

Rights Action
July 10, 2015

Goldcorp Inc. Divests From Tahoe Resources Amidst Repression, Crime and Corruption Scandals

Goldcorp has divested its financial interests in Tahoe Resources (and its “Escobal” mine in Guatemala). This is all the more significant as Tahoe is a company that Goldcorp effectively created to operate the “Escobal” silver and gold mine in southern Guatemala. Goldcorp divests ...

- as Tahoe faces criminal and other lawsuits in Guatemala, for mining related violence and environmental harms,
- as Tahoe faces a civil lawsuit in Canada for mining related repression and shootings,
- as Goldcorp faces on-going opposition to its flag-ship “Marlin” mine in Guatemala for endemic environmental and health harms, community divisions and economic exploitation,
- as a Guatemalan government organized crime and corruption scandal rocks the country,
- as the Guatemalan minister for mines and energies “resigns” amidst allegations of the illegal granting of mining licenses, and
- as Guatemala remains a ‘Repression and Murder Capital of the Americas’.

Pension Funds

Despite the well documented human rights violations and environmental and health harms associated with both companies in Guatemala, the Canada Pension Plan remains invested in Goldcorp (\$170,000,000) and Tahoe (\$5,000,000).

Below

- Article: “Why Did Goldcorp Really Pull Out Of Tahoe Resources’s Troubled Guatemalan Mining Project?”
- Community-based Funding – ‘Matching Funder’ until July 15th: Rights Action continues to send general support funds to indigenous and campesino community organizations seeking justice for endemic harms and violations in Guatemala caused by Goldcorp, Tahoe, Hudbay Minerals and Kappes Cassady & Associates/Radius Gold, and for environmental well-being and community-controlled development. See below.
- Documentary film “Gold Fever”
- Educational delegation to Honduras, including the health-devastated region where Goldcorp operated an open-pit, cyanide-leaching mine 2000-2008

Why Did Goldcorp Really Pull Out Of Tahoe Resources’s Troubled Guatemalan Mining Project?

<http://politicsofpoverty.oxfamamerica.org/2015/07/why-did-goldcorp-really-pull-out-of-tahoe-resourcess-troubled-guatemalan-mining-project/>

Mining in Central America is risky business for companies and communities, alike. Nowhere is this more evident than in [Guatemala](#).

Goldcorp's recent sale of its 26 percent stake in Tahoe Resources Inc., the US-Canadian mining company that operates the Escobal mine in Guatemala, raised a huge pile of cash—about US\$795 million. But it should also raise a lot of questions. Namely, new investors in Tahoe Resources should consider the significant political and social risks surrounding the company's operations.

Goldcorp, which bills itself as one of the world's fastest growing gold producers, explained the sale like [this](#): "Divesting non-core assets has been instrumental to Goldcorp's growth and consistently sound financial position, and the sale of the Tahoe position supports that strategy."

Reaction To The News

The initial reactions of Goldcorp's latest sale, managed by a group of banks led by GMP Securities and Bank of Montreal, have been positive for Goldcorp but negative for Tahoe. Investors and analysts upgraded their recommendations for Goldcorp stock, while Tahoe shares fell more than 9 percent.

Given Tahoe's sluggish stock performance over the past year, it is not surprising that the initial demand for Tahoe stock has been tepid. Tahoe's market valuation has been buffeted since mid-2014 by declining silver prices and the prospects of a royalty hike in Guatemala. According to industry sources, GMP Securities and BMO Capital Markets had difficulties finding new investors despite a [discounted stock price](#).

Risky Business

The biggest risks of investing in Tahoe are likely to be social and political in nature.

Goldcorp's divestment follows that of [Norway's Government Pension Fund-Global](#), which divested from Tahoe in January 2015. [Norway's Government Pension Fund-Global](#)'s Council on Ethics recommended "the exclusion of the company Tahoe Resources Inc. due to an unacceptable risk of the company contributing to serious human rights violations through its mining activities in Guatemala." More details are available in the [Council's Annual report for 2014](#).

While Tahoe has downplayed risks to its community relations in its communication to [investors](#), and Goldcorp has dismissed its sale of Tahoe shares as a divestment of "non-core assets," Tahoe shareholders should consider Tahoe's numerous social and political risks:

Community resistance to mining is strong in [Guatemala](#). Burdened by the legacy of decades of civil conflict, indigenous, and other rural communities have been mobilizing against many planned and ongoing mining projects. In fact, mining has been one of the primary triggers of social conflict in the country, leading to violence and deadly force in several instances. [Data](#) show that social conflict exists in 78 percent of municipalities with mining licenses (compared to 10 percent of municipalities without

mining activity), despite the relative insignificance of mining for the country (fiscal income from mining only constitutes a mere 0.3 percent of the government's revenue).

Communities' grievances are based on the violation of their fundamental human rights, including the right to free, prior, and informed consent ([FPIC](#)), as covered by international and Guatemalan laws. Individual companies, including Tahoe, don't have the wherewithal to manage or legitimately mitigate communities' opposition to these projects. Five municipal-level and nine community assembly-level consultations have been carried out—all of which have resulted in the overwhelming rejection of mining.

Tahoe Resources and its fully owned subsidiary, Minera San Rafael, are facing a series of legal challenges in Guatemala that could result in significant financial penalties and even the possible revocation of the company's mining operation license at Escobal. A constitutional tribunal ordered the Ministry of Mining to reinitiate the license granting process and to consider the right of community members to oppose the Escobal license. Similarly, a Guatemalan judge has provisionally suspended the approval of the environmental impact assessment for a new exploitation license in the small farming community of San Juan Bosco.

The company has also been under criminal investigation by Guatemala's Public Prosecutors' Office for alleged crimes against the environment for industrial contamination of water supplies near the Escobal mine (resulting in the preventive imprisonment for the general manager of Minera San Rafael in April 2015).

In Canada, Minera San Rafael and Tahoe Resources [face a civil lawsuit](#) for negligence and battery in connection with the shooting of seven peaceful protestors near the mine by private security personnel.

The political context in Guatemala is increasingly fraught with instability. The country has been rattled by a large-scale corruption scandal, further eroding the already low level of public trust in government institutions. The scandal has not only led to the resignation of the country's vice president but also the minister of energy and mines. This could call into question the legitimacy through which Tahoe's Minera San Rafael subsidiary obtained its concession to operate the Escobal mine and also will likely contribute to creating a hostile operating environment for mining companies.

Investors require a comprehensive picture of investment opportunities to make an informed decision. Tahoe's current and future investors should strongly consider the political and social risks of the company's operations in Guatemala.

We wonder whether Tahoe's potential and existing shareholders including, Fidelity, Vanguard, USAA, and Wells Fargo have fully considered how these risks might affect their own bottom line and reputation.

Tax-Deductible Donations ~ Matching donor until July 15

To support campesino and Mayan organizations as they struggle to end the impunity of Tahoe and Goldcorp and achieve justice in the Tahoe criminal trial in Guatemala and the Tahoe civil lawsuit in Canada, make check payable to "Rights Action" and mail to:

- United States: Box 50887, Washington DC, 20091-0887
- Canada: (Box 552) 351 Queen St. E, Toronto ON, M5A-1T8
- Credit-Card Donations (Canada & U.S.): <http://www.rightsaction.org/tax-deductible-donations>
- To donate stock, contact: info@rightsaction.org

"Gold Fever"

This award-winning film, by Northland Films, documents how Canadian mining giant Goldcorp Inc. continues to mine relentlessly in San Miguel Ixtahuacan and Sipacapa, Guatemala, despite 10 years of repression, other human rights violations, environmental destruction, and endemic corruption and impunity. Gold Fever takes the viewer into the homes and communities of the courageous Mayan Mam people resisting the harms and violations, struggling for justice and a different "development" model.

- Trailer / Information: www.goldfevermovie.com/

Delegation to Honduras, November 7-15, 2015

"Connecting the Dots from the Global to the Local: Understanding the Environmental, Human Rights, Poverty and Impunity Crisis in Honduras"

Rights Action and the Mir Centre for Peace at Selkirk College invite you to join this educational seminar trip to Honduras.

- Flyer: <http://rightsaction.org/action-content/honduras-education-seminar-trip>
- More info: info@rightsaction.org

More Information

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