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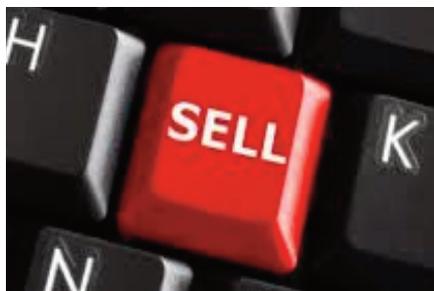
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German foundation EVZ exits Glencore, Goldcorp and Johnson Matthey over human rights

Latest divestment decision by body set up to compensate Nazi victims

by Jan Wagner | June 27th, 2014

EVZ, a €443m German foundation set up to compensate slave labourers under the Nazi regime, has divested another three companies – Glencore, Goldcorp and Johnson Matthey – due to their failure to engage with the foundation on possible human rights violations.

EVZ (Erinnerung, Verantwortung und Zukunft – “Remembrance, Responsibility and Future”) said it was dumping €1.2m worth of shares in Glencore, the Anglo-Swiss commodities mining and trading firm. Another €60,000 worth of shares in Canadian gold mining firm Goldcorp and €6,000 worth of shares in Johnson Matthey, a UK precious metals distributor, would also be sold, EVZ said.

The divestments are a result of the EVZ’s latest screening of its equity and bond portfolios to ensure that investees uphold its own ESG (environmental, social and governance) criteria. The foundation can exclude companies that, for example, rely on forced labour or are involved in the production of banned weapons (e.g. cluster bombs or land mines).

German ESG research firm Oekom screens EVZ’s equities (23% of assets) and bonds (66%) to determine which companies are in breach before an engagement campaign is started.

Regarding the violations, Oekom said its research reflected that a copper-gold mine owned by Glencore in the Philippines had infringed on the rights of the indigenous population, and that during a conflict with the Philippine military, numerous anti-mine protestors were killed.

In Goldcorp’s case, Oekom said its Marlin mine in Guatemala had seen violent protests between locals and police between 2010 and 2013. In addition, a separate mine in Honduras operated by the Canadian gold extractor had been responsible for significant environmental damage, including arsenic poisoning. Johnson Matthey was targeted because it is a supplier to Goldcorp, said Oekom.

The three firms join four others – Apple, Walmart, Shell and Barrick Gold – that EVZ blacklisted one year ago. Apple and Walmart were excluded due to their involvement with child labour. Shell was cast out for environmental damage (oil spills) in Nigeria, while Barrick was dumped for an alleged violent crackdown of labour protests at two of its mines. EVZ said that it recently reached out to the four companies it excluded in 2013 but that, again, they declined to engage.

“There are three goals associated with our engagement process,” said Martin Salm, Chief Executive of EVZ. “The first is that by adhering to ethical criteria when we invest, we aim to produce good returns. Secondly, by being ethical we live up to our responsibility to forced labourers under the Nazi regime. And the third goal is to achieve more with investees by publicising the results of our engagement.”

Meanwhile, Hermes Equity Ownership Services, the engagement firm that’s ultimately owned by the BT Pension Scheme, has welcomed the appointment of (female) former mining executive Patrice Merrin to the board of Glencore. Glencore has been under increasing pressure for being the only FTSE100 company with an all-male board.

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