

Major asset managers to ramp up engagement with mining companies over tailings safety

BlackRock, Federated Hermes and Invesco are all engaging on the issue



by: [Dominic Webb](#) Feb 3rd, 2022

A number of large asset managers are planning to step up their engagements with mining companies after the Church of England Pension Board said it would **vote against board chairs** at companies which were lagging on tailings safety.

A range of managers, mostly members of the Church of England's investor mine tailings safety initiative, confirmed their engagement plans to RI following the Church's announcement. The Church said that the voting policy would apply across its £3.5bn portfolio, as well as being part of the Church Investors Group voting template. The Church Investors Group comprises 65 investors with more than £25bn in assets including the £9.2bn Church Commissioners.

Mining companies representing around a third of market capitalisation have committed to implement the Global Industry Standard on Tailings Management (GISTM) or assess their alignment to it, but 183 companies are yet to confirm that they will implement the standard, the CoE-led Mining and Tailings Safety Initiative said last week. Since the Brumadinho disaster in 2019 which sparked the development of the standard, there have been a further 121 tailings incidents with three leading to fatalities.

Engagement specialists EOS at Federated Hermes confirmed to RI that implementation of the standards was part of its mining company engagement programme. Its mining sector lead, Jamie Gornsztejn, said that EOS had not yet voted against a chair, but was willing to do so "where

necessary”.

RI also understands that BlackRock’s stewardship team has been engaging with mining companies over tailings management, with a particular focus on companies where they have reason to believe the issue is not being properly handled. As well as large holdings in miners through its index funds, BlackRock runs a £1bn mining investment trust and a £5bn global mining fund, although it is not a member of the tailings safety initiative.

A spokesperson for Invesco said that the standard would be an important consideration in its proxy voting decisions. The \$1.6trn manager has already carried out engagement on tailings, which has resulted in action being taken by mining companies, and is planning engagements with several large mining companies “to strongly push” them on formally committing to adopt the standard.

A spokesperson for £82bn GAM told RI that it expected all mining companies to adopt the standard. The manager will consider voting against the report and accounts or the re-election of accountable directors where there are concerns over disclosure, management or risk oversight of material sustainability risks or impacts, including tailings management.

Janus Henderson said that it did not have a formal voting policy in place, but that investment teams were able to vote against board members where appropriate. Allianz Global Investors, Abrdn and Border to Coast also confirmed that the standard will form part of their mining engagement, although a spokesperson for Allianz said it had limited industry exposure and that its holdings were already doing a lot to mitigate tailings risk.

Tailings management could prove to be a serious headache for mining companies at AGMs if investors decide to escalate. Among the companies named by the Church of England Pension Board as yet to confirm their support for the Global Industry Standard on Tailings Management (GISTM) are ArcelorMittal and Grupo Mexico, one of the world’s largest copper miners. BlackRock funds in the top 20 shareholders have a collective 2.34% share in ArcelorMittal, according to data from Morningstar, while Invesco accounts for a further 0.23%. Invesco owns just under 7% of Grupo Mexico, with BlackRock accounting for a further 1.04%.

Grupo Mexico had not responded to a request for comment at the time of publication.

A spokesperson for ArcelorMittal said that the company’s tailings strategy was based on three industry standards including the investor-developed GISTM, and while not a member of the International Council on Mining and Metals, it was fully aligned with the council’s standards. Arcelor conducts internal and external audits of all its tailings facilities as well as using the best available technologies to reduce risks associated with the facilities, the spokesperson continued.

RI asked the Church of England Pension Board why Arcelor was included on the list. Adam Matthews, its Chief Responsible Investment Officer, said that the firm had not responded to its correspondence in December 2020 and made no mention of the standard on its website or in its ESG reporting.

“Public support and implementation by companies was a request clearly laid out to all listed companies by investors from the Mining and Tailings Safety Initiative. We recognise that some companies demonstrated good practice before the GISTM was published, and that good technical guidelines exist such as [the Mining Association of Canada guidelines], but that the Global Standard sets out a comprehensive suite of measures developed through a robust multistakeholder process that are suitable across geographies and mine operations, and intended to prevent harm to people and the environment,” he said.

“We would encourage ArcelorMittal to confirm to the investor group their support of the GISTM, and the points they have provided in their statement to RI.”
