

Thomas Kuechenmeister
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12 February 2016

Dear Mister Kuechenmeister

Subject: Facing Finance Dirty Profits 2016

Thank you for informing us that we are to be included in the 2016 Dirty Profits report. Please find enclosed Anglo American's response to its inclusion. The report contains considerable inaccuracies about Anglo American's performance and activities. We are aware that you will not change your report at this late stage. However, for future reports, we would ask that you strengthen your due process. Rather than solely using information referenced from other NGO reports, it would be worth verifying the allegations beforehand and inviting companies to provide information that would then allow you to make an informed and accurate assessment. We would also respectfully ask that companies are given more than twelve days' notice of a report that is already finalised and about to be launched. This does not allow time for a considered response.

Generally, 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. SEAT has helped Anglo American and other extractive sector companies understand and respond to community concerns in a way that is industry leading. 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 (IRMA).

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 solely subject to public criticism, especially in instances where this is inaccurate. We would be very

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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 “selection” for the 2016 Facing Finance – Dirty Profits report.

Anglo American hopes that the information below will serve as a factual correction to some of the inaccurate allegations outlined in the 2016 Dirty Profits report (pages 12-13). Anglo American invests a lot of time, effort and funds into adhering to the highest international environmental and social management standards. The picture outlined in this report is not a fair reflection of the reality on the ground.

“Anglo American is protecting its limited coal market by lobbying in Europe...working against renewables and energy efficiency targets”: Anglo American neither directly nor indirectly lobbies against any renewables or energy efficiency targets in Brussels. 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] – in line with this we welcome the outcomes of COP 21 and are supportive of efforts to outline what this means for the mining industry.. Thermal coal is a small and declining share of our production. At the same time, as the world’s biggest producer of platinum group metals, we are investing heavily in low carbon technologies such as platinum fuel cells to help reduce our dependence on existing technology.

“Anglo American has also shown disregard for the importance of environmental impact assessments and water licenses by beginning mine construction before undertaking consultation with affected communities”: We have not started construction at any mine without any prior consultation with affected communities, as this would be a breach of both our own policies and standards (the Anglo American Social Way). Increasingly, it would be illegal in many of our countries of operation, South Africa in particular.

“...the relocation of workers in Dingleton...”: At Anglo American, all resettlement exercises must meet or exceed the requirements set out in the International Finance Corporation (IFC) Performance Standard 5 on Land Acquisition and Involuntary Resettlement and lead to a demonstrable improvement in livelihoods. In accordance with the IFC Performance Standards, each resettlement must be planned and implemented in a participatory manner. While the Dingleton resettlement is not yet complete and therefore still in progress without all elements delivered at this stage, it is important to mention that negotiations were carried out in strict accordance with those standards – the international best practice standards for resettlement – and included a multistakeholder resettlement working group. These consultations (which stretched over 7 years) resulted in agreed and accepted compensation packages, the delivery of which is subject to ongoing monitoring. We also need to explain that the resettlement process is not for workers, but for community members.

“Twickenham mine...has caused suffering...by relocating them...allegedly without free, prior and informed consent”: We recognise the potential vulnerability of Indigenous Peoples to the impact of mining activities, given their traditional reliance on natural resources and the special cultural significance of their lands. As a member of the International Council on Mining and Metals (ICMM), we committed to the 2013 ICMM Position Statement on Indigenous Peoples and Mining, which endorses the principles of Free, Prior and Informed Consent (FPIC). This commitment is incorporated into our Social Way. Aligned with the Position Statement and our own policy, we accordingly seek the consent of Indigenous Peoples for all new projects (and changes to existing projects) that are located on lands traditionally owned by, or under customary use of, Indigenous Peoples and are likely to have significant adverse impacts on

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

them. At Twickenham, however, the communities who were resettled were not indigenous and therefore FPIC does not apply, neither by South African law nor under international standards.

“the Cerrejón coal mine has for years been surrounded by protests in relation to land and water ...[and has given] very limited compensation to indigenous communities for their land”: Cerrejon is a mine that has faced a range of legacy issues linked to previous ownership. As a result of an independent multistakeholder consultation process in 2007, the Third Party Review, Cerrejón has been implementing all agreed action points to address these. Only two remain outstanding, for reasons outside of Cerrejón’s control. Further information can be found on Cerrejón’s website. Over the past 18 months, Cerrejón has invested US\$ 760,000 in technical solutions and aid to help alleviate the drought affecting families in La Guajira. These have benefitted over 300 communities in the region. All compensation with regards to land issues for both indigenous and non-indigenous communities has been determined by the IFC Performance Standards (please see above) and has gone beyond that required by Colombian law. In many instances, the land owned by community members has increased many fold and they now have land that is legally theirs rather than relying on informal land use.

Nautilus Minerals: As you mention in your report, Anglo American is a minority shareholder, owning below 6% and does not have any management control– we do not even have a seat on the Board of Directors. Despite this, we would welcome further information on which of the ten UN Global Compact principles you suggest Nautilus Minerals is in breach of so that we can raise this if appropriate.