

Investor group to begin dialogue that will examine the approach taken to date and how standards of best practice have been applied and monitored across the sector

Australia, London, - a group of 64 investors and their representatives with USD \$10.2 trillion in Assets Under Management have today written to the Boards of mining companies operating in Australia and internationally to seek assurances about how the sector obtains and maintains its social license to operate with First Nations and Indigenous communities.

The investor group of long-term institutional investors is considering the implications of what occurred at the Juukan Gorge on the wider mining sector to support alignment between best-practice and company action.

The investor group is seeking information on the action companies are taking to understand and manage the risks. The group is clear that although the example of the destruction of the Juukan Gorge has arisen in Australia, the principles apply to projects across the world.

The letter from global investors states:

“As responsible investors and their representatives, we are committed to working with the mining sector to support verifiable outcome-oriented processes and standards that ensure that such events are not repeated. To do so, we need to better understand your approach to management of the cultural heritage and First Nations and Indigenous community relations.”

“Our collective long-term investment means that we need to have real confidence in how the sector obtains and maintains its social license to operate with First Nations and Indigenous peoples, including Traditional Owners and Native Title holders. The events at Juukan Gorge have shown this is a significant risk for investors and have prompted us all to take a deeper look at how relationships between companies and First Nations and Indigenous peoples are formed and function over the long period of mine operation and remediation.”

“We believe that investment risk exists where there is a mismatch between a company’s stated approach to relationships with First Nations and Indigenous communities and what happens in practice.”

The investor group recognises that there is a great deal of complexity in this area and underlines the importance of investors properly understanding this complexity.

The investor group is eager to begin a dialogue that will examine the approach taken to date and how standards of best practice have been applied and monitored.

The letter supports dialogue with companies on their practices:

- **Approach to relationships with First Nations and Indigenous stakeholders** including which of the international standards they follow, the

policies and processes they currently have in place and how they operate in practice.

- **The company's governance frameworks** including how the company Board oversees the issues, where responsibility lies for the management of relationships with relevant First Nation and Indigenous communities and how the effectiveness of processes for incorporating these views is assessed.
- **Specific action or actions the company has taken to identify and manage the risks across its business.**
- **How the company intends to disclose in relation to issues.**

The investor group intends to gather responses from companies before initiating a dialogue that will include input from community representatives as well as the companies.

ACSI CEO Louise Davidson said that the mining sector should reflect and reset on the approach to cultural heritage issues in light of the destruction of culturally significant caves in the Juukan Gorge.

"The events of Juukan Gorge have identified a significant failing in the way Rio Tinto managed its relationship with Traditional Owners. This issue has exposed material investment risk for investors. We want to understand how companies across the industry are managing these risks and working to ensure that a disaster like the Juukan Gorge never happens again."

The **Church of England Pensions Board Director of Ethics & Engagement, Adam Matthews** said: "As with the issue of tailings dam safety a single event has exposed a systemic issue across the mining sector. On each occasion the mining sector further erodes the trust in its social license to operate. Good practice exists within the sector and investors need to better understand the practices of companies to be able to ensure best practice becomes the minimum operating standard on this issue as with many others. This is a beginning of a long process,"

Aware Super said: 'It is imperative that the companies Aware Super invests in commit to good corporate governance by employing strong environmental, social and governance (ESG) principles. The protection of heritage and a company's social licence to operate is a key ESG principle for the Fund. Aware Super supports the international collaboration to work with the mining sector to establish verifiable, outcome-orientated processes and standards that will ensure similar events are not repeated.

Cbus Chief Investment Officer Kristian Fok said "Juukan Gorge has investment implications for a broad range of companies not least the extractives industry. To have confidence in the management and oversight of First Nation relationships, we need to re-establish a base line to understand how these relationships are formed, respected and operate over the long-term. Cbus is committed to working collectively with investors and companies to avoid this happening again."

HESTA CEO Debby Blakey said: “The destruction of the Juukan Gorge caves by Rio Tinto was a wake-up call for investors. It’s critical companies and investors who are making long-term decisions manage risks associated with indigenous heritage protection appropriately – not only so we can mitigate financial risk for our members’ investments, but also so we can ensure there are fair and sustainable outcomes for indigenous communities and companies. HESTA is committed to working respectfully with all stakeholders and collaborating with other investors to keep pushing for change.”

LAPFF Chair, Cllr Doug McMurdo: “As the affected community liaison to the investor initiative on tailings dam safety, the Forum has been in direct dialogue with community representatives from Brazil, Australia, and the US over the last couple of years. It is striking how valuable their input is, first and foremost from a human rights and environmental perspective, but also from an investment perspective. We don’t want companies to miss real business risks recognized by these communities because of inadequate stakeholder engagement processes. We consider many of the outcomes arising from poor governance, both at the Main Board and Executive Team level, clearly bring financial materiality risk.’

USS Head of Responsible Investment, David Russell said: “As we have seen, the way in which mining companies interact with and treat Indigenous communities is critical to their licence to operate. Long-term investors like ourselves need to be assured that the companies in which we invest have appropriate policies, processes and culture to manage these relationships.”

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