



Business, Innovation and Skills Committee

Oral evidence: [Extractive Industries Sector](#), HC 832–iii

Tuesday 4 March 2014

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Witnesses including written evidence where submitted:

At 10.00am

- Susanne Schmitt, Extractives and Infrastructure Manager, [WWF—UK](#)
- Joseph Stead, Senior Economic Justice Adviser, [Christian Aid](#)
- Richard Solly, Co-ordinator, [London Mining Network](#)
- Alexander Scrivener, Policy Officer, [World Development Movement](#)

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Members present: Mr Adrian Bailey (Chair), Mr William Bain, Mr Brian Binley, Paul Blomfield, Katy Clark, Ann McKechin, Mr Robin Walker, Nadhim Zahawi

Questions [270-313]

Witnesses: **Dr Susanne Schmitt**, Extractives and Infrastructure Manager, WWF-UK, **Joseph Stead**, Senior Economic Justice Adviser, Christian Aid, **Richard Solly**, Co-ordinator, London Mining Network, and **Alexander Scrivener**, Policy Officer, World Development Movement gave evidence.

Q270 Chair: Good morning. Thank you for agreeing to give the benefits of your insights to our inquiry. Could I start by asking you to introduce yourselves, for voice transcription purposes? We will start with you, Dr Schmitt.

Dr Schmitt: My name is Susanne Schmitt. I work for WWF-UK. Since last year, I have worked on extractives and infrastructure issues for WWF-UK.

Joseph Stead: I am Joseph Stead. I am Senior Economic Justice Adviser at Christian Aid.

Richard Solly: I am Richard Solly. I am Co-ordinator of London Mining Network.

Alexander Scrivener: I am Alex Scrivener. I am Policy Officer at World Development Movement.

Q271 Chair: Thank you very much. Obviously the Committee does have parliamentary privilege, but if you are to make comments about a particular company or business, I would ask that the reference be embedded at the source of the evidence base for what you are saying. I make that proviso. Some of the questions will be person-specific. Others will be more general. Please do not feel that you all have to answer every question, otherwise we could be here for an awful long time. If there is something significant that you may wish to add or subtract from another person's answer, then we would want to know.

If I can start with you, Richard, your written submission to us highlights several specific points of concern, in terms of the corporate governance of extractive companies. Why do you feel that companies in the extractive sector require stricter oversight? What areas would you highlight as needing particular focus?

Richard Solly: There have been some financial scandals in recent years, with Bumi, for instance, being investigated by the FCA over issues of a lack financial transparency. We are particularly concerned about the human rights and environmental impacts of London-listed mining companies around the world. Because of the concerns expressed to us by communities that we are working with, we conclude that the current regulatory regime is not strict enough. We are worried that the UK Listing Authority is not empowered to take into account sufficient issues, other than financial accountability. It ought to be able and be required to take into account environmental and human rights matters.

Chair: You partly pre-empted my follow-up question: what areas do you think the changes should take place in?

Q272 Mr Binley: On a point of information, when you talked about regulation not being sufficient, you were talking on a global basis. Does that apply to South Africa?

Richard Solly: Yes.

Q273 Chair: Can we clarify this? My understanding is that you were talking about the regulations concerning the listing in the London Stock Exchange. Is that correct?

Mr Binley: I understand that. Is that as it affects South Africa as well, particularly?

Richard Solly: As it affects all places where London-listed companies are operating. We think that the fact that the UK has passed the Bribery Act, which has global reach, suggests that it ought to be possible to pass legislation on human rights and environmental matters that are also of global reach. We think that London-listed companies ought to be held to account for keeping to the terms of global agreements to which the UK is a signatory, for instance the UN Declaration on the Rights of Indigenous Peoples, which guarantees the right to free, prior and informed consent.

Mr Binley: That helps me. Thank you.

Q274 Chair: There are a large number of NGOs involved in this sector; why do the extractive industries require so much involvement? You have partly answered that. Is there anything you would wish to say over and above what you have said already?

Richard Solly: Yes. Part of the reason there are so many NGOs involved is that there has been a large expansion in the mining industry. A lot of that expansion has been into areas inhabited by indigenous peoples or other land-based peoples, who make a living through other ways that are incompatible with having a large mine in their area. It is important to note that the huge majority of new mining is opencast or open-pit mining. This disrupts a large quantity of land by getting rid of vegetation and soil cover, so that it is incompatible with agriculture. It creates relatively little employment in comparison with deep mining. There are problems of toxic wastes and pollution of water, etc. Also, because of the fact that this is often done against the wishes of local people, there are issues of militarisation and human rights abuse. Because of those issues, more and more NGOs that have been working with communities, or on issues like human rights or environment, have been alerted to the importance of mining in recent years. They have started to work on it, even though they did not before.

Q275 Chair: The extractive industries claim that they can positively impact local communities with taxes, employment, spending and infrastructure and so on. Do you agree that in certain circumstances it is possible for an extractive industry company to benefit a local community? Are NGOs engaged in trying to deliver on what they claim they are doing?

Richard Solly: I think it may be possible for there to be a helpful mining project in an area where a local community wants it. Our experience is with local communities who do not want it, or with local communities who are trying to get justice from a mining company that has forcibly moved them, or with mining workers who have a dispute with their employer. Our views come from that perspective. It is difficult for me to imagine a benign mine, because any mine is going to be extremely disruptive to the land and is going to create problems of waste and pollution. Most of what we do is because of the concerns expressed to us by local communities, who are suffering because of the presence of mining.

I want to refer to the questions of employment and tax, which you mentioned. An example is the Cerrejón mine in Colombia, which is the mine that I personally have worked on most. In a recent letter from BHP Billiton to concerned individuals about the mine, BHP Billiton pointed out that they had paid something over \$1 billion in tax over the last tax year. They have been paying large amounts of tax over a large number of years, and yet the Department of La Guajira, in which the mine is set, is one of the poorest in Colombia. There is malnutrition; there is no safe water supply. Taxes are not getting through to the people who need them.

As for employment, in the same letter they mentioned that they employ 200 indigenous people at the mine, or slightly over 200 people. That is out of a workforce of over 10,000 and an indigenous population of Wayuu people in that area of 150,000. To produce 200 jobs out of 10,000 workers and out of 150,000 local, indigenous people is not very helpful. That has been at the expense of disruption of existing livelihoods in farming and fishing.

Chair: From what you said, the issue of taxation is really an issue about government. That is maybe not so much for the extractive industry, because there would be the potential there to benefit a local community if the political priorities of the government were there.

Q276 Mr Binley: I have been to that mine and I have been to the surrounding areas. I understand an element of what you are saying, in that a lot of money is diverted to other

Colombian uses. Nonetheless, I did see quite a lot of community advantage, certainly in infrastructure and in support of that kind—not in jobs; I accept that, totally. I wonder if you have been there to see that situation.

Richard Solly: Yes, several times.

Mr Binley: Do you agree with my view?

Richard Solly: The mine has created infrastructure in the form of a road and a railway, for sure.

Q277 Mr Binley: I was thinking of community infrastructure, as well. I saw quite a bit of that.

Richard Solly: Cerrejón Coal has been subjected to unrelenting criticism over the past 14 years, under the leadership of the local communities and with the help of organisations in other countries, including here. That led to the setting up of an independent panel of inquiry into the impacts of that mine. It made a number of recommendations, most of which the company accepted. As a result of that, the company has put in more money to community projects, which in itself is a good thing but it is not a substitute for justice. The representative of the indigenous organisation, Fuerza de Mujeres Wayuu, spoke with you last October. It is very clear that, from her perspective and the perspective of many of the other Wayuu people, they feel aggrieved that the mine, the railway and the port were opened with no process of free, prior and informed consent for them. They object to the presence of the mining operations, partly because it is against their cultural beliefs.

Chair: Can I move on to Mr Scrivener of the World Development Movement? In your written evidence you call for a “fundamental reorientation of the entire economy in order for the UK to reduce emissions by 80%”. That is a pretty sweeping statement. What specifically are you recommending, in the context of the extractive industry?

Alexander Scrivener: The UK has already approved the Climate Change Act, which legally obliges us to reduce our domestic emissions by 80% by 2050. It is in this context that I would dispute the assumption that we want to be a centre for extractives here in London, financially. We have already seen the reputational damage that companies like Bumi have dealt to London as a financial centre. When we talk about a fundamental reorientation of the economy, we are asking why we want to be a centre for an industry that, if we are to keep our legally binding targets, we need to be moving away from. Why can we not be a world centre for renewable investment, for example? Those are the kind of fundamental reorientations that we are advocating: a move away from 19th and 20th century industry and a move towards the 21st century.

Q278 Chair: That is part of a far broader debate. I accept that some comments you made may be relevant. It is equally true to say that, although you quote Bumi, they are not necessarily representative of the sorts of companies that would engage in the extractive industry in the UK. I was going to ask you if the extractive sector was too big. On the basis of your previous answer, you have already answered that. If the size of the extractive industry was reduced, do you see any downsides in terms of global economic growth?

Alexander Scrivener: Having London as a centre for the global extractive industry may seem beneficial in the very short-term. Carbon Tracker have said quite strongly that unless we decarbonise our stock exchange, we might be left with what is called a carbon bubble in the economy. This is where the current valuation of shares, in companies such as many of the mining, oil and gas companies, are based on the premise that they can burn all of those resources. If they were to, it would lead to a climate catastrophe. It would be a violation of the international commitments that we and other countries have signed up to. The argument there is that, while in the very short term it may benefit the UK economy, in the next two or three years, and in the much longer term, we could be subjecting ourselves to a possible future financial crisis of a volume and extent that will rival the one that we are currently dealing with the fallout of. I suppose that would be my view on that.

Q279 Ann McKechin: I would like to declare an interest as a long-standing member of the World Development Movement. Can I take the debate slightly further forward? Alexander, you said in your submission that listing rules should be expanded to include social, environmental and climate criteria. This is a two-part question. How do you actually define those criteria and what criteria would you use, as existing criteria with a precedent? If we take it that we want to ensure that there is a business environment here to allow responsible businesses that may be involved in the extractive industries to do business, how do we make sure that it is not overly burdensome?

Alexander Scrivener: Thank you for your question. I am very glad to hear that you are a member of the World Development Movement. In regard to your question specifically, London Mining Network released a very strong and comprehensive report on the issue of exactly what kind of social and environmental criteria could be adopted. It would be things like ensuring that international agreements and UN treaties are respected by companies and disclosure of whether companies listed on the stock exchange have been on the wrong side of a legal dispute or involved in any illegal activity. It is possible to have these kinds of safeguards in a way that would be relatively easy to implement. It is important to have more transparency across the board. World Development Movement have done a lot of research into the carbon footprints of the investment portfolios of banks. We find it very difficult to do that without access to very expensive proprietary databases and commercial databases. We feel that there is a general lack of transparency in terms of where finance is coming from for extractive projects. It would be beneficial for the UK, for business purposes, to be a world leader in terms of transparency more generally. That would also feed in to allowing the London Stock Exchange and the Financial Conduct Authority to implement stronger climate guidelines around listed companies on the London Stock Exchange.

Q280 Ann McKechin: Can I press you slightly further about the issue of climate rules? There are about half a dozen major stock exchanges in the world. If we made our regulations unduly restrictive, is the argument that businesses would simply go and list somewhere else? The problem would be solved, but we would lose that potential to hold that business here.

Alexander Scrivener: That is a very good question. My view is that, if we are talking about companies like Bumi, whose corporate governance is nowhere near in line with what we expect for a world class stock exchange like London, then I would prefer those companies to be elsewhere. As a British citizen, I do not want companies with bad

reputations ruining the reputation of my country in general. If mining companies are able to meet the social and environmental criteria, then of course they are welcome. I would suspect that a truly socially responsible company would welcome stronger regulation.

Q281 Ann McKechin: To your knowledge, there is no other major stock exchange that has rules that—

Alexander Scrivener: There is. The Hong Kong Stock Exchange, for example—I have got an example of Zijin and Monterrico. Zijin’s trading on the stock exchange in Hong Kong was suspended precisely on the basis of the social and environmental criteria, to my memory. I do not have all the details in front of me. There is an international precedent for this. I do not see companies fleeing Hong Kong. As I said, if the result of such regulation is that some of the dodgier companies have to leave, then I think that it would be a good thing for the competitiveness of the economy.

Ann McKechin: It would be helpful to the Committee if you could send us an example.

Q282 Chair: Could you actually send us further details of the Hong Kong Stock Exchange?

Richard Solly: It is in this report, which you are welcome to have a copy of.

Q283 Ann McKechin: You mentioned the Financial Conduct Authority, Alexander. Have you had any dialogue with them about changes, in terms of this issue about the listing rules or the criteria set in terms of their diligence to be carried out before they are listed?

Alexander Scrivener: London Mining Network have. We have had discussions with the Government, in terms of Government Departments on the issue of transparency and listing in general. We can see from the evidence that the FCA gave to this Committee that their view currently is that it is not their responsibility to look at issues around social and environmental risk. I believe that is a mistake. The Committee could play a very positive role in recommending to the Department for Business, Innovation and Skills and the Financial Conduct Authority that this state of affairs be brought in line with some of the more progressive stock exchanges in the world.

Q284 Mr Bain: To follow on from Ann McKechin’s point, is the danger not that we simply export this problem to another country so that it becomes someone else’s responsibility? What would you say to the suggestion that if we are to deal with the problem, it perhaps needs concerted action at G20 and G77 level? Would it be your view that governments across the world should be looking at taking action collectively to deal with this, rather than simply shuffling the problem somewhere else?

Alexander Scrivener: I totally agree that we would very much welcome international co-ordination on this issue. Having said that, I do not think that is an excuse for us to do nothing here in the UK. We have a great tradition in this country—for example, the Bribery Act, which Richard mentioned earlier—of being world leaders in terms of pushing forward progressive legislation and regulations like this. We are well placed to move the international conversation in the direction that I have outlined.

Q285 Ann McKechin: This is a question for the entire panel. When we spoke to Glencore, when they gave evidence to us earlier, they told us that engagement with NGOs was a fundamental part of what they do. Are you satisfied that extractive companies, in general or in specific examples, are engaging with the NGO community effectively, or do you disagree with what Glencore stated?

Richard Solly: We have certainly never engaged with Glencore in any way. It might be helpful to know what the definition of engagement is. If engagement is any form of communication, then it could count as engagement if you have done a demonstration against a company. You would be engaging with them by expressing your disagreement with them. In general, the question of engagement with companies is a vexed one. If an NGO is involved in private discussions with a mining company, without full and proper communication with the communities who are impacted by that mining company's operations, that can lead to misunderstandings and misrepresentations. It has done in the case of some of our member groups in the past, where a mining company misrepresented the content of private discussions and drove a wedge between the organisation here and the communities that it was trying to serve elsewhere. Even worse, it can lead to an NGO being co-opted, so that the NGO and the company go off on a path that becomes progressively disconnected from what the communities on the ground actually think and want. In London Mining Network, among all our groups—even though groups take different attitudes to the forms or quantities of their engagement with companies—we are clear that what is crucial is that we are there to represent the interests of the communities on the ground.

Q286 Ann McKechin: I perfectly take your point, Richard, about the potential friction when you are dealing with individual mines and applications. Perhaps I could give you one example. Earlier today, we were speaking to representatives from the South African business community. They pointed out that South Africa has not signed up to the Extractive Industries Transparency Initiative, which I know NGOs have campaigned for and supported for many years. One company said they would actually welcome South Africa signing up to the EITI, because it would assist them in explaining to people what they provide by way of taxation to the Government. Let us look at the more macro picture, about the impact on the economy of a country, how tax is distributed and transparency. In that sense, could some degree of dialogue not occur? You might find that you have common cause, in one or two cases.

Richard Solly: The Extractive Industries Transparency Initiative is a good and helpful thing. It is not by any means all that is needed. LMN as a network has not worked on that, although some of our member groups have. I think my colleagues at Christian Aid could speak in a much more informed way about that.

Joseph Stead: Engagement with NGOs is a very varied picture, and it can differ from country to country. I will follow on from the Glencore example. In front of the International Development Committee a couple of years ago, one of Christian Aid's partners, the Centre for Trade Policy and Development in Zambia, was talking about the problems that they had discussing issues with Glencore in Zambia. Whilst there may be dialogue that happens in one country, that is maybe not replicated in other countries where a company operates. We definitely want to see progress with companies being willing to take the same level of

dialogue they may have in London with the communities that are actually engaged in other countries. There is a challenge there.

Certainly, we have even seen it in the difference between, say, the UK, the EU and the US. We have recently seen the EU pass Accounting and Transparency Directives, which will require extractive industries companies to disclose more information about the payments they make to governments around the world. There has been quite a useful and good dialogue between the companies, the Government and civil society here in the UK. It has really helped the UK to champion that and to get what we think are a good set of rules. It is a really good starting point.

The problem we have is that some of those same companies that have been engaged in a good dialogue here in the UK are part of the American Petroleum Institute in the US, which has sued the US Government to prevent the same kind of laws happening in the US. We do see a problem, in that we see different behaviours in different countries. It creates a concern that we are not getting the full picture from companies and that that engagement is maybe not as genuine as we would like it to be. There is a concern there.

Things like the EITI are certainly welcome, in getting those multi-stakeholder groups together and enabling companies, governments and citizens to speak together; they are definitely part of the movement forward. To come back to the point that was made earlier about the taxation and whether there is an issue about how the Government spend the revenues that come in, there is also the question about the revenues that are collected to start with. What we have seen in the EITI in Tanzania is that the reports that come through there show just how little some of these companies in Tanzania are paying, in terms of corporation tax. The last year that we had reports, only five out of the 30 companies that were part of that report had been paying corporation tax. A lot of that is down to various forms of incentives and a lack of things like contract transparency. It is a big challenge to see if those incentives are good or not, in terms of contractors. Having greater transparency, be it in the payment in terms of the contractors or in wider transparency, enables that dialogue to happen more effectively. It enables citizens and companies to begin to ask what the trade-offs are between the revenues that come in versus jobs or investments.

Q287 Paul Blomfield: I want to press this issue further. Richard, you talked about the different approaches to engagement within the organisations within the London Mining Network. I wonder if you could develop that a little bit. Could you share with us a bit more around those examples of where engagement has worked, or organisations which have felt that engagement has worked, and those that have not chosen that route?

Richard Solly: I can talk about the experience of two of the groups perhaps better, because I am not familiar with all of the history of all of the groups within the London Mining Network and the whole history of their engagements. Partizans is an organisation that has worked on Rio Tinto for the past 30-some years. It took the view early in its history, after a bad experience of meeting with the company, that it would only ever meet with Rio Tinto in a public place, usually in the context of a company annual general meeting and ideally with representatives of the communities that it was in touch with, who were concerned about the company's activity. In a way, Partizans is at one end of the spectrum of non-engagement. Partizans has probably been crucial in helping to create an atmosphere of vigilance about the impacts of mining companies. It has been crucial in establishing networks of organisations, both internationally through the Mines and Communities network and nationally, here, through being one of the key organisations

involved in setting up London Mining Network at the beginning of 2007. The criticisms that it has relentlessly brought against Rio Tinto have been crucial in, first of all, forcing the company to change its self-presentation and then, having changed its self-presentation, beginning to have to live up to the image that it has tried to create for itself

Colombia Solidarity Campaign, which I have been more involved with, have taken the view that we will meet with company representatives when we have community representatives here in Britain with us who want to meet with the companies, or, if the company wishes to meet with us and we ask our community contacts, “Do you want us to do so?” and they always say, “Yes we do. Please say this, that and the other.” In the view of the communities of La Guajira that Colombia Solidarity Campaign has worked with, we have published information about the company’s bad record, put points to the companies at company AGMs and have meetings in private with the company. That has helped to create pressure on the local management of Cerrejón Coal, to improve the way that it has worked with communities.

However, community representatives have also told us several times that the company on the ground is still more keen to communicate with us, in London, Boston, Switzerland and Germany, about good things it is doing, rather than with the communities themselves. This sometimes includes them giving us information about schedules of meetings with the communities that people in the communities did not know about, because the information is made available on its website. Perhaps the company will tell us, “This information is on our website”. The communities are rural communities, often without electricity and certainly without web access. There is a problem there.

I am not aware of the intimate history of organisations within our network who have taken the most engaging view of meeting with companies privately, without liaison with the communities on whose behalf they are working. My personal sense is that a variety of tactics helps to create extra pressure on companies. Perhaps there is a role for quiet conversations and there is a role for noisy demonstrations. I note that the two things which seem to have created most frisson in Cerrejón Coal and its three multinational owners, Anglo American, BHP Billiton and Glencore Xstrata, are the bringing of complaints to the Australian and Swiss national contact points at the OECD a few years ago. This led to the setting up of the independent panel of inquiry that I mentioned earlier.

I have a more recent example from October last year. Our colleague Jazmin Romero Epiayu came from Colombia to attend the BHP Billiton AGM. She had come straight from barricades where the Wayuu people had been blockading roads around the mine and then the railway taking coal from the mine to the export port. She was very dissatisfied with her interaction with the companies here in London; she was very shocked and offended by it. When she went to the AGM, she asked a clear question: “We want you off our land. When are you going to leave?” The company, perhaps understandably, made a mealy-mouthed response, and Jazmin thought, “There is no point talking to these people.” She left the AGM. The company was particularly keen to meet with her when then I pointed out to them that the blockading of the railway line was something that the community is planning to do again. That led to a week of not being able to transport coal from the mine to the export port. Strong actions of this sort seem to provoke the most positive responses.

Q288 Paul Blomfield: Thank you, Richard. That was a very thoughtful and reflective answer. Susanne, I wonder if I could bring you in. In the written submission you made to us, you said that there was often agreement between companies and NGOs on the problems, but they were at odds when it came to the solutions, perhaps inevitably. I wonder if you could elaborate on that tension.

Dr Schmitt: Richard gave perfect examples of where there is almost a very difficult meeting point. A mining company wants to mine and communities want to protect their land. More and more, there is some potential common ground in terms of solutions. As a lot of us hinted at, there is a whole range of engagement, from opposition to very close company partnerships. We need to maybe look for solutions that help. We had a big meeting last week and one person from our company said, “Good companies want good regulations.” A global standard on regulations would help companies to perform on their environmental and social governance, as a solution.

There are a whole range of different engagements. We found that probably engaging via major investors in the extractive industries sector is a constructive way of engaging with the sector. Investors in the sector, many of whom are based here, want to manage their risk in engagement. They want clarity on regulation as well. For example, if the UK Government could help to strengthen, as has already been mentioned, the listing rules, but also revisiting something on the company law, that would benefit all involved. The larger companies want to do good things. The investors, who are there to provide the capital for these operations to take place, want to do good things, because they want to make sure that they have long-term, risk-adjusted returns. If you have good environmental and social governance, then that is not necessarily something that would impact on your competitiveness. If a company has that in place, you have a better social licence to operate. You also look very early on at what might be your environmental risks going forward, particularly in a climate-constrained world. For example, I have just spoken of water shortages, which can shut down a mine from one day to the other. If that is taken into account, then there is common ground and solutions that we can talk about.

I will come back to where NGOs can engage or where we sometimes feel frustrated. I do not think we necessarily want to get into a reactive and adversarial mode. Sometimes we have to, like in the Virunga case. The WWF, as a whole and as a network, felt we had to draw the line. I believe we can avoid a lot of that if we could have much earlier engagement and could find out about where mining concessions are going to be put. How does that overlap, for example, in our case, with biodiversity-sensitive areas? If we had better baseline information on concessions and infrastructure plans, which relates to transparency, then you can have much more constructive dialogue. That is not just the issue of revenue transparency. We want contract transparency but also better insights into where these companies are planning to operate. Possibly, you can also sometimes negotiate where certain operations take place and how they take place. Often we are not just concerned about the actual footprint of a mine, but the associated infrastructure of roads and railways, which often bring with them unplanned and undesirable developments. In our case, those impact significantly on biodiversity. If we had earlier engagement with the governments, companies and the investors involved, then there is a lot more ability to do very good forward-planning, particularly in a climate-constrained world and in a world that still has an increasing population. For us, that would be a suggestion for a solution to some of those tricky issues.

Q289 Paul Blomfield: I want to take that forward a little. You have suggested where common interest might lie and how the inevitable gap between companies and NGOs might be brought more closely together, in terms of working on solutions. Perhaps you could start, Susanne, and other members of the panel could chip in. Taking on the points that you are making, I wonder what work is taking place for NGOs to work more closely with extractive businesses, rather than working at odds with them. What role is there for the Government in that process? You have suggested some points in your previous answer.

Dr Schmitt: WWF work across the spectrum, from very direct engagement in some countries to more high-level, hands-off engagement. I know of others, such as colleagues in Fauna & Flora International, who have direct partnerships. They are trying to sort out very knotty issues on the ground, in terms of developing biodiversity action plans for companies and things like that. In our engagement with governments, traditionally, we are very good at working with ministries of forestry and environment. We need to be better at bringing the different ministries in countries together, such as the ministries of finance.

The issue of land use and development planning would allow us this early engagement. An extractive company does not operate on its own in a landscape. There will also be agricultural developments. There will be plantation developments. There are conservation territories in a landscape. It needs much better interaction between different ministries in the country. Some of the processes we are suggesting and trying to help with are in-country. For example, in East Africa we are helping to build capacities for communities to have better ability to scrutinise environmental impact assessment. If you want to stay at the land use planning level and deciding things early, you would want to engage strategic environmental assessments, which look at the different policies surrounding decisions on land use planning. I hope that has answered your question.

Alexander Scrivener: Can I chip in quickly? While we are talking about engagement between NGOs and companies, it is important to understand that there is a difficulty, from our point of view and from the communities' point of view, where communities do not necessarily want to improve a project, but they are so strongly against it that their answer is simply, "No." There is a danger here that we talk about engagement as being a good in itself. In fact, when the communities themselves are just against the project, they want the company to go. There is a limit to what could be achieved by those sorts of backroom conversations.

For us as NGOs, and especially talking from World Development Movement's perspective, I would find it very uncomfortable to talk to a company in a situation where the community is very strong in its engagement in being able to say, "No." I do not think we should look at individual projects as being things that will inevitably happen and that we should say, "Let's make them as good as possible." There are some projects whose environmental and social impacts are so bad, and the community is so strongly against them, that the answer needs to be no. I will give the example of the Phulbari Coal Mine in Bangladesh. It is going to lead to the displacement of 130,000 people from their land. Whatever you say about jobs and corporate social responsibility, there is nothing that will outweigh that for the people in Bangladesh. It is sometimes useful to talk about engagement but, as Richard was saying earlier, it depends on the kind of engagement. Sometimes communities should feel comfortable to be able to say "no", if that is what they want. For some of us in the NGO community, it puts us in the position of having to echo that.

Richard Solly: Could I add to that? On the figure of people being possibly displaced by the Phulbari project in Bangladesh, if it goes ahead, the company says only 40,000 people will be displaced. It admits that they will not be able to go to equivalent agricultural land, because the country is too crowded.

Chair: We understand the point. We need to move on.

Q290 Mr Walker: Joseph, in Christian Aid's written evidence you said that "the UK must preserve its reputation on upholding high standards." From the perspective of an international organisation—perhaps the WWF have a view as well—where does that reputation stand? How does the UK stand in relation to other countries? We heard mention of the Hong Kong Stock Exchange earlier, as one case. Are there other examples of other countries that are competing in terms of high standards of transparency, and particularly environmental regulation?

Joseph Stead: Various countries are doing things in terms of standards on their stock exchange. We have mentioned the Hong Kong Stock Exchange. The Johannesburg Stock Exchange has pretty high standards there, as well. The UK certainly has a strong reputation. Being listed in London brings a certain cachet. There is a danger that if our standards are not high enough, we will begin to lose that reputation and be seen as a less trusted market.

The UK has been doing some useful things in beginning to push forward into some areas of regulations. I mentioned the Accounting and Transparency Directives; it is great that the UK has been supporting them. At Christian Aid, we think that more can be done in terms of transparency, not just of extractives but of all companies. We have been pushing for country-by-country reporting and to make that kind of information public. We think that if you have the information, not just on the taxes that are being paid, but in terms of the investments being made, jobs created and profits being made, that enables a much better impression to see what contribution a company is making to a society. It enables you to be able to place that into context and to be able to compare between different countries and companies, so that citizens and governments have a much better idea of what is really going on. We think there is more that can be done with that.

We are pleased to see that the UK has been at the forefront of having transparency of company ownership, in terms of creating a public register of beneficial ownership. We still need to see the details and make sure that we have a register that really is fit for purpose, here in the UK. This is an area where some mining and extractive companies have been in favour of this kind of transparency, because lots of extractive companies have to go into partnership with other companies. To be able to do their own due diligence, you need to be able to see who is behind those. As highlighted last year with the Africa Progress Panel, there was a case where five concessions in the Democratic Republic of Congo were sold to an anonymous BVI shell company for a knockdown price. Those concessions were then sold on to a range of companies, including the FTSE 100 companies Glencore and ENRC, for much closer to their real price. The estimated cost to the DRC was around \$1.36 billion, or twice their combined health and education annual budget. That is a huge problem. We have no idea who owned those BVI shell companies.

That is why we are saying this idea of a public register of company ownership is, yes, important in the UK, and it is great that the UK has set that standard, but the UK should

now use its influence elsewhere. The Anti-Money Laundering Directive is going through at the EU. We have heard David Cameron say strongly that he wants this to lead to public registers there. We are grateful for that kind of support. The British Overseas Territories and Crown Dependencies, with which we have constitutional links, are having their reviews. We want to see the Government clearly saying that they think that the British Overseas Territories and Crown Dependencies should have standards. We want to use all the influence we have over those territories to really bring this kind of standard up.

There is a concern that the UK is not doing enough in terms of some of the environmental, social and human rights side of things, in comparison to the likes of the Johannesburg Stock Exchange or the Hong Kong Stock Exchange. We have hopefully just seen an agreement with the EU to improve this a bit, with the non-financial reporting. Those really do not go far enough. The range of companies that is going to be covered is somewhat limited. The companies will have too great a degree of flexibility, in terms of what standards they are reporting against. The reports that we get will not be as easily comparable as we would want to see. Similarly, there is the idea that companies can either comply or, if they do not report this stuff, can just explain why they are not able to do it. We do not think that really gets far enough to get the level of transparency that we want.

As Susanne has said, some of these things are risks within the companies, in terms of long-term sustainability, which is what we want. The issues around the environmental and human rights can affect companies over the long term, so it is important not only for the communities but for investors. There is a big shared interest there. That is why we think that the listing rules and the regulations we put over companies that are listed can really play a part. There is that kind of convergence of interest, between those who are on the ground where the mines are operating, and the investors who are looking to invest in these companies.

Dr Schmitt: Can I add to that?

Q291 Chair: Some of the answers are getting longer and longer. We have got a lot of questions and we are going to be here for an awful long time. In fact, we are not. It just means that you will not have the opportunity to answer all the questions that you might like to, so can you just be as brief as possible?

Dr Schmitt: Can I just make a comment on what Joseph has been saying? To back that up, investors are really interested in that at the moment as well. Again, we had some representatives of that at a meeting last week. A gentleman from JP Morgan was saying, “We are about to take a document to the London Stock Exchange to ask for good disclosure and what good disclosure might look like, because we are very concerned.” They feel that there is not enough environmental and social governance oversight, and that does not give them a good ability to manage their risk. I think that backs that up.

In terms of the non-financial reporting and the companies being able to choose what standards they can report against, there is a huge need for a harmonisation of standards. This came out clearly in our meeting. There is a whole raft of voluntary standards and some of them are moving towards regulation, if I understand it correctly. There could be a role for the UK Government to propose a harmonisation. We need some sort of global standard and comparability. It is very, very difficult at the moment. Unless you are a

specialist, you can barely understand it or benchmark different companies against each other.

Richard Solly: I have two points, one on reporting and one on the Johannesburg Stock Exchange. On reporting, it is important that companies report not only how many jobs they have created but how many they have destroyed. I have an example: in 2002, I was in north-western Venezuela. There was a coal mine that Anglo American was involved in at that time. The coal mine wanted to construct a coal port on the coast, which they said would have created 400 jobs. I was told by local people that it would destroy 36,000 jobs in local inshore fisheries. That is a bad balance. Even though the Johannesburg Stock Exchange's listing requirements are undoubtedly better than in London, it is clearly not sufficient. One of the companies listed there, which is also listed in London, is AngloGold Ashanti. We have a number of very serious concerns about AngloGold Ashanti's behaviour, particularly at the moment in Colombia.

Q292 Mr Walker: I was very interested in the point that was made about creating better transparency and disclosure, and particularly the interest of shareholders. I do think that is a key element here, in getting shareholders to take responsibility for the shares that they own. That is something our Committee has looked at separately in our evidence that we have taken on the Kay review of UK equity markets. The other example that Joseph gave there, of shell companies being used in a less transparent jurisdiction, is part of the concern. This returns to a point that Ann McKechin made earlier. If there are businesses that are not well-motivated in what they are trying to achieve, is there not a danger that in improving and raising standards of regulation, we encourage those businesses to go to other places where they may be less transparent? They may be able to get away with things that they would not be able to in the UK market. There is a balance to be struck, is there not, to try to maintain an attractiveness in our regulatory regime, but also to encourage people to take part in it, so that we can have an influence over how well they report and how much disclosure is going on?

Chair: Please give a brief response.

Dr Schmitt: That is a fine balance to strike. There is one point I would like to make. There is quite a global move towards more sustainable stock exchanges. Hong Kong and Johannesburg are some of the early adopters. There is certainly a move towards more of that. Even the Bombay Stock Exchange is part of the Sustainable Stock Exchanges Initiative, as are others. It would be possibly embarrassing for London not to follow suit very soon. As Joe said, these new stock-listing rules are still not going far enough. There is probably still work to be done to strengthen them over time. They are still not rigorous enough, but it would be a start. I do not think we would be excluding too much.

Q293 Mr Walker: Could we have details of what Johannesburg and Hong Kong are doing that the NGOs think would be a good idea for London to do? I think that would be very interesting to see.

Chair: It would be helpful if that could be submitted in written form.

Dr Schmitt: Okay.

Mr Walker: Did you want to come back on that?

Joseph Stead: There are two sides to this. One side is creating the reforms that will encourage the majority to improve their behaviour and to get the culture that we want to see in some of these companies. The other side comes back to the point that was made earlier by Mr Bain. The other side is the international side, in terms of using the fact that we are willing to reform and improve our regulations. That can give us the credibility to say to other countries, “Look, you can do this. This is something that can be done. We have proved it can be done.” We can put the pressure on and say, “Why are you not doing this?” The two can work together quite effectively.

Q294 Mr Binley: This is to Mr Solly, first. I notice that you wrote to us to say that: “Extractive companies should be compelled by law to publish much fuller information about the social and environmental impacts of their operations”. Could you give me some specific examples of how social and environmental impacts can be measured in a practical and comparable way?

Richard Solly: A short answer to that would be “No”.

Mr Binley: I am happy if you want to think about it and write to us. It is an important question, bearing in mind your comment.

Richard Solly: If I can make a brief comment about it now and then do as you say. As a result of ClientEarth’s complaint about Rio Tinto’s lack of reporting on its social and environmental impacts, the Financial Reporting Review Panel ruled that Rio Tinto should put in certain specific pieces of information. I remember one of them was about the impacts of its involvement in the PT Freeport Mine at Grasberg, in West Papua, where there are concerns about violation of indigenous peoples’ rights, militarisation and pollution of the local river systems. Rio Tinto included that information. You talk about negative social impacts, such as the violation of people’s sense of propriety, the sanctity of sacred sites and the value that people attach to farming livelihoods, for instance. The point that I have to think about is that these are things that are more difficult to quantify than things like tons of pollutants dumped in a river system. All those kinds of things ought to be put in reports, even when it is not possible to quantify them in the same way that tons of rock can be.

Q295 Mr Binley: I am sure you recognise that if a new law is to be introduced, it does need to be credible and we do need to have comparability. If you could think about that, we would be very grateful. It is a very important question.

Richard Solly: Yes.

Q296 Mr Binley: Can I ask a supplementary question? I would like you to consider also what the additional burden on business might be. You make an important point, but I do think we need the widest possible information to attempt to deal with it. In terms of additional burden, would you explain to me whether you feel that very often money paid by extraction industries very often goes to national governments, when very often there ought to be a way of directing it to the local area? I do understand that point with regard to the mine in Colombia, which, as I said, I have been to. Is that a fair point?

Richard Solly: I think it is a fair point that the people that are local to a mine are the ones that bear the negative consequences of its existence. Therefore, in justice, they ought to

get benefits from the mine. There are examples, for instance in Canada, of benefit-sharing agreements. That does not answer the concerns of people for whom mining is anathema and they definitely do not want it. One of the things that Jazmin was saying to us repeatedly was, “We do not want money. We want the mine out.”

Q297 Mr Binley: It would be very difficult to replace that bloody great hole in the ground in Colombia, would it not? The depth and size of that mine amazed me. It blew my mind. It would be very helpful if you would also think about the moneys in deals that go to national governments as opposed to local governments, and give us some idea of how we balance that out and include it in our thinking.

Richard Solly: Christian Aid would have much more to say on that question than we would, because we have not done much work on taxation. I would like to bring in Joseph. Before Joseph comes in, I think it is worth saying that even with national or regional taxation paid, that does not necessarily deal with the externalities that mining projects inflict on people—for example the legacies of pollution and social disruption.

Q298 Mr Binley: I understand that. I might say that, as a supporter of Christian Aid, we would very much welcome your views on that particular point. I am sure the Chairman would want me not to engage you in a question-and-answer session at this stage. I can see the demeanour on his face, so let me continue. I want to go now to Mr Scrivener. You said in your written submission to us that “remaining a global centre for extractive industries runs counter to the economic, environmental and social interests of the UK”. What are the negative impacts on the interests of the UK? Does the extractive centre have any positive impacts? Of course, there is a great concern that we can always argue ourselves into not earning a living. You do need to take that into account, do you not?

Alexander Scrivener: Thank you for your question. As I said slightly earlier, there may well be a positive aspect of that in the very, very short term for the UK economy. I would refer you back to the arguments that have gained so much traction recently from organisations like Carbon Tracker, which suggest that unless we move away from extractives—especially fossil fuel extractives such as coal, oil and gas—we may be storing ourselves up for a major systemic crisis; all our pensions are invested; a lot of pensions are invested in tracker funds, for example, attached to the LSE. If the carbon bubble bursts, we might see ourselves in a situation very similar to what we saw when the US property market burst and we had been over-invested in that. I would say that in the very short term, yes, there may be a benefit. However, in the longer term, it does not serve our national interest and it definitely does not serve the interests of the people on the ground, as we have been saying.

Q299 Mr Binley: You also talk about “regulating fossil fuel companies themselves is essential but insufficient”, and say that the UK Government need to “drastically reduce their financing of fossil fuel projects”. Let us say we did that in Britain and it cut out the carbon extraction exercises that are so vital to the country. We need to recognise that Britain has 300 years of total energy need under its feet, in coal. Do you not think that, from a security point of view and considering the impact upon the possibility of global wars in energy, it might be a bad thing to impact upon those sorts of projects? In other words, I am making this argument to be a wider argument than I think your simplistic answer suggests.

Alexander Scrivener: In this country, our energy security is best served by increasing our investment in renewable energy.

Q300 Mr Binley: I know the arguments about renewable energy. We do not want to go there; that would be a big argument, and you and I could go on for hours about it. What I do want to talk about is your particular comment about coal. Do you not realise that nothing is all bad and that the carbon extraction projects that you include—or certainly do not exclude—in your comments are a vital part of the process for my children and grandchildren?

Alexander Scrivener: I am afraid that I just have to disagree.

Mr Binley: You do not agree with me. Thank you.

Chair: I do not want to continue an argument.

Mr Binley: I am happy to hear you do not agree with me. Thank you.

Chair: Please submit supplementary evidence in a written form.

Q301 Nadhim Zahawi: I have been listening very carefully. It feels to me that there is a divide in the NGO sector; maybe you can correct me if I am wrong. There are those who, quite rightly, like Richard and Alexander, treat the whole industry with great suspicion. They effectively use language such as, “This is a destructive industry” and, “In reality, if truth be known, we would rather be rid of it and shut it down.” There is another side of the NGO divide, which says, “Actually, let’s try to work with the industry, and make it a better and more beneficial industry.” Is that right or am I completely missing something, here?

Richard Solly: The key thing from all our written submissions is that, as long as London is a centre of extractive industries, they need to be properly regulated. None of us believes that they currently are.

Q302 Nadhim Zahawi: You would not lose sleep if they discarded business anyway?

Richard Solly: I would have to think of all the implications of that.

Nadhim Zahawi: Alexander?

Alexander Scrivener: I agree with Richard, completely. There is one thing on which we are all united on the panel. It is the major point that we have all been trying to make. There is a need for stronger regulation. Yes, there may be differences in approach on the panel. For example, we might be less willing to engage closely with companies when communities are against engagement. That may also be the case for some of the other people on the panel. I would not exaggerate the differences in terms of the practical steps that we are asking the Department for Business, Innovation and Skills and the Financial Conduct Authority, specifically, to take.

Q303 Nadhim Zahawi: I get all that, but you would not lose sleep if the industry went away.

Alexander Scrivener: The extractive industry, as it currently exists, which is very fossil fuel intensive, I do not think that the current trajectory—

Nadhim Zahawi: Very short answer, please. It is a “yes” or “no” answer.

Alexander Scrivener: I will give you two sentences. Over the last 10 years or so, the proportion of the London Stock Exchange that is in fossil fuels has gone up exponentially.

Nadhim Zahawi: I just want to know: would you lose sleep? Yes or no?

Alexander Scrivener: I think that is fundamentally incompatible with the climate change targets that we have internationally agreed to.

Q304 Nadhim Zahawi: You do not want to answer the question; fair enough. I think Dr Schmitt had her hand up.

Dr Schmitt: To give you an idea, in terms of WWF as a network, we are a network with 30 national offices but that we operate in around 100 countries. We are very diverse, within that. We engage in the whole range: either non-engagement, campaigning or drawing the line. Look at the Virunga campaign at the moment against Soco, the London-listed and FTSE 250 company. We also work on the ground, trying to find best-practice solutions of mines that are already in operation. You have the whole range. We are also engaging with some of the bigger mining-related associations like the International Council on Mining and Metals, based in London, who are trying to improve mining’s performance. We have very constructive engagement with them on trying to work with them on their water strategy. We take the right to oppose as well as to constructively engage.

Q305 Nadhim Zahawi: I get that. Joseph, maybe you can come back on that plus the question I am going to ask, because I am conscious of the time. Within that context, do you then agree with the World Development Movement, that the UK Government must “regulate UK financial institutions to drastically reduce their financing of fossil fuel projects across the world”? Does the rest of the panel agree with that?

Dr Schmitt: WWF-UK is very much involved with the carbon bubble argument. We fully support the need to move to almost 100% renewable by 2050. We fully support that.

Q306 Nadhim Zahawi: Should we drastically reduce the financing of fossil fuels in the city?

Dr Schmitt: Yes.

Joseph Stead: I think there are big concerns about using finance for fossil fuel projects in developing countries. We have a report, which I am happy to send you, which outlines how we think that there are opportunities for developing countries to leapfrog some of the carbon-intensive development and to really focus on the renewable. Just to come back on the previous point about whether there is a split in the NGOs, as we have all said, we are where we are, essentially. Christian Aid’s approach is to say, “We have this situation. How can we improve the regulation?” There will need to be changes in the extractives sector. We hope that that can lead to a situation whereby the extractives industry can play

a useful and positive role in development in developing countries. We work with a range of partners, some who are keen to make the most of the resources that they have—that would involve extraction—and some who think that the best way to use their resources is to keep them in the ground. Communities have to be allowed to make those kinds of decisions. That would be to enable extractives in some places and it will want to restrict that in others. It is getting that balance right. We all express that kind of balance. It is maybe the reflection of the communities we work with that show some of that difference.

Q307 Nadhim Zahawi: Presumably, you do not believe that this will affect the UK’s competitiveness in any way; that would be the logical conclusion.

Joseph Stead: No. Lots of these projects are long-term projects. Making sure that you have the social licence to operate with the communities you are working in and that you are taking care of the environment and things will only increase in concern for investors, and for making these businesses sustainable in the long term. If you want to be able to get that licence to operate to move into other countries, you need to be able to show you have done best practice elsewhere. Increasing our standards and behaviour will only be good.

Q308 Nadhim Zahawi: Joseph, in your written submission, you made specific recommendations on transparency and reporting. Why do you think that the lack of public transparency over who owns extractive industry companies is such a serious problem? You mentioned it earlier. Is it such a serious problem or is it just a one-off anecdotal example?

Joseph Stead: No. It is a problem that happens in numerous cases. We do see this problem, especially with extractives where you often have other companies involved where the ownership is unclear. That can facilitate corruption. It can facilitate tax avoidance. It is not just the extractive industry that has problems with that. Given the way that some of these business deals are structured, as I said, it is something that we have seen from some of the companies themselves, in saying, “Actually, we would like more transparency so that we can have the diligence over who we are being asked to go into partnership with.”

Q309 Nadhim Zahawi: It could also lead to taking advantage of the reputation of London, as we have seen with Bumi as an extreme case of that.

Joseph Stead: Exactly. London wants to trade on that reputation of being a good jurisdiction that you can trust, and we need to make sure we have the regulations that back that up, because otherwise we are allowing some people to trade on that reputation, and ultimately that will cost the good companies as well as the bad, and London’s reputation overall.

Q310 Katy Clark: We have heard a lot about transparency and accountability. Indeed, in the representations that have been made by people other than yourselves, the consistent theme has been a call for more transparency and accountability in the financial reporting of extractive companies. When we talked to the companies themselves, they said they were in favour of transparency. They said they supported the Extractive Industries Transparency Initiative. Can you explain, in detail, what it is that you are asking for above

what the companies are actually doing at the moment, and what you are calling on this Committee to recommend?

Joseph Stead: At Christian Aid, we have been calling for what we call full country-by-country reporting. At the minute, there is an agreement to have transparency over payments that are being made to governments. We say we need to have more than that; we need to have details of the profits that are made, the investments made and the jobs that are created. We need a broader picture so you can compare, country by country, what is being provided. We see that companies are willing to provide information just on the payments; there is not that wider range. That is where the difference comes from.

It is also worth saying that it has been a long fight to get to where we are, where companies in the EU are now going to be made to provide that information on payment. There is the challenge that I mentioned before. The American Petroleum Institute has challenged the similar rules in the US. That organisation, which consists of a range of the oil producers, appears to be trying to prevent that level of transparency happening in the United States. There are some concerns as to how strong this commitment to transparency is.

Q311 Katy Clark: If we had more transparency, how do we turn that better financial transparency into accountability from a socioeconomic perspective?

Joseph Stead: Part of it is what we have seen is happening in Tanzania. We have had the EITI reports there, which show the payments that have been made in. Questions have been asked around why the amount of corporate income tax that has been paid by the companies in Tanzania is so low.

Q312 Katy Clark: Is that public pressure? Is that pressure from the West?

Joseph Stead: Yes. It is public pressure in Tanzania. The reports have come out of Tanzania, and it was found that only five of the 30 companies were paying corporate income tax. The year before, it was only one company. There has been public pressure, both on the companies and the Government, to ask, “What are the terms of the contracts that have been agreed?” What we see is that, when you begin to get more transparency, that accountability flows through. Citizens are using this data to say, “We were promised that the extractive industries would lead to these improvements, but we are not seeing that coming through in terms of the payments that have been made.”

Similarly, we work with partners in numerous countries to go through that whole chain, in terms of, when the revenue is coming, how it is being spent. We have communities working with their governments to demand accountability from governments to make sure that the benefits are then being shared on through. This is how this kind of information can start to work. If we broaden it to have a wider range of information, then that accountability can work even stronger.

Richard Solly: All that I would add to that is the second recommendation in the report that we published a couple of years ago, which I will leave for you: “UK-listed companies should be legally required to note in their corporate reports all findings of non-compliance with IFC and OECD standards, and of UK and non-UK regulation concerning biodiversity and environmental protection, as well as convictions in UK and non-UK courts.”

Alexander Scrivener: I would like to add something around mandatory carbon reporting. We welcome the fact that the UK has now adopted mandatory carbon reporting for listed companies. The issue that remains, in terms of the financial sector and in terms of the financing that we were talking about earlier from the big UK banks to the extractive industries, and especially for high fossil fuel extractives like gas and coal, is that those financed emissions or scope 3 emissions are not currently part of the mandatory carbon reporting requirement in the UK. We would suggest and call for the expansion of current mandatory carbon reporting regulations to include scope 3 emissions. Companies who are investors in high fossil fuel projects would have to disclose their exposure to high carbon.

Q313 Mr Bain: Members of the Committee are visiting South Africa next week to see and discuss issues around the extractive industries in person. What would you say are the key issues that are affecting the extractive sector, in South Africa specifically?

Dr Schmitt: The first thing to say is, if you go to South Africa, do not think that that is characteristic of the rest of Africa; it is quite different. It has a very mature mining sector in comparison to many of the other countries. It has slightly different social and environment legacy issues, apart from the recent Marikana issue and the shootings at the Marikana mine, which is something that probably could easily happen in other countries in Africa, and elsewhere, if not prevented. The specific issues there are on acid mine drainage, in terms of an environmental one to look at. I am sure Richard and others have a lot of social issues to mention.

You could go there with a view to see how you can avoid such legacies in the newer mining nations in Africa, and go with that picture. Also go with the thought that where the UK could make a big contribution specifically for South Africa is in dealing with some of those legacy issues. We have done it pretty successfully in our own country, in Cornwall and south Wales and what-have-you. There is a lot of expertise in the UK on post-mine closure and how to deal with it. That would be my recommendation.

Joseph Stead: From what I understand, you are going to be meeting one of Christian Aid's partners while you are in South Africa. I think it is great that you are taking the time to meet the NGOs who are actually on the ground, to find out more about what the community concerns are. They will speak about this much better than I can. It is great that this Committee is looking at the extractive industries in that wider context, in terms of the impact that they are having in developing countries. I am pleased that that is happening and I hope that you listen well to the communities who are there in South Africa. I hope you listen to what the impact of the mining operations is on them and how they see the situation.

Richard Solly: I think you have already spoken to our member group, Action for Southern Africa, and got their advice. Is that the case? If not, I would recommend it. There is also the Gaia Foundation, which is working with communities resisting the opening of an opencast coal mine by Coal of Africa Limited, in Limpopo Province. It would be important to meet representatives of farming communities removed by Anglo American Platinum in Limpopo, and worker representatives from both the National Union of Mineworkers and AMCU, and also maybe non-unionised mine workers, because labour relations are quite appalling involving several London-listed companies. It is also

important to look at not only the catastrophic legacy of acid mine drainage, but also the inadequate treatment of other toxic wastes including radioactive wastes from gold mining.

Dr Schmitt: And asbestos.

Richard Solly: Thank you—and asbestos.

Alexander Scrivener: I echo what Susanne said. South Africa is a very important and interesting example, but it is obviously not the only one. I would advise members of the Committee to actively read around the subjects in some of the less developed mining sectors. For example, I went to Indonesia last year. What I saw there was absolutely abhorrent. I saw villagers who had been resettled three or four times. I mentioned the example of Bangladesh and the sheer amount of people being forcibly displaced. I would say that the sort of issues you find in South Africa, around worker and labour relations and pollution, will be similar in many other places. There are places like Indonesia where mining is less effectively regulated. You will find a lot more in terms of human rights violations and of the resettlement of large amounts of people of indigenous communities. It is worth keeping your minds open to the broader picture across the world. For example, I cannot characterise what I saw in Indonesia in any other way than as an entire province being pretty much gutted by the mining industry, to very little benefit to the local communities that I met.

Chair: Thank you. That concludes our questions. I did say on a number of occasions that you could submit written supplementary evidence. I would emphasise that it may well be that you would wish to answer a question that we have not asked you, so please submit that in any written evidence. On consideration of your evidence, we may come back to you for further clarification. Also, on a number of occasions, we have asked you to send written supplementary evidence based on the comments that you have made; we would welcome those very shortly. Can I thank you? That is incredibly helpful. We are off next week and I am sure that the comments you have made will be at the back of most members' minds when they meet the various bodies there. Thank you very much.