

**Title: Expansion of UCC Pension Fund Social Criteria**

**Originating Body:** Maritime Conference Church in Action Committee (Mining the Connections Working Group)

**Maritime Conference Action:** Transmit with concurrence

**Financial Implications:** N/A

**Staffing Implications:** N/A

**Proposal:**

Maritime Conference proposes that the 40<sup>th</sup> General Council:

- 1) direct the General Secretary to seek independent legal and financial opinion as to what would be required for United Church of Canada Pension Board (UCCPB) to adopt the socially responsible investment criteria of the United Church of Canada as their own investment criteria; and therefore avoid investing in any company that:
  - a) has ignored or failed to take into account the needs and interests of communities affected negatively by its operations or planned operations. Evidence of such failure may be found in a lack of engagement in public consultation, especially in the face of community opposition and
  - b) has ignored or failed to take into account the needs, interests, and rights of aboriginal communities affected by its operations, or planned operations, and that investments in extractive industries be screened by the UCCPB based on companies' adherence to international standards on human rights, environment, and indigenous peoples' rights, including the international standard of the Right to Free, Prior and Informed Consent.
- 2) direct the General Secretary to then report back to the General Council Executive and the originating body (Maritime Conference, Church In Action Committee) for consultation and action.
- 3) That the 40<sup>th</sup> General Council , given that the UCCPB currently holds investment in Goldcorp which does not meet the ethical investment standards of the United Church, direct the General Council Executive to encourage the UCCPB to take steps:
  - a) To engage with affected Mayan communities and their representatives to ensure that the UCCPB understand the perspective of the communities , regarding Goldcorp positions and statements;
  - b) To include a member of the Maritime Conference Mining the Connections Working Group in any engagement process with Goldcorp, since it is a highly-informed United Church of Canada group with in-depth knowledge of the history and present situation of Guatemala and strong relationships with communities affected by Canadian mining companies;

- c) To encourage the Pension Board to undertake shareholder advocacy with companies in which the United Church Pension Plan invests where concerns have been expressed regarding environmental, social and human rights impacts.

## **Background**

1. Maritime Conference Church in Action Committee has tracked human rights and environmental violations of several Canadian mining companies operating in Latin America, including Gold Corp's Marlin Mine in indigenous Mayan communities in Guatemala. The committee's link with the Breaking the Silence Network operating a CIDA-funded Guatemalan internship program out of Tatamagouche Centre has provided opportunities to keep abreast of mining activities in communities surrounding the Marlin mine, through correspondence and regular delegations there. As conditions for the indigenous Mayan communities there have continued to worsen, including serious health concerns, we were alarmed to discover that the United Church of Canada Pension Fund has significant investments in Gold Corp.
2. A full history of Gold Corp's violations and the documentation and reporting of these violations by a number of church, investment and environmental and human rights organizations, is set out in our letter to United Church of Canada Pension Board (7 Pages) prepared by Kathryn Anderson in April 2009. In brief, the Marlin mine since its inception by Glamis Gold and then under Gold Corp has developed and operated without the free, prior and informed consent of the surrounding communities, even though the Guatemalan government has ratified the International Labour Organization's article 169 requiring this community consent. A referendum in which 11 of 13 municipalities rejected the mine has been ignored and protests have led to repressive police & army action. The mine currently uses 250,000 gallons of water per hour and since the start of operations the wells serving 10,000 Mayan people have dried up. Toxic tailings piles have created acid drainage with high levels of metals into a nearby river. A cyanide leaching process is used to separate the gold. In an older Gold Corp Honduran mine this process has contaminated wells.
3. April 30<sup>th</sup> 2008 Jantzi Research, a recognized advisor on ethical investments, having investigated Gold Corp's history in several operations, recommended that Gold Corp be ineligible for Socially Responsible Investment Portfolios based on its environmental fines and its failures to deal with community health concerns and consult with surrounding communities. In 2008, Gold Corp negotiated withdrawal of a shareholder resolution by a large group of Canadian and Swedish shareholders by agreeing to commission an independent Human Rights Impact Assessment. Gold Corp refused to circulate a shareholder resolution, by Breaking The Silence, to halt expansion of the Marlin mine without the free, prior and informed consent of the community. While Jantzi Research sees the agreement to an HRIA as positive step, it is concerned that the impact of implementing the HRIA will not be measurable for a number of years. Therefore Jantzi indicates that Gold Corp should now be addressing the issues of compensation, transparency and consultation mechanisms and commit to obtaining free, prior and informed consent before expanding. The refusal to circulate the resolution to this effect indicates rejection of the Jantzi recommendation.