

**Business and Human Rights Resource Centre****Mrs. Julia Neiva and Mr. Maurício Lazala****Subject: Response to the Report "Violations of Human Rights By Companies – The Case of Açu Port"****Belo Horizonte, July 11, 2016**

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**Anglo American Iron Ore Brazil** appreciates the invitation to respond to the report entitled **"Violations of Human Rights By Companies – The Case of Açu Port"**.

Anglo American attaches great importance to 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, and being a long standing signatory to the UN Global Compact. Our commitment to human rights is expressed in our Human Rights Policy (<http://www.angloamerican.com/~media/Files/A/Anglo-American-PLC-V2/documents/approach-and-policies/social/hr-policy-document-english.pdf>) and for socio-economic issues further detailed in our social performance standard, the Anglo American Social Way (<http://www.angloamerican.com/~media/Files/A/Anglo-American-PLC-V2/documents/approach-and-policies/social/aa-social-way-singles-v2.pdf>) as well as our publicly available social performance guidance, the SocioEconomic Assessment Toolbox (SEAT - <http://www.angloamerican.com/~media/Files/A/Anglo-American-PLC-V2/documents/communities/seat-overview-english.pdf>). We aim to make a lasting, positive contribution to the countries and communities in which we operate. To accomplish this, the team seeks to create and maintain mutually beneficial

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relationships by understanding and maximizing the positive influence that the company can have on local development.

For clarification purposes, we would like to provide some background on the Acu Port Complex, Anglo American's involvement and Anglo American's iron ore business in Brazil:

"Açu Port Complex":

The Acu Port Complex is an independent enterprise owned by Prumo Logistics, located in a specific geographic zone with 8,000 ha where a large number of companies conduct their business operations in two existing terminals. This complex does not belong to Anglo American – see Figure 1 - "Açu Port Complex", but Anglo American occupies an area of 150 ha (approximately 2% of "Açu Port Complex" total area) and uses Terminal 1 – T1 - to export iron ore. T1 is an offshore terminal with two piers (one for handling iron ore and the other for oil).



Figure 1 - "Açu Port Complex"

Ferroport:

Ferroport is a Joint Venture between Anglo American and Prumo Logistics, with each company owning 50% of the shares and an independent Executive



Committee. Ferroport is responsible exclusively for the operation of the iron ore pier, located at Açú Port, Terminal 1.

Prumo:

Prumo Logistics is a private company that operates in the infrastructure and logistics sector. The company is responsible for Açú Port Complex implementation and operation.

Both Ferroport and Prumo are submitting separate responses to the above mentioned report; therefore our response is limited to the allegations relevant to Anglo American Iron Ore Brazil's business.

Anglo American Iron Ore Brazil:

Anglo American Iron Ore Brazil's operations include an iron ore mine and beneficiation plant in the state of Minas Gerais, a pipeline and a filtering station; the filtering station is located in the Açú Port and is very energy efficient (it uses 95% less electrical energy than a conventional filtering plant); it also reuses the water in the pipeline for industrial purposes.

All activities undertaken by Minas-Rio were properly licensed and are regularly monitored by the respective environmental agencies. The participation of the local population takes place through public hearings, in accordance with Brazilian legislation. From 2007 to 2008, three public hearings were held for the Mine / Beneficiation Plant licensing process (in the cities of Conceição do Mato Dentro, Alvorada de Minas and Dom Joaquim), three for the Pipeline licensing process (including two in the State of Minas Gerais and one in the State of Rio de Janeiro) and one for the Port licensing process (in the city of São João da Barra).

The report "Violations of Human Rights By Companies – The Case of Açú Port" suggests that there is an open discussion regarding the fragmentation of Minas-Rio environmental licensing process – splitting the process into three different licenses:

i. Mine and Beneficiation Plant, ii. Pipeline and iii. Port. This subject was aligned and judicially formalized by the Prosecutor Public Office through the Public Claim 2009.38.00.021.033-0, where it was clarified that the licensing process was legitimate, and thus the licenses issued are valid.

The report quotes a study by Diversus on the Conceição do Mato Dentro region, in the state of Minas Gerais; it aimed at indicating which families were impacted by Minas-Rio in that region for a further inclusion in the Land Management Program. Subsequently, the study was revised and approved in November 2013 by the Environmental Policies Council - COPAM. Recommendations were discussed and those accepted by COPAM were included in licensing programs, for example: Inclusion of eight families in the Land Management Program, improvement of the communication channel with communities, aiming to adapt them in accordance with the educational level of the audience and the creation of a multi-stakeholders committee to follow-up critical actions.

Contrary to what is stated, the Minas-Rio Pipeline is a logistics model with low environmental impacts on natural resources. Its route was established based on the Environmental Impact Study - EIA - seeking to take advantage, wherever possible, of areas which had already being impacted by human activities and aiming to minimize the overlap with urban areas and interference with the environment and communities.

Anglo American did not acquire properties throughout the pipeline route, with the exception of the areas with surface stations (Pump Station I, Pump Station II and Valve Station). The access to the areas was established through agreements between the company and land owners or by judicial proceedings. There were Registration Forms for each property noting individual characteristics, structures and owners. The monetary evaluation was established based on the Registration Forms and negotiations were conducted in a fair and transparent manner with no curtailment of the original livelihoods.



In order to ensure a relationship of trust and respect with the land owners, the company also executes the Program for Monitoring Socio-environmental Liabilities, a licensing program to minimize and solve potential liabilities from the implementation and operation of the pipeline. Monitoring systems were implemented in 2015 and our Community Relations team visits the land owners in person. These interactions are registered and addressed by a multidisciplinary Anglo American committee, which analyzes demands and, if necessary, recommends a resolution or a mitigation action. Every six months Anglo American shares these reports with IBAMA – the Brazilian Institute of Environment and Renewable Natural Resources responsible for the licensing process.

We would like to once again thank you for the opportunity to submit our response and make ourselves available to discuss this matter further.

Sincerely,

  
**Sarah Correa**  
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Anglo American  
Minério de Ferro Brasil

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Anglo American Iron Ore Brazil