

J Renaud
Les Amis de la Terre France
Mundo M – 47 Avenue Pasteur
93100 Montreuil
France

2 November 2015

Dear Madame Renaud

Subject: Nomination for Pinocchio Climate Awards

Please find enclosed our formal response to the nomination for the 2015 Pinocchio Climate Awards. It addresses large inaccuracies in your summary of Cerrejón's performance. We ask that as a result of this information, you reconsider your nomination. We would also like to provide you with further information about Anglo American.

Firstly, as these awards are focused on climate, we would like to draw your attention to our position on climate change which calls for a binding agreement that limits global warming to the 2°C consensus^[1]. Moreover, while thermal coal is a declining share of our production, we are also, as the world's biggest producer of platinum group metals, investing heavily in low carbon technologies such as platinum fuel cells to help reduce our dependence on existing technology.

More broadly, Anglo American has a long track record of being one of the most progressive mining companies and we work to ensure that our host communities benefit from our presence. We were the first major company in the world to offer free anti-retroviral treatment to all HIV positive employees, an example now followed by almost all major employers in southern Africa. We are strong advocates for tax transparency, having been publishing tax data for over a decade; and for business and human rights issues, including actively supporting the implementation of the Voluntary Principles on Security and Human Rights as well as the UN Guiding Principles on Business and Human Rights. When it comes to sharing social performance standards across our industry, we have made our award-winning social performance guidance, the Socio-Economic Assessment Toolbox (SEAT), publicly available for anyone to use, and continue working to advance best practices in mining. To give two further examples; we are currently working with a variety of stakeholders, including Oxfam America and the United Nations, on the Development Partner Framework, which sets out a new mind-set for the mining sector. We are also working with a variety of stakeholders, including Earthworks and IndustriAll Global Union, on the first comprehensive responsible mine certification system – the Initiative for Responsible Mining Assurance.

We believe that NGOs with an interest in more responsible mining should regard Anglo American as a company whose work in these areas should be encouraged, rather than subject

^[1] <http://www.angloamerican.com/~media/Files/A/Anglo-American-PLC-V2/documents/approach-and-policies/environment/climate-change-position-statement-september-2015.pdf>

to inaccurate public criticism. We would be very happy to provide any further detail on these issues and engage with you further should you have further questions.

Yours Sincerely



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Anglo American response to the nomination for the 2015 Pinocchio Climate Awards, organized by Friends of the Earth France, Friends of the Earth Europe, Peoples Solidaires-Action Aid France, the Corporate Europe Observatory and the CRID.

Anglo American hopes that the information below will serve as a correction to the accusations outlined in the nomination for the 2015 Pinocchio awards and linked to the Cerrejón mine. Cerrejón invests time, effort and funds into adhering to the highest international environmental and social management standards. The picture outlined in this nomination is not a fair reflection of the reality on the ground.

Cerrejón's productions levels: Cerrejón is not planning to expand production to 50 Mtpa. It is legally permitted to produce up to 40 Mtpa but the current aim of the mine is to retain current production at 35 Mtpa.

The community of Tabaco: Cerrejón has not sought to hide the situation at Tabaco. The expropriation of Tabaco was carried out before Anglo American's ownership and we recognize that things could have been done in a better way. In recognition of this, in 2007 Anglo American supported Cerrejón in initiating an independent Third Party Review (TPR) of events at Tabaco in a bid to identify how these legacy issues could be fairly resolved. Chaired by Professor John Harker, then President of Cape Breton University in Canada, the TPR triggered a multi-stakeholder agreement on future support for the community of Tabaco and the rebuilding of the village on a new site. This agreement involved a Board of Community representatives, and representatives of local Government, as well as Cerrejón and NGO representatives – both local and international. Of the 24 action points agreed, only three remain outstanding. Progress on these is reported every six months on Cerrejón's website:

<http://www.Cerrejón.com/site/english/sustainable-development-social-responsibility/performance/third-party-review-of-social-programs.aspx>

Cerrejón has provided land for the rebuilding of the Tabaco village, and progress is currently dependent on action by a local mayor. A range of programs have been put in place to support the Tabaco community, which have included: SME development assistance; educational assistance programs and scholarships; as well as culture and sports programmes. The overall budget from 2007 to 2014 for these programmes has been US\$2.3m.

Accusation of threatening behaviour by Cerrejón: Cerrejón employees do not and have not threatened community members with eviction from their homes. In the cases where communities around the Cerrejón mine are negotiating resettlement with the company, negotiations are carried out in strict accordance with International Finance Corporation standards – the international best practice standards for resettlement. These discussions are transparent and conducted in a culturally sensitive manner, often taking many years.

Security forces are present around Cerrejón infrastructure with the specific aim of protecting the infrastructure and personnel from potential terrorist attack. The mine is a recognized target of guerrilla forces, and attacking infrastructure is a publicly stated goal of organisations such as the FARC. Cerrejón has suffered terrorist attacks in the past and so security is an unfortunate necessity. However, levels of security forces are kept at the lowest possible level and their intention is in no way to serve as intimidation to community members.

Resettled families: Cerrejón's agreement with resettled families contains a clause that the families will not sell their homes for four years after arrival. This is to support the retention of the social fabric of resettled communities. There have been no requests for removal of this clause and independent monitoring has not reported such requests. Resettled families have received land to continue with their farming and cattle rearing activities (minimum 1 hectare) and they are now legal owners of the land, which they were not before. Cerrejón has multi-year support

programmes in place for families to identify their chosen livelihood and to receive development support and seed funding.

Water: Cerrejón does not cause the drying up of local streams or ground water pollution. We strongly reject the underlying accusation that alleged water pollution caused by Cerrejón may be causing the deaths of children and would ask that clear accredited proof be presented before such suggestions are made.

Cerrejón invests heavily in water efficiency. 90% of the water Cerrejón uses is of low quality, not fit for human, animal consumption or irrigation. The 10% of high quality water used by Cerrejón is required for use by employees and their families, as well as surrounding communities who receive distributed water. This water comes mainly from the Rancheria River and its alluvial aquifer. Water bodies are monitored on a monthly basis to ensure that quality is within Colombian and international standards. Colombian environmental authorities monitor and follow up on these results, as well as Cerrejón's overall environmental performance. La Guajira is a water-stressed region of Colombia and has been experiencing a severe drought over the past years that has resulted in the regional government declaring a state of emergency in mid-2014. As a result, the communities of La Guajira face significant water shortages. Cerrejón has not caused this issue and to-date has invested over US\$ 760,000 in helping communities wherever it can.

Since April 2014, Cerrejón has:

- Delivered over 20 million litres of water to more than 200 communities with a total of over 27,000 residents. The quality of this water is the same as that used by workers and their families.
- Used its train to deliver water to communities. Each two tanker wagons has a capacity of 89,000 litres of water.
- Repaired 59 windmill-driven water pumps that provide 2.5 million litres of water a day for 9,200 residents.
- Upgraded nine artificial water reservoirs (jagüeyes) benefiting over 280 communities.
- Delivered more than 950 water storage tanks with a capacity of 500; 1,000; and 5,000 litres to 159 communities.
- Reached an agreement with the Colombian Geological Service (part of the Ministry of Mines and Energy) to explore, identify, and offer water supply and storage solutions for rural and urban communities in La Guajira.
- Worked with the Netherlands Embassy via a Memorandum of Understanding to foster cooperation between Cerrejón and the Embassy in the areas of water supply, sanitation and hygiene, and the comprehensive management of water resources. This partnership will allow the designing of comprehensive, long-term solutions to address the problem of a lack of drinking water. It will also facilitate an exchange of knowledge in the comprehensive management of water resources, particularly of successful experiences in this field in The Netherlands.
- Joined the Grand Partnership for Water and Life, launched by the President of the Colombia on June 1 of 2015. This plans to build 100 wells to be delivered with a production project. In addition, 300 wells will be recovered, 10 reservoirs will be built to store water, and 39 desalination plants will be delivered.

Air and noise pollution: Cerrejón complies with national and international standards in regards to air and noise pollution. Colombian institutions monitor these levels. There are 18 stations around Cerrejón (12 in the Mine, two along the railway and four in the Port) to monitor air quality and there is a Community Oversight Committee, which independently monitors the situation at the Mine and Port. These show that levels sit within Colombian legal limits. In cases where the drought has risked air quality levels coming close to legal limits, mining activity has been altered or stopped to ensure that standards are adhered to.

Malnutrition: La Guajira has the fourth highest rate of extreme poverty in Colombia. Hence, global malnutrition in the Department is 11.2, in contrast to 3.4 in the country as a whole. Below we outline the economic contribution that Cerrejón makes as La Guajira would have much less economic activity were it not for the mine. Rates of morbidity and mortality from malnutrition are lower in the areas of Cerrejón's direct influence, namely Albania, Barrancas and Hatonuevo in contrast to other municipalities in the region. Again, we strongly reject the underlying accusation that alleged malnutrition caused by Cerrejón may be causing the deaths of children.

Lung cancer: Cerrejón also rejects the accusation that lung cancer is widespread. According to DANE - the National Department of Statistics, and the Department of Health, cancer causes 37% of deaths in the region. The most common malignancies reported include breast cancer, cervical cancer and stomach cancer. 3.7% of deaths are related to trachea, bronchial and lung cancer. With regards to worker health, 93% of employees who were incapacitated by health conditions in 2014 were suffering from general diseases and not work related ones. Absence due to occupational health illness at Cerrejón is lower than other mines in Colombia. Throughout the 30 years of Cerrejón's operation, the national-level and independent Boards in charge of confirming the occupational illnesses in Colombia, have never diagnosed any case of occupational cancer at Cerrejón.

Accusation that community members have been wounded or killed by State armed forces whilst protesting against Cerrejón: No one has ever been injured or killed protesting against the activities of Cerrejón. There are no serious accusations against the police for human rights violations whilst they have been protecting Cerrejón operations. Cerrejón would welcome further details of any evidence to this regard so that they can be investigated. Anglo American supports Cerrejón in being an active partner in the implementation of the Voluntary Principles on Security and Human Rights. These principles guide how extractive-sector companies can maintain security within an operating framework that respects human rights. Cerrejón has ensured the provision of human rights training for more than 11,000 Colombians, including security forces, company employees, and the local community. This is done on a regular basis but additional training top-up training is provided if required.

Cerrejón also follows the United Nations Guiding Principles on Business and Human Rights and was one of five sites globally to participate in a pilot for a complaints and grievance mechanism. This mechanism remains in place and provides a system by which individuals can communicate their complaints and receive redress from Cerrejón.

Cerrejón's approach to sustainable development

Cerrejón is a mine that works to respect the highest standards when it comes to its respect for the environment and respect for communities. The mine supports 55% of the GDP of the region, employs 13,000 people as direct employees and contractors, and over 60,000 in its entire supply chain. In 2014, Cerrejón paid US\$501 million in taxes and royalties, and spent US\$53.3 million in local procurement. Throughout last year, the company invested US\$56.7 million in environmental programs and US\$10 million in social initiatives. The mine is regularly recognised and awarded by respectable independent institutions for its approach. For example, in 2014 and 2013 it won the Andesco Award for Social Responsibility, a leading award in Colombia. Cerrejón also has international accreditation in environmental standards, including NTC-ISO 17025, accreditation by Ideam for calibration and test labs, ISO 14001 accreditation for environmental management and OHSAS 18001 accreditation for occupational health and safety.

Anglo American recognizes that any large industrial operation has potential to generate material impacts upon local communities and at times, resettlement is the best way to minimize these impacts. Cerrejón aims to improve the quality of life of resettled communities by



managing resettlements in accordance with both local legislation and IFC standards. Cerrejón is carrying out five resettlements of neighbouring communities. The communities are Patilla, Chancleta, Roche, Las Casitas and the Wayuu indigenous community of Tamaquito. The total number of families entitled to relocation is 190, approximately 1,000 people. 168 families have relocated (88.4%) to date and are receiving ongoing support to settle into their new homes. A roundtable has been developed so that the resettled communities, and Cerrejón, can address common issues and concerns, including livelihood creation. Work is ongoing to identify and develop projects that suit community members - a challenging issue in many rural areas across the world. Together, the communities and Cerrejón are making progress. For example, families have established businesses in cattle ranching, poultry farming and artisanal manufacturing. To date, there are 127 livelihood projects at different stages of implementation.