

## Annex I: Company statements & answers

### THE STEEL COMPANIES

#### TKS, ThyssenKrupp (August 7, 2015)

##### Questionnaire from Danwatch - The Supply chain of coking Coal

1. How much coal (if any) did your European steel-works import in 2013 and 2014 (tons) from Mozambique?

*(The information was provided, but not for publication, red.)*

2. Which mining company/companies in Mozambique do you buy your coking coal from? And what are the contractual agreements with the company (short/long term)?

Vale, Rio de Janeiro, Rio Tinto, London

3. Which mines in Mozambique does the coking coal come from?

Vale: Chipanga mine, Rio Tinto: Benga mine

4. Which requirements (if any) do you have to your coking coal suppliers regarding corporate ethics and social responsibility?

5. How do you make sure that these requirements are met?

6. Other comments

7. Who can we contact regarding the answers to this survey?

#### Chapter 4 and 7 together:

ThyssenKrupp expects its suppliers to comply with applicable national statute, with the principles of the United Nations Global Compact, and with the ThyssenKrupp Supplier Code of Conduct. Furthermore, it expects them to introduce suitable processes within their organizations that support compliance with applicable statute and promote continuous improvement with regard to the principles and requirements laid out in the ThyssenKrupp Supplier Code of Conduct. Moreover, ThyssenKrupp expects its suppliers to ensure that their affiliates worldwide also comply with and recognize all these principles and requirements.

ThyssenKrupp approaches its most important suppliers systematically and requests them to sign the ThyssenKrupp Supplier Code of Conduct so as to ensure compliance with the principles and standards it sets out. We seek to work only with suppliers that observe the principles of the ThyssenKrupp Supplier Code of Conduct, support all sustainability processes and also communicate these processes within their own supply chain.

In order to verify the implementation of minimum standards by suppliers, sustainability audits are carried out at individual suppliers. The suppliers are selected on the basis of a systematic assessment of risks, in particular country-related risks. This also includes our raw material suppliers. The audits are carried out by an independent service provider of international standing. ThyssenKrupp's aim is to cooperate with its suppliers on a long-term, responsible basis. For this reason, if a supplier deviates from the expected standards, a plan of action containing concrete improvement measures is drawn up and its implementation is monitored. Should a supplier demonstrably fail to meet the standards of the ThyssenKrupp Supplier Code of Conduct or fail to target and implement improvement measures, this can ultimately lead to termination of the business relationship.

#### Voestalpine (July 24, 2015)

According to spokesman Peter Felsbach, Voestalpine does use coking coal from Mozambique.

#### ArcelorMittal ( August 14, 2015)

##### Questionnaire from Danwatch - The Supply chain of coking Coal

1. How much coal (if any) did your European steel-works import in 2013 and 2014 (tons) from Mozambique?

We buy from Mozambique in small quantities but we do not disclose exact amounts.

2. Which mining company/companies in Mozambique do you buy your coking coal from? And what are the contractual agreements with the company (short/long term)?

We have confidentiality clauses preventing disclosing actual supplier names.

3. Which mines in Mozambique does the coking coal come from?

As with the above we are not able to disclosure the names of the mines.

4. Which requirements (if any) do you have to your coking coal suppliers regarding corporate ethics and social responsibility?

All our suppliers are assessed against our code for responsible sourcing and we are continuously looking for ways to improve this process.

5. How do you make sure that these requirements are met?

We have regular and ongoing discussions with our suppliers with regards to our code for responsible sourcing. If there is ever a suggestion that our suppliers are not meeting these requirements we take the allegations very seriously and investigate fully.

6. Other comments

We have not further comments.

7. Who can we contact regarding the answers to this survey?

If needed please feel free to quote him (Alan Knight, General Manager, Corporate Responsibility).

#### U. S. Steel Košice (July 29, 2015)

*(Mail from Ján Bača July 29, 2015)*

"I can confirm that we do not provide information about our business partners, suppliers or customers and that we do not want to participate in the survey."

*(Mail from Ján Bača July 29, 2015)*

"We do not plan to do the interview in the near future."

#### Tata Steel Europe (August 13, 2015)

"Tata Steel can confirm that its procurement function in Europe sources some of its coking coal from Mozambique to feed mainly its European operations. The precise details of such sourcing are subject to commercial confidentiality. In its sourcing of coking coal from Mozambique the company has always dealt with vendors of the highest repute whom we know to have sustainability strategies in place."

2. The mining companies - questions and answers

Results presented to the mining companies: We are currently writing about the extractive industry in southern Africa with special focus on the resettlement issues related to the expanding industry in Mozambique.

Our research team has recently been to the Tete province in Mozambique where we have visited the mining areas and different resettlement sites, one of them being Mualadzi related to the Benga mine.

We are soon publishing the results from our research and would like to ask you to comment on the following findings from our research:

- Years after the resettlement process was initiated, water and food shortage is still a matter of great concern for the people living in Mualadzi. The remote location of the resettlement site has de facto isolated people living there, seeing they have approximately 40 kilometres to the nearest town.

- Several sources in the resettlement tell us about their daily efforts to get food on the table and make the scarce water resources cover their basic needs. Their situation has recently been documented by civil society organisations such as Oxfam (2015) and Human Rights Watch (2013)

- The conditions in Mualadzi and the challenges they pose were recently documented by Australian Oxfam in the 2015 report 'mining, resettlement and Lost livelihoods'. The report describes Mualadzi as "a remote location with poor quality soil and an insecure supply of water for personal and agricultural use," and stresses the gravity of the situation: "This harsh physical environment has put livelihoods at risk with food security being an immediate challenge."

- Danwatch has obtained the Resettlement Action Plan (RAP) for Mualadzi which confirms that Riversdale and the local government of Tete were aware of the challenges the choice of Mualadzi as resettlement location posed well before the implementation was commenced in 2010:

"The surface water resources are poorly developed in the area with no perennial water course running within or nearby the development area. The existing seasonal streams are highly dependent on the wet season for their flow pattern and therefore cannot be considered a continuous water source."

- The RAP shows that the implementation of the plan was scheduled to begin before a solution was put in place. In other words, people would be moved to Mualadzi before the company and the government had concluded on the water issue:

"The water availability of the Muarazi (Mualadzi red.) site will be confirmed during the implementation phase."

- The plan further states, that if no sustainable solution to the water problem is found, then the company and the government would need to find an alternative resettlement site:

"The water availability of the Muarazi (Mualadzi red.) site will be confirmed during the implementation phase, but should this prove to be insufficient then a further process of site identification will be undertaken. In addition, should Muarazi prove unsuitable for any other natural or socio political reasons, the consultation process will be recommended to identify another suitable host area"

- According to both national and international laws and guidelines, the resettlement of people cannot happen if it changes their living standards for the worse. In the case of Mualadzi people were moved from an area with year round water supply to an area with no sustainable water source. The remote location also meant a significant change for people who used to live near Tete city and now have little connection to the outside world.

### Rio Tinto - Questions

Seeing that Rio Tinto undertook largest phase of the resettlement, what are your comments to the points made above?

What is Rio Tinto's position on the current situation in Mualadzi, seeing your involvement in the resettlement process?

According to the RAP (see above) another location were to be found for the resettlement if water availability should prove insufficient, or if Mualadzi should prove unsuitable for any other natural or socio political reasons. Was an alternative location ever considered when Rio Tinto took over the responsibility?

Why did Rio Tinto not put in place a new resettlement action plan when the company became aware of the problems in Mualadzi?

How does the handling of the resettlement process comply with your company policies on corporate responsibility (and Rio Tinto's subscription to both Global Compact and IFC's guidelines for resettlements)?

### Rio Tinto - Response (August 13, 2015)

Rio Tinto takes its responsibilities to respect human rights seriously and is committed to working to mutually beneficial outcomes with local communities.

Between 2010 and 2014, Riversdale and then Rio Tinto (after acquisition of Riversdale in 2011) worked to relocate households to the resettlement community of Mualadzi under the Benga Resettlement Action Plan (RAP). This plan had been developed and implemented under a framework directed by the Government of Mozambique. The Government of Mozambique reserves the right to choose and provide the land on which to resettle populations and this was the case with the Benga

Mine resettlement.

The resettlement process included financial and land compensation packages, as well as the establishment of core services (health clinic, primary school, orphanage, police services, market, water system and agricultural starter projects).

In October 2014, on the sale of its Mozambique coal operations to new owners (International Coal Ventures Ltd), the resettlement process and other community obligations were also transferred. A comprehensive hand over of the RAP was included in the transition process between owners. As part of the sale, a number of resettlement related support programmes for the community that had already been put in place were transferred to the new owners.

We take our responsibilities to local communities seriously and to the point of transfer, our activities worked to meet internal and international standards. This is difficult and complex work and its success cannot be judged after 12 months, two or even five years. In particular, livelihood restoration for households takes time given the multi-year nature of this process.

### Tata Steel - Questions

Given Tata Steels 35 percent ownership of the Benga mine, what is your comment to the current situation as described above?

What part, if any has Tata Steel taken in the resettlement process in Mualadzi?

How does the handling of the resettlement process comply with your company policies on corporate responsibility?

According to the RAP (see above) another location were to be found for the resettlement if water availability should prove insufficient, or if Mualadzi should prove unsuitable for any other natural or socio political reasons. Was a change of location ever considered?

Why did Tata Steel (Riversdale and Rio Tinto) not put in place a new resettlement action plan when the company became aware of the problems in Mualadzi?

Is Tata Steel planning to take any type of action to better the living conditions for people in Mualadzi?

### Tata steel - Response (August 13, 2015)

In its sourcing of coking coal from Mozambique the company has always dealt with vendors of the highest repute whom we know to have sustainability strategies in place. Tata Steel does not have executive management responsibility, including for resettlement issues, at any Mozambique mine. In the case of Benga mine, enquiries should be directed to ICVL, which has management control and the executive responsibility to comment on the issues you have raised.

### ICVL

ICVL has not responded to any questions from Danwatch

### Vale -Response (July 17, 2015)

We would like to confirm the reception of your email asking to speak to a Vale representative in order to get the company's response about what you call "some of the concerns raised by the local community in Moatize."

We appreciate your interest in our company, as well as about the coal mining industry in Tete, Mozambique.

Unfortunately, we will not be able to provide a statement about it.

Given the scenario in the world economic outlook, as well the ongoing negotiation with the Government of Mozambique and other stakeholders, Vale adopted, since the last year, a Low Profile Strategy.

We understand your interest, and we'll be looking to satisfy your request in the following months.

Vale is a global company which aims to transform natural resources into prosperity and development and a number one in the world on creating a long-term value, with Excellence, Passion for People and the Planet.

On his operation, Vale consider Media as well as governments, local authorities and communities, as strategic stakeholders, acting on order to satisfy mutual interests.

From: Vale Moçambique