

Opinion

Dig for victory? The battle for responsible mining

How best to approach mining companies is a vexing question for responsible investors. Extractive industries are notorious for their negative impacts upon environmental and human health as well as the rights of workers and indigenous peoples. Moreover, mining giants such as Glencore, BHP Billiton and Rio Tinto feature prominently in [The Carbon Underground](#) list (attached) of the top 200 fossil-fuel companies ranked by the potential carbon emissions content of their reported reserves. Anti-mining rhymes have therefore soundtracked efforts globally to leave oil in the soil, coal in the hole, gas under the grass, tar sands in the land...

Yet certain resources are pivotal in building renewable energy technologies for a low-carbon economy. Rio Tinto announced last week its discovery of 'a potentially large source of [lithium for electric car batteries](#) while looking for gold in piles of waste rock in California'. At the same time, Anglo American's \$5bn [copper](#) project in Peru is projected to produce for 100 years. But such projects face pitfalls to which the responsible investor must be alert. Chinese mines in Peru have recently experienced blockades of roads and seaports due to local opposition. Likewise, in the context of unrest over water sources, Anglo American anticipates its biggest risks include the construction of a 95km water pipeline and 'community relations'.

Existing mechanisms for industry scrutiny are inadequate. The world hub for industrial metals trading, the London Metal Exchange (LME), recently decided to accept metals from small-scale individual miners as part of its so-called 'responsible' sourcing policy, despite concerns this could include supplies that involve [child labour or armed conflict](#). Moreover, LME's guidelines 'do not include any reference to environmental concerns, or require any disclosure on the amount of carbon emitted during the mining or smelting of metals'. This needs to change. Around 100 companies are involved in the LME, each of which is a potential site of engagement to change the rules on the trading floor. French bank [Société Générale is a Category 1 trader in the LME](#), to take just one example, in which Trinity College is a direct shareholder to tune of about £200,000.

Responsible investment in resource extraction involves rising risk in the context of political and economic instability. Take wind power, for instance. Trade wars pose a threat to the global supply chain for wind turbines, which 'can often stretch across several continents and include [rare earths elements](#) and components made in China'. The volatility of commodity markets, moreover, creates divergence in investor behaviour: Glencore is closing its copper and cobalt mine in the Democratic Republic of Congo following a 65% fall in the price of [cobalt](#), a key raw material used in batteries, whereas Swiss commodity trader Trafigura just announced its plan to finance a \$450m Congolese copper and cobalt facility.

Last issue, we noted that BHP is adding a [social value assessment](#) to the business plans of all its assets to 'hardwire' local interests into its decision-making processes. Now BHP has announced plans to [cancel coal contracts](#) to switch its Chilean copper mines over to renewable energy. Unlike the oil majors, which are hardwired to protect the value of their carbon-intensive assets, mining companies might be more amenable

to shareholder engagement due to their diversified business model. Indeed, BHP chief executive recently explained ‘there is [a lot more metals that you need in a decarbonised world](#) than you need in a fossil fuel world’. Mining companies, in his view, are the ‘locomotive that drives us towards our low-carbon future’. Yet BHP remains a member of industry associations lobbying against ambitious climate legislation, despite 22.2% of its London-listed shareholders voting for a proposal initiated by climate-conscious investors including the Church of England Pensions Board to withdraw from such groups.

Resource extraction will indeed play an important role in the energy transition. But the terrain is politically fraught, with Canadian PM [Trudeau shoring up support by tweeting](#): ‘We’re going to keep supporting mining workers & their families, and help the sector continue to innovate & thrive.’ It is plain, therefore, that the industry is a vital pressure point for responsible investment. And the credible threat of divestment should serve as a spur to those companies which refuse to abide by decarbonisation targets and ethical standards.

The good

[Asset managers must use their votes to tackle climate change](#)

[Climate change: how business school students play their part](#)

[How to go beyond shareholder primacy in good conscience](#)

[Ethical superannuation: what is it, and does it actually work?](#)

[Investors should look beyond the bottom line](#)

[US business schools realise ESG is no fad but part of long-term trend](#)

[Why more asset managers are taking cues from UN sustainability goals](#)

[Investors turn up the heat on governments](#)

[Mayors want funding and powers to fight climate threat](#)

[London station to become freight hub in green goods plan](#)

[Swiss voters deliver decisive shift towards green parties](#)

[Special Report: Responsible Business Education](#)

[FTfm: Responsible Investing](#)

[Clean energy outpaces fossil fuel in UK for first time](#)

[Miner BHP plans \\$780m provision over renewables switch](#)

[Oil service providers eye low-carbon transformation](#)

[BHP UK investors urge halt to fossil fuel lobbying](#)

[Central banks are tuning in to climate change](#)

[World Bank moves to halve ‘learning poverty’ and end illiteracy](#)

[How Nottingham cut air pollution with UK’s only workplace parking levy](#)

[An alternative future for the sell-side analyst: eco-warrior](#)

[McDonald’s and Starbucks pour millions into eco-friendly cup hunt](#)

[Lego looks at putting together potential rental service](#)

The bad

[Wind power industry warns of global trade war threat](#)

[Reputations at stake for asset managers as biodiversity concerns mount](#)

[Insurers grapple with property losses as extreme weather intensifies](#)

[PG&E backlash slows down decarbonisation plan](#)

[Environmental bill targets lack ambition](#)

[European Investment Bank postpones decision on natural gas lending](#)

[Third of biggest banks fail to sign up to climate initiative](#)

[California governor declares emergency as wildfires rage](#)
[Trumpf chief warns of climate change 'hysteria'](#)
[Global economy faces \\$19tn corporate debt timebomb, warns IMF](#)

The interesting

[Heed the warning of unsustainable climate trends](#)
[Concerns as EU bank balks at plan to halt fossil fuel investments](#)
[Bumpy flights ahead on the path to zero emission workplaces](#)
[Energy suppliers faces new audit rules in Ofgem crackdown](#)
[Schlumberger: that sinking feeling](#)
[Green Investing Is a Sham](#)
[China new energy vehicle sales drop 34%](#)
[Clock ticks on US carbon capture projects](#)
[Banning air miles will not go the distance](#)
[EU risks trade fight over carbon border tax plans](#)
[Anglo American says copper mine will produce for 100 years](#)
[Extinction Rebellion in bid to reverse ban on London demos](#)
[UK suspends all new arms sales to Turkey](#)
[Neptune Energy strikes \\$250m deal for Edison's North Sea assets](#)
[Climate protesters take 'October Revolution' to City of London](#)
[Total buys 37% of India's Adani gas distribution business](#)
[Neste Oil/renewable fuels: deep fat flyer](#)
[Trafigura bets on Congo even as Glencore shuts mine](#)
[New king of the North Sea takes on Total and BP](#)
[Anglo American closes in on Peruvian copper bounty](#)
[Rio Tinto has 'eureka moment' with California lithium discovery](#)
[Climate change: the CMBS angle](#)
[The private sector alone will not deliver the energy transition](#)
[Stewardship must force companies to be on the 'side of angels'](#)

Cambridge news

[Virtual investment experiment indicates informed consumers choose sustainable funds even with reduced returns](#)
['Artificial leaf' successfully produces clean gas](#)
[Protesters take down two Cambridge Uni events branding them a 'climate crime scene'](#)
[Update on divestment pros and cons report released by University Council](#)
[XR graduate's climate activism at Cambridge presentation is a first](#)
[Student climate strikers present open letter to the county at Guildhall following protest](#)