

EXTRACTIVE INDUSTRIES

ISSUE PAPER



Evangelical Lutheran Church in America
God's work. Our hands.

RECOMMENDED by the Advisory Committee for Corporate Social Responsibility,
September 2, 2004

ENDORSED by the Division for Church in Society Board, October 22, 2004

APPROVED by the Church Council, November 11, 2004 Updated by Advisory
Committee on Corporate Social Responsibility, September 17, 2009

UPDATED by the Church Council, November 2009

UPDATED by the Church Council, November 2014 CC14.11.18

Background

The principle that host communities should have the opportunity to grant or withhold their free, prior, and informed consent (FPIC) to projects located on their lands or that impact the resources upon which they depend is now widely considered to be an internationally guaranteed human right of indigenous peoples, and is increasingly being recognized in national law, international norms, and voluntary best practice standards and guidelines. [\[1\]](#)

When physical resources—such as oil, gas, diamonds, coal and gold, as well as other minerals—are extracted from the earth, they become part of that sector in the economy known as “extractive industries.” Those in the United States often look to Africa, South America, and Asia as well as Appalachian and Native American lands to find these resources. The Evangelical Lutheran Church in America (ELCA) shares a concern in common with all these peoples: the need to alleviate hunger, poverty, and international debt. The ELCA also is concerned that this sector is often the venue for environmental degradation, the impingement upon indigenous lands, and a lack of respect for human rights.

A report from an international experts workshop organized by the United Nations Permanent Forum on Indigenous Issues in March 2009 concerning the role of corporations notes that self-determination is of fundamental importance in the context of indigenous lands or territories and that the extractive industry must operate within the context of free, prior, and informed consent. It goes further to say that, where there is consent, the community should have a fair share of the benefits from the activities on their lands. [\[2\]](#)

Social Policy

The ELCA's economic life social statement, “Sufficient, Sustainable Livelihood for All” (ELCA, 1999), [\[3\]](#) gives particular attention to the concepts of sufficiency and sustainability. “Sustainability is the capacity of natural and social systems to survive and thrive together over the long term. What is sufficient in providing for people's wants often is in tension with what can be sustained over time. Sustainability has

implications for how we evaluate economic activity in terms of its ongoing effects on the well-being of both nature and human communities. Economic life should help sustain humans and the rest of creation, now and in the future” (pg. 14). The statement also declares that “without appropriate environmental care, economic growth cannot be sustained. Caring for creation means that economic processes should respect environmental limits” (pg. 15). The church’s vision of sufficiency and sustainability is developed with a focus on the economic life of all people, emphasizing those who are poor and disenfranchised. This emphasis often creates a tension with the priorities of our economic system. “While economic growth often is considered an unconditional good, we insist that such growth must be evaluated by its direct, indirect, short-term, and long-term effects on the well-being of all creation and people, especially those who are poor” (pg. 4). Specific commitments called for in this statement include:

- scrutiny of how specific policies and practices affect people and nations that are the poorest, and changes to make policies of economic growth, trade, and investment more beneficial to those who are poor (pg. 6);
- reduction of the overwhelming debt burdens in ways that do not impose further deprivations on the poor, and cancellation of some or all debt where severe indebtedness immobilizes a country’s economy;
- fuller compensation by companies to pay for the wider social and environmental costs of what they produce (pg. 15);
- enforcement of laws to prevent the exercise of inordinate market power by large corporations (pg. 14); and
- ending subsidies for economic activities that use up nonrenewable natural resources (pg. 15).

The social statement “Caring for Creation: Vision, Hope, and Justice” (ELCA, 1993) [\[4\]](#) develops this church’s vision of creation, while demonstrating the gift of hope. It observes:

- Processes of environmental degradation feed on one another. Decisions affecting an immediate locale often affect the entire planet (pg. 4).
- The degradation of the environment occurs where people have little or no voice in decisions—because of racial, gender, or economic discrimination. This degradation aggravates their situation and swells the numbers of those trapped in urban or rural poverty (pg. 7).
- Neither economic growth that ignores environmental cost nor conservation of nature that ignores human cost is sustainable. . . . We know that a healthy economy can exist only within a healthy environment, but that it is difficult to promote both in our decisions (pg. 8).

The church is called to seek and promote justice through principles of participation, solidarity, sufficiency, and sustainability. Specifically, this social statement calls the church to engage in dialogue with corporations on how to promote justice for creation (5.E.1-1). This activity includes dialogues about implementing comprehensive environmental principles, healthy environments, and cooperation between the public and private sectors regarding sustainability. In both 1997 and

1999, the ELCA Churchwide Assembly affirmed the ELCA's concerns for international debt reduction, alleviation of poverty and hunger in poor countries, and sound economic growth by endorsing the Jubilee 2000 Campaign (CA97.6.47 and CA99.03.06). [\[5\]](#)

Responses

Multinational corporations have been approached by multiple groups to clean up the environment and protect natural habitats. Groups have also sought the involvement of communities in environmental protection and planning. Laws have been enacted and community needs met through the U.S. legal system, but the governance and legal systems necessary to protect both citizens and the environment are not consistently in place as resource extraction continues to expand.

Reputational harm is not the only downside of the absence of community involvement. Opposition from a community has the potential of risks spanning from governments deciding to halt operations to the imposition of fines. Communities are being trained in how they can exercise these rights through programs such as Oxfam Australia's guide to FPIC [\[6\]](#)

Resolution Guidelines for ELCA

1. We support reports asking companies to assess the profitability and reputation of operations from environmental and social perspectives including human rights impact assessments.
2. We support resolutions asking companies to report on, assess the impact of, and curtail health, safety, or environmental hazards to communities that result from their activities.
3. We support asking for formal public written policies and reports on implementation concerning the rights of indigenous peoples, including issues addressing free prior and informed consent, as well as on the rights of local communities to control local natural resources and full participation in business planning and decisions impacting their lands.
4. We support reports disclosing corporate analysis and steps taken to control operating in culturally or environmentally sensitive areas and/or the impact on sustainability and biodiversity in ecologically unique or sensitive areas, including lobbying efforts for access to such areas.
5. We support reports of operations for specific projects in specific regions (e.g., Chad-Cameroon pipeline report, Canadian Oil Sands, Burma) including financial, environmental, and social impact.
6. We support reports detailing the range of financial liability associated with a project, specifying community compensation, environmental impact, and mitigation of loss of natural habitat.
7. We support reports disclosing policies and management systems to avoid loss of natural habitat.
8. We support reports reviewing and disclosing underwriting criteria related to the impact of a transaction on the environment, human rights, and risk to a company's reputation.

9. We support requesting a report on the potential environmental and public health impacts of each of the company's endeavors, those of its affiliates and proposed ventures that extract water. Following Global Reporting Initiative (GRI) performance indicators [7] the report should consider the implications of a policy of reducing ground and surface water extraction for all operations of the company and its affiliates to sustainable levels and of not locating in water scarce areas.

10. We support reports on how a corporation ensures that it is accountable for its environmental impacts in all of the communities where it operates. Such reports should contain the following information:

1. how the corporation makes available reports regarding its emissions and environmental impacts on land, water, and soil—both within its legal limits as well as emergency emissions—to members of the communities where it operates;
2. how the corporation integrates community environmental accountability into its current code of conduct and ongoing business practices; and
3. the extent to which the corporation's activities have negative health effects on individuals living in economically poor communities.

11. We support reports on the effects of mountain top removal including:

1. the effects on the local community on any activities that have negative health effects for individuals living in economically-poor communities;
2. the effects on the local environment, including water, land and soil; and
3. the methods the company uses to communicate with the local community.

12. We support requests that, as board director's term of office expire, strong consideration be given to candidates who have a high level of expertise and experience in environmental and/or human rights matters.

13. We support reports on the financial risks resulting from climate change as well as actions the Board deems necessary to provide long term protection of the business interests. In addition we support reports on plans for reduction of total greenhouse gas emissions, methane measurement, mitigation and emission reduction as well as reports on pipeline construction, integrity and emergency response plans.

Resolution guidelines for ELCA – General

We support practices of good governance, specifically:

- a company having an independent chair or independent lead director;
- reports on policies and procedures for political contributions and expenditures (both direct and indirect made with corporate funds);
- reports on any portion of any dues or similar payments made to any tax exempt organization that is used for an expenditure or contribution which might be deemed political; and
- Guidelines or policies governing the company's political contributions and expenditures.

[1] <http://www.ohchr.org/Documents/Issues/IPeoples/FreePriorandInformedConsent.pdf>

[2] http://www.un.org/esa/socdev/unpfii/documents/E_C19_2009_CRP_8.doc

- [3] <http://www.elca.org/en/Faith/Faith-and-Society/Social-Statements/Economic-Life>
- [4] <http://www.elca.org/Faith/Faith-and-Society/Social-Statements/Caring-for-Creation>
- [5] http://download.elca.org/ELCA%20Resource%20Repository/Campaign_JubileeSPR97.pdf
http://download.elca.org/ELCA%20Resource%20Repository/Jubilee_2000_CampaignSPR99.pdf
- [6] http://www.culturalsurvival.org/sites/default/files/guidetofreepriorinformedconsent_0.pdf
- [7] www.globalreporting.org