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Church of England funds sell millions in Vedanta shares in boycott

Blacklisting follows failed engagement on human rights concerns.



by **Hugh Wheelan** | February 6th, 2010

The Church of England's pension funds have sold shares worth approximately £3.8m (\$5.9m) in Vedanta Resources, the controversial FTSE 100 mining company, after its ethical council recommended blacklisting the firm over human rights concerns in India.

The church said it sold the stock after failed talks with Vedanta over its treatment of local communities. A UK government report in October, 2009, criticised Vedanta Resources' lack of engagement on health and rights issues with residents near to its alumina refinery in Lanjigarh, Orissa and a planned bauxite mine in the nearby Niyamgiri hills, saying a change in the company's behaviour was "essential". Vedanta was blacklisted in 2007 by the Norwegian Government Pension Fund. The church said keeping the shares would breach its ethical investment policy. It said it believed the Indian government was still considering whether to give final approval for the Niyamgiri mine. John Reynolds, chairman of the Church's Ethical Investment Advisory Group, said "I am a passionate advocate for engagement with companies when we have ethical concerns. We have an excellent track record of getting our concerns heard and acted upon by the companies in which the Church investing bodies hold shares. However, after six months of engagement, we are not satisfied that Vedanta has shown, or is likely in future to show, the level of respect for human rights and local communities that we expect of companies in whom the Church investing bodies hold shares."

He added: "We respect the Indian democratic system. Our concern is that a company registered and listed in the UK should conform to the established environmental, social and governance norms expected in the London market – or at least reassure its shareholders that it is committed to the journey."