

Welcome to our latest edition of *Christian Ethics in Practice*, keeping Methodist church and charity investors updated on the important ethical work we undertake on your behalf.

We have again engaged on a wide range of issues – from *Mining* (our lead story in this edition), to *Tea & Workers Rights*, *Plastics* and of course, *Climate Change*.

Our work on climate change continues. As requested by Methodist Conference in 2017, we will report to Conference 2020 on how fossil fuel companies are changing their business plans to meet the goals of the Paris Accord to limit the average temperature rise to “well below 2 degrees Celsius”. In addition, in response to demand from charities, we will launch a new climate fund in the coming months that will not only exclude oil and gas companies but other companies that have a high carbon footprint. This Fund will be available to all our investors. Further details on the Fund will be available shortly and if you feel that it could be of interest to your trustees, please contact my colleague Mark O’Connor, whose details are available overleaf.

If you would like more information regarding any of the other topics covered, I would be delighted to hear from you.



**David Palmer**  
Chief Executive Officer



## Mining

In Brazil, *Vale* is the biggest mining company and the number one producer of iron ore (we are not investors). On 25 January 2019, its Brumadinho tailings dam (typically an earth-filled dam used to store by-products of mining operations) collapsed releasing the equivalent of 4,700 olympic swimming pools worth of toxic mud.

“ *When Brumadinho dam collapsed over 250 people lost their lives* ”

Over 250 people lost their lives in addition to the destruction of homes, farms and plantations that were situated nearby. This disaster remains very prominent in our minds.

The Central Finance Board of the Methodist Church (CFB) is part of an investor coalition called *The Investor Mining and Tailings Safety Initiative*. It is led by investors who are active in extractive industries including asset owners and asset managers and engage with mining companies on their tailing dams. As part of this initiative, a letter was sent to 727 listed mining companies. This was designed to raise awareness of the tailings facilities that the companies own and to assess the scale of the risk faced. It has generated responses from 40 of the top 50 mining companies and we continue to engage as part of this investor coalition.

The CFB also works through *The Mining and Faith Reflections Initiative* and attended a conference at the Vatican, hosted by the Pope, to look at Mining and the Common Good. Delegates included churches, non-governmental organisations (NGOs), local community representatives and mining company executives. As part of this conference, pictures of all of those who lost their lives in the Brumadinho disaster were displayed on a table in the centre of the room. This helped to highlight the human cost that can be involved in poor mining practices and the need to ensure that all projects are undertaken to the highest standards.

## Tea and Workers' Rights

We have been engaging with tea producers for some time recognising the abuses that can take place within the sector. *Unilever* is part of the *Ethical Tea Partnership* which is an organisation that brings together the world's most influential tea businesses to create a more sustainable tea industry for tea workers, farmers and the environment.

We wrote to Unilever to ask for greater transparency on the estates from which it sources tea and requested that this be disclosed publically. We are pleased to say we received a positive response from Unilever which now publishes on its website, the tea estates from which it sources its UK and Irish tea.

## Plastics

We recently co-signed a letter to 50 global consumer goods companies organised by *As You Sow*, which is an American NGO and aims to promote environmental and social corporate responsibility. The letter included a survey on plastic packaging, and the results will allow investors to assess how companies approach this important issue.

Alongside other investors, we are also engaging with the *Marine Stewardship Council* to encourage it to reference 'ghost gear' in its sustainable fisheries standard. 'Ghost gear' is old fishing gear that can be lost or abandoned in the ocean and can significantly add to the level of plastic pollution.

## Climate Change

Climate change continues to be one of the main areas of our ethical work. During 2019, we co-filed a shareholder resolution at *BP's* AGM, calling on the company to explain how it will align with the Paris Agreement. The resolution secured the backing of BP's board and was passed with 99% of votes.

We also attended the *Anglo American* AGM, where we made a statement on behalf of the *Climate 100+ investor coalition*; we co-lead on this engagement with Anglo American. This is part of an ongoing dialogue to encourage Anglo American's transition to a low carbon economy.

Currently we exclude several fossil fuel producers from investment. We are continuing our review project to evaluate the consistency of the business models of those in which we invest with the Paris Agreement. We remain on track to draw final conclusions during 2020.

During 2019, we worked with our charity clients on this important topic, including hosting a successful *'Beyond Fossil Fuel'* seminar. This looked at a wide range of issues, including the implications of divesting from oil and gas companies. We recognised that some of our clients would like to proceed more quickly than our wider review, and divest from oil and gas producers now. In response to this, in early 2020, we will launch a new climate fund that will not only exclude oil and gas companies but also other companies that have a high carbon footprint. This Fund will be available to all UK charities.

*“ We will launch a new climate fund that will not only exclude oil and gas companies but also other companies that have a high carbon footprint ”*



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