



Tahoe Resources Inc.'s Response to Recent Baseless and Irresponsible Accusations in "Tahoe on Trial"

For years, Tahoe Resources Inc. (Tahoe) and its Guatemalan subsidiary, Minera San Rafael (MSR), have been criticized by various non-governmental organizations that have misrepresented the facts surrounding MSR's operations at the Escobal mine in Guatemala. The *Under Siege* piece by Luis Solano, as well as written attacks published by Amnesty International and other human rights organizations, carelessly mix fact with fiction and rest on unfounded conjecture. Tahoe provides this response to at least partially set the record straight regarding MSR's strong ethical practices and the positive effect of its business for the local communities in Guatemala.

Accusation: Tahoe and MSR did not fully inform local communities of its planned mining activities

Response: False. Since 2010, MSR has conducted meaningful outreach to inform local communities in Guatemala about the Escobal project. To state that MSR failed to fully inform the local population about its plans is irresponsible. Extensive consultations with the local Guatemalan communities began at the start of the permitting and planning process and continue to this day. In just one example, former landowners of the Escobal property, who voluntarily sold their land after extensive consultation, entered into a trust with MSR to share in the mining profits.¹ Former landowners received approximately US\$1.2 million from MSR in 2015 alone, some of which was reinvested into the community.² MSR's extensive community outreach efforts often exceeded the requirements of national and international law and fully informed local communities about the plans for the mine. Since the planning stages, meaningful dialogue has continued. In 2014 alone, MSR engaged with approximately 7,500 local and regional stakeholders.³ Moreover, in 2015, 1,800 stakeholders toured Escobal's operations to learn about modern mining practices and to better understand MSR's commitment to high environmental, health and safety standards. Further, in order to help facilitate communication with stakeholders, MSR implemented an easy-access grievance mechanism that is compliant with the U.N. Guiding Principles on Business and Human Rights (Guiding Principles).⁴ MSR will continue to promote effective dialogue,⁵ including with its opponents.

Accusation: Tahoe and MSR do not value a social license

Response: False. Tahoe and MSR have a strong commitment and abiding interest in promoting the welfare and respecting the cultures of the communities in which MSR operates.⁶ The Escobal mine could not thrive to the extent it does without a social license to operate. Not only does MSR encourage dialogue through constant outreach programs, but it also provides valuable employment, resources and social initiatives to better the lives of those in the local Guatemalan communities.⁷ In 2014, MSR made significant positive impacts by investing approximately

¹ "Minera San Rafael comparte beneficios con 200 familias"

<http://www.revistaindustria.com/?p=16884>

² "Restauran clinica de San Rafael Las Flores"

https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=7&cad=rja&uact=8&ved=0ahUKEwjrmPeg0-PJAhUCw2MKHZkzCOIQFghWMAY&url=http%3A%2F%2Fwww.pressreader.com%2Fguatemala%2Fprensa-libre%2F20151127%2F281908772060564%2FTextView&usq=AFQjCNGahtOzSXPuH5N3nSZlwNXtldZqdw&sig2=Buq6EPA_Sav8q-F4KEF-Ow&bvm=bv.110151844.d.cGc

³ "Minera San Rafael Releases 2014 Social Report"

<http://www.tahoeresources.com/wp-content/uploads/2015/10/TahoeNLO42015.pdf>

⁴ "Minera San Rafael Updates Grievance Mechanism"

<http://www.tahoeresources.com/wp-content/uploads/2015/04/2015-Q2-CSR-Newsletter.pdf>

⁵ MSR is a participant in the international *Cultivando Agua Buena* program which encourages multi-stakeholder dialogue and participation to raise awareness about environmental best practices and to promote the welfare of local communities.

<http://www.mem.gob.gt/2015/02/mem-fortalece-desarrollo-sostenible-con-apoyo-de-brasil/>

⁶ Corporate Social Responsibility Policy

<http://www.tahoeresources.com/wp-content/uploads/2015/09/CSR-Policy-August-2015.pdf>

⁷ Countries rich in minerals experience economic growth and improvements in their Human Development Index scores that are on average better than countries without minerals.

<http://www->

wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/04/25/000442464_20140425120444/Rendered/PDF/872980NWP0Mini00Box385186B00PUBLIC0.pdf

US\$4.6 million in local community programs that range from health and nutrition, to resource management, to education and job training.⁸ Initiatives have provided for school renovations, reforestation of local lands, educational assistance, cultural events and the establishment of a vocational training center.⁹ In addition to supporting local efforts, MSR promoted the Guatemalan government's national food security program *Mejores Familias*.¹⁰ The program is designed to educate women of reproductive age about better health habits that help reduce chronic childhood malnutrition rates. Unlike the slanted views of some of MSR's critics who assert that MSR is "buying" support, MSR believes that civil society, private sector and governmental partnerships, like the *Mejores Familias* program, that support widespread sustainable initiatives are important to the country's development and an effective means of empowering the people. Laundering baseless criticisms against public companies in developing nations may bring in development dollars for non-governmental organizations, but it does not empower local Guatemalans.

Notably, MSR employs approximately 1,000 full-time, Guatemalan employees, who are paid well above the average wage in the country. Additionally, on-the-job training allows employees the opportunity to learn additional valuable skills for further career development. More than 430 of MSR employees are from the local municipality, San Rafael las Flores, which has led to an increase in the quality of life of the people in the region since the project began in 2010. The presence of the mine has also generated more than 1,000 indirect formal jobs and more than 100 new businesses.¹¹ Moreover, 80% of the total economic value derived from the Escobal mine feeds the Guatemalan economy.¹² The positive economic impacts on the local communities are undeniable.

Accusation: The majority of local communities oppose the Escobal mine

Response: False. MSR maintains constant dialogue with its stakeholders, and its mining activities are well supported by much of the surrounding communities. Although, many critics cite community *consultas*¹³ to attempt to discredit support, historically, *consultas* in Guatemala have neither been fairly administered nor in compliance with voting laws. Outside non-governmental organizations often coordinate *consultas* when this process is clearly the responsibility of the local government. Outsiders or non-locals often influence the results of *consultas* against development projects by casting votes in multiple communities in which they are not residents. Interfering with community *consultas* is a clear violation of Article 6 of the ILO Convention 169.¹⁴ Similarly, many *consultas* are improperly held in a "yes-no" question format, when international law clearly states that the *consulta* is an informative-dialogue procedure. With no controls on the process and zero accountability in the results, voting statistics are sufficiently skewed and immediately suspect, e.g., 99%-1% voted no to the Escobal mine. MSR's 1,000 Guatemalan employees; the fact that 7 of 9 municipalities in and around the mine signed royalty agreements with MSR;¹⁵ and MSR's significant non-governmental and governmental partnerships are better gauges of its widespread support than an inherently unreliable vote promoted by outsiders.

⁸ MSR 2014 Social Report

http://www.tahoeresources.com/wp-content/uploads/2015/08/SocialReport2014_FINAL.pdf

⁹ "Alcalde Leonel Morales participa en inauguración de Centro vocacional en San Rafael Las Flores"

<http://munisanrafaellasflores.gob.gt/cms2/index.php/ultimas-noticias/103-alcalde-leonel-morales-participa-en-inauguracion-de-centro-vocacional-en-san-rafael-las-flores>

¹⁰ "Minera San Rafael apoya programa de capacitación productiva"

<http://www.prensalibre.com/2014/04/30/noticias/comunitario/mina-san-rafael-capacitacion-productiva-mides-mi-bono-seguro-aporte-0-1129687209>

¹¹ "Comercio repunta en San Rafael Las Flores"

http://www.prensalibre.com/santa_rosa/Santa-Rosa-San-Rafael-comercio-crece_0_1202879848.html

¹² MSR 2014 Social Report

http://www.tahoeresources.com/wp-content/uploads/2015/08/SocialReport2014_FINAL.pdf

¹³ Mining-related *consultas* are non-binding because, according to Guatemala's Mining Law and Constitution, natural resources are the purview of the State.

¹⁴ Convention No. 169

<http://www.ilo.org/indigenous/Conventions/no169/lang--en/index.htm>

¹⁵ "Alcaldes reciben regalías de mina"

<http://www.prensalibre.com/santa-rosa/Santa-Rosa-mina-San-Rafael-regalias-explotacion-alcaldes-0-1184881696>

Accusation: Tahoe and MSR have created a military zone

Response: False. Since the project's inception, there have been varying degrees of civil activism near the Escobal mine. While most activism has involved peaceful protests, violence from mostly outside sources escalated in early 2013. After Guatemala's Ministry of Energy and Mines approved the Escobal license, the entrance to the mine was blocked on a daily basis for over two weeks, preventing employees from entering or leaving the site, a clear violation of Article 23 of the Universal Declaration of Human Rights.¹⁶ Police dispersed these illegal blockades on several occasions to no avail. As the days passed, violence intensified, culminating in an altercation between MSR's contract security forces and non-peaceful protestors who were carrying machetes and sticks and blocking the mine gate. MSR's contract security guards used tear gas and rubber bullets to repel the protestors and six individuals were injured and released from the hospital that day, while one individual suffered a more serious injury and stayed in the hospital overnight.

After violence and a general state of lawlessness erupted in the region in April 2013, the Guatemalan federal government declared a State of Emergency for 29 days and reimposed the rule of law in the departments of Santa Rosa and Jalapa. President Perez Molina and Minister Bonilla, Interior Minister, cited an investigation by the Ministerio Publico which has showed "sufficient evident" that a *criminal structure used the pretext of the mine in Santa Rosa to commit various crimes*. According to the President at a news conference in May 2013, "The result of this research can prove that this [unrest] has not necessarily been all related to the San Rafael mine, as some groups want to say, but here there has been a series of criminal acts that are mixed with organized crime and other interests, which have led to anarchy in the region."¹⁷ While some attempt to portray MSR as the sole cause for unrest in the communities surrounding the Escobal mine in early 2013, the facts show that the country as a whole suffered from unrest at that time due to political and economic factors. This is primarily because unrest flooded the country in a time when living conditions were poor¹⁸ and government corruption was rampant.¹⁹ For example, in 2013, *Foreign Policy*, a prominent academic magazine, categorized Guatemala as "very high warning" on the *Failed States Index* which measures a country's vulnerability to collapse or conflict.²⁰ The high ranking partly results from the nation's inability to provide security for its citizens due to income disparity, endemic poverty, an abundance of weapons, a legacy of societal violence, and weak law enforcement and judicial systems.²¹ MSR did not create a military zone—it hired security for protection in an area of existing conflict.

Accusation: Tahoe and MSR fail to adequately protect human rights

Response: False. Tahoe and MSR work with the Business for Social Responsibility, a non-profit company in San Francisco, to ensure Tahoe's practices and policies meet or exceed international protocols.²² Tahoe's policies and practices are aligned with the Guiding Principles, the Voluntary Principles on Security and Human Rights (VPs) and the Equator Principles. Specifically, Tahoe's security practices emphasize human rights and integrated risk management. Indeed, MSR's Country Risk Manager conducts on-going security assessments and monitoring, and MSR's Guatemalan security providers adhere to the VPs and the International Code for Private Security.²³ MSR's security guards and local police also receive comprehensive, human rights training from the Guatemalan human rights ombudsman office in accordance with the Guiding Principles. In combination with Tahoe's Code of Business

¹⁶ Universal Declaration of Human Rights

http://www.ohchr.org/EN/UDHR/Documents/UDHR_Translations/eng.pdf

¹⁷ http://www.prensallibre.com/noticias/justicia/Gobierno-Sitio-Santa-Rosa-Jalapa_0_911309151.html; May 2, 2013.

¹⁸ Guatemala has the highest chronic under nutrition rate in Latin America and fourth in the world.

<https://www.wfp.org/countries/guatemala/overview>

¹⁹ Corruption Perceptions Index 2013

<http://www.transparency.org/cpi2013/results>

²⁰ Failed States Index 2013

<http://library.fundforpeace.org/library/cfsir1306-failedstatesindex2013-06l.pdf>

²¹ Guatemala 2013 Crime and Safety Report

<https://www.osac.gov/pages/ContentReportDetails.aspx?cid=13878>

²² BSR Member List

<http://www.bsr.org/en/membership/member-list>

²³ International Code of Conduct for Private Security Service Providers

http://www.icoca.ch/sites/all/themes/icoca/assets/icoc_english3.pdf

Conduct,²⁴ Human Rights, Corporate Social Responsibility, and other governance policies and practices, Tahoe's international protocols are integrated into all facets of its business.

Accusation: Tahoe and MSR are involved in or responsible for the threats against Rafael Maldonado

Response: False. Tahoe and MSR have no information about the threats against Mr. Maldonado other than the information reported in the electronic media. Tahoe and MSR are law-abiding citizens and deplore violence. Neither has anything to do with the reported threats. The allegations that Tahoe or MSR is somehow complicit in the threats are careless and offensive.

²⁴ Code of Business Conduct

<http://www.tahoeresources.com/wp-content/uploads/2015/09/Code-of-Business-Conduct-Approved-August-2015.pdf>