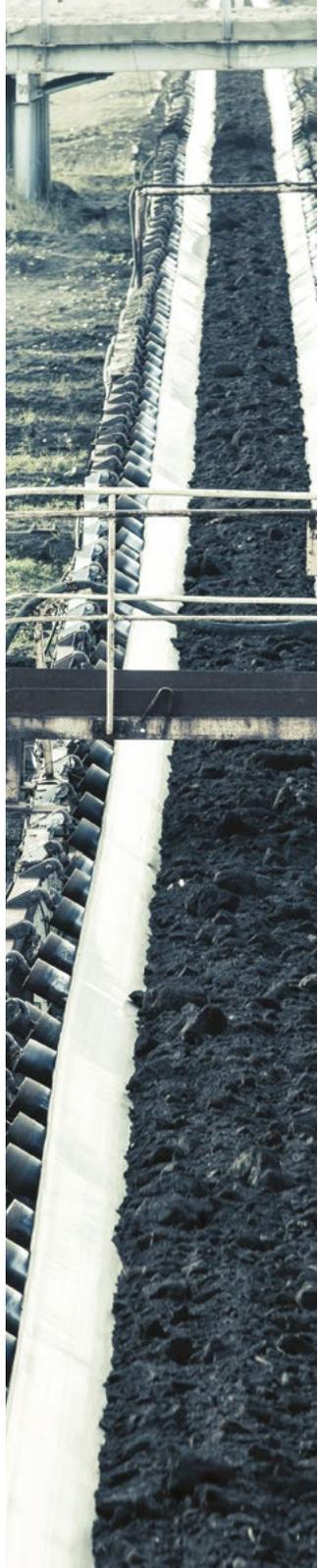
For too long the mining industry has seen itself as an ‘extractives’ industry. We need to shift this mindset, have more self-confidence, promote our industry without fear and be more open to criticism. We need to be proud and purposeful about our critical role as a development partner and embrace our purpose in an effort to create value for communities, governments, employees, investors, NGOs – value for the collective.”

MARK CUTIFANI, CHIEF EXECUTIVE, ANGLO AMERICAN

What is the proper role of mining?

It's not an unreasonable question. We depend upon mining for the minerals that are extracted. Without them, everyday activities such as cooking, transport and communication would be extremely difficult, if not impossible, whilst many health products would be unavailable. Yet miners can make for difficult neighbours. When mines are poorly managed, environmental impacts, such as dust, noise, pollution, and waste tailings, can result. Communities can find their livelihoods compromised. The shared use of a scarce resource such as water can lead to difficulties and biodiversity can be disrupted and harmed.

The Joint Advisory Committee on the Ethics of Investment (JACEI), which helps the Methodist Church to ensure its money is invested ethically, has advised that there is no ethical bar as such to investing in mining or extractive industries. Recognising, however, the ethical concerns, the Central Finance Board (CFB) policy, supported by JACEI, lays out a number of issues including investing only in the ‘best in class’ industries in terms of human rights, environmental impact and community relations.



These concerns have been recognised by the mining industry. In 2013 the industry came together for a 'Day of Reflection' hosted by the Vatican Pontifical Council for Peace & Justice. The aim was to reflect on mining's place in the world and its relationships with communities, especially faith communities, and to explore how it can fully contribute to the Common Good and develop a new model of sustainable mining.

In October 2014 the CFB was instrumental in bringing together church leaders from around the world with mining executives for a second Day of Reflection hosted by the Archbishop of Canterbury and the President of the Methodist Conference at Lambeth Palace.

The mining industry requested "ethical input to their conversations about the future of the industry", recognising that the way mining companies see themselves and how they contribute to the 'common good' needs recalibrating to meet society's expectations.

The Church as encourager and challenger

The President of the Methodist Conference, the Revd Kenneth Howcroft, challenged participants to "look for new insights and a new vision" and the Archbishop questioned why the "large majority of resource-rich regions have not benefited from those resources in the long-term".

JACEI and the CFB believe that much can be gained from honest engagement with the industry. The Church has something pioneering to offer in enabling the mining industry to reflect on its own identity and place in the world. The outcomes are as yet uncertain, but we have a collaborative role here as encourager and challenger, which could result in a genuinely more sustainable mining industry.



IMPRESSIONS FROM THE FIELD

As part of the reflections process, JACEI members were invited to visit mining projects on three continents.

“I was amazed to learn that Anglo American employs nearly 100,000 workers in South Africa and contributes 9% of South Africa’s GDP – that makes it a really significant player. I was impressed by the rigorous health and security measures that were in place. The culture of safety was evident everywhere.”

The Revd Jennifer Potter: Visit to Postmasburg and Kolemela Iron Ore Mines, Northern Cape of South Africa

“Essentially a mountain in the Andes had been taken down, ground to dust, and the copper extracted, with the sand left in a huge man-made lake-cum-waste dump. This is re-shaping creation in a dramatic way. Getting the softer things right, especially the human interactions with local people, is inexpensive in the grand scheme of projects, but easily overlooked and bungled by people too focused on the technicalities of engineering and financial return on capital.”

Bill Seddon, Chief Executive, CFB: Visit to Los Bronces Copper Mine, Santiago, Chile

“I found the people at both mine sites to be open and willing to engage on the issues we raised. To progress further, companies will need to explore more deeply what level of relationship they are prepared to have with their stakeholders and the extent to which they are willing to rethink their own business models.”

Stephen Beer, CFB: Visit to Ahafo and Iduapriem Gold Mines, Ghana

“Time in Geraldton, the nearest town to the mine, enabled us to talk about the impact of mining with local church leaders and to visit an indigenous employment programme operated by MMG. I was struck by the unique work environment of an isolated mine in the middle of the bush and by the very strong culture of safety.” **Professor David Clough: Visit to MMG Golden Grove Mine, Western Australia**



From the Chair of the Joint Advisory Committee on the Ethics of Investment (JACEI):

This short report has focused on one issue – the ecumenical reflections process with mining leaders – but during 2014/15 JACEI has also advised the Central Finance Board (CFB) in a number of other ethical areas. Drawing on this advice, the CFB has:

- divested from one company and excluded another as a result of its new policy on climate change implications for the electricity generation industry
- approved a policy on the ethical implications for different fuel sources, which considers the theological context and the climate change impact arising from distinct fuel types including coal, gas, biofuels, renewables and nuclear
- worked with other investment institutions to co-file shareholder resolutions on climate change at the 2015 BP and Shell AGMs
- engaged with companies to encourage adoption of the Living Wage in the UK and saw good progress with a number of them. CFB is itself an accredited Living Wage employer
- commenced engagement with companies susceptible to water-related risk, especially those with supply chains in places where water is a scarce or stressed resource
- become a supporting investor of Business Benchmark on Farm Animal Welfare, recognising that animal welfare is a material issue in the food producer,

- processing and retail sectors
- engaged with UK tea producers on welfare and human rights issues in India, and written to three major UK and Ireland airlines about their approach to preventing human trafficking
- remained supportive of the FTSE4Good Breast Milk Substitutes process, and helped to provide the Methodist Conference with an update on issues relating to breast milk substitute marketing and Nestlé
- voted all CFB holdings, taking action frequently against excessive executive pay with poor links to performance, and integrated climate change and Board diversity into voting decision making.

A Summary Report on the work of JACEI is contained in the agenda of the Methodist Conference. The full Report is available at www.methodist.org.uk/jacei and on the CFB website. Position papers and ethical policies are also available at www.cfbmethodistchurch.org.uk/ethics

We very much welcome comments and feedback on the work of JACEI and I encourage you to contact me if you have questions or concerns about ethical investment.

*The Revd John Howard, Chair,
Joint Advisory Committee on the Ethics of
Investment (JACEI)*



The **Methodist Church** Joint Advisory Committee
on the **Ethics of Investment**

The Joint Advisory Committee on the Ethics of Investment (JACEI) is composed of representatives appointed by the CFB and by the Methodist Council. It meets four times a year to advise the CFB on the ethical aspects of its work and monitors its decisions from an ethical standpoint.

Joint Advisory Committee on the Ethics of Investment (JACEI)

Methodist Church House, 25 Marylebone Road, London NW1 5JR

Telephone: 020 7467 5245 Fax: 020 7467 5282

Email: jaceichair@methodistchurch.org.uk

Web: www.methodist.org.uk/jacei



Central Finance Board
of the Methodist Church

The Central Finance Board of the Methodist Church (CFB) is responsible for managing and investing £1,200,000,000 of Methodist assets. Its challenge is to make good financial returns, whilst acting within the teachings of the Methodist Church. Its mission statement affirms that “we aim to construct investment portfolios which are consistent with the moral stance and teaching of the Christian faith [and] to be a Christian witness in the investment community”.

Central Finance Board of the Methodist Church (CFB)

9 Bonhill Street, London EC2A 4PE Telephone: 020 7496 3630 Fax: 020 7496 3631

Email: invest@cfbmethodistchurch.org.uk Web: www.cfbmethodistchurch.org.uk