

**Mining Zone Peoples' Solidarity Group**  
c/o San Jose Peace & Justice Center  
48, S. 7th st. San Jose, CA 95112  
+ 1-408-480-5805; [mzpsginfo@gmail.com](mailto:mzpsginfo@gmail.com)

April 13, 2011

Roger W. Ferguson, Jr.  
President and Chief Executive Officer  
TIAA-CREF  
730 Third Avenue  
New York, NY 10017-3206

Dear Dr. Ferguson,

We write to urge TIAA-CREF to critically evaluate its investment in the Pohang Steel Company (POSCO), the South Korean steel giant, and withdraw all investments from POSCO on the grounds of its gross violation of civil and human rights, including and most specifically the right to life and livelihood, and potentially causing massive environmental degradation as a result of its projects in the Eastern Indian State of Orissa.

The Mining Zone Peoples' Solidarity Group (MZPSG: [miningzone.org](http://miningzone.org)) is a U.S.-based monitoring group that focuses on India's richest "mining zone," encompassing the three eastern and central Indian states of Jharkhand, Chhattisgarh and Orissa, states that have seen an alarming pattern of human rights and environmental violations over the last decade as resource extraction by Indian and foreign multinational corporations has accelerated under the aegis of the Indian state. We are leading an international campaign in solidarity with those affected by the deeply flawed POSCO project in Orissa. This USD 12 billion project is conceived as an integrated steel plant that will include a captive private port as well as captive mines. The project will destroy entire villages and displace multiple Adivasi (indigenous) communities in the ecologically sensitive Khandadhar forests as well as displace and permanently destroy the livelihoods of tens of thousands of small farmers and fisher folk in the neighboring Jagatsinghpur district of Orissa.

The POSCO project is a stark example of the violent resource wars which condemn to destitution whole communities by forcefully displacing them from their traditional lands and occupations. Our research report, *Iron and Steal: The POSCO-India story* (<http://miningzone.org/campaigns/posco/iron-and-steal>) details the ruthlessly exploitative relationships that underlie this contentious project, and the grievous harm to the local economy and to the environment that will result if POSCO is allowed to proceed. Our research demonstrates that the POSCO project's very design is premised on the forced displacement of over 22,000 betel vine and paddy farmers, and the destruction of the livelihood of an additional 30,000 small boat fishermen. Over 4,000 project-affected families have mobilized to protest against the violation of their rights and the destruction of the environment, and this intense resistance has meant that POSCO is working in collusion with the State to force people off their land using various procedural and legal tactics, as well as extralegal irregularities including physical and economic violence. Members of the local community have been targeted by physical violence on multiple occasions, including in June 2008 which resulted in the death of

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Dula Mandal who opposed the project. Further, the one-time compensation offered by POSCO is less than a third of the residents' current annual income, and so has been rejected by them<sup>1</sup>.

The MZPSG report summarizes many of the violations of democratic and ethical norms, human rights and environmental safeguards related to this project. Allow us to highlight just a few of these:

- The POSCO project has been justified using several claims, chief amongst which is a claim that close to "900,000 new jobs" would be created "per year" by the project. This figure which POSCO has consistently used in its public statements has now been exposed as being not merely an exaggeration but a falsehood that POSCO manufactured by paying the NCAER (National Council of Applied Economic Research) to produce a research report that, not surprisingly, was entirely favorable to POSCO. In other words, POSCO simply ignored all ethical norms and paid for the production and publication of false information that it then proceeded to use as justification of its presence in Orissa.
- POSCO plans to build and operate a private captive port to ship raw material and finished product in and out of India. The new port violates coastal development regulations and will destroy the livelihood of about 30,000 small boat fishermen, wreak havoc on a unique coastal eco-system, and potentially destroy the breeding areas for one of the world's most endangered species - the Olive Ridley turtle. What makes POSCO's plan even more egregious is that the new proposed port is less than 9 kilometers (just over 5 miles) south of one of India's largest ports (Paradip) that can easily handle the projected additional traffic due to POSCO's operations.
- The project is also mired in various other illegalities, one of the most alarming of which sets POSCO against landmark Indian legislation such as the Forest Rights Act, a law meant to protect the land rights of traditional forest-dwelling communities that have cultivated and depended on common lands for generations. Not only is POSCO complicit in the confiscation of land from these small farmers, it is also guilty of interfering with the struggle for rights of the poor and the marginalized over access to resources. Many observers, including legal scholars and Business Scholars,<sup>2</sup> as well as Government-appointed expert committees<sup>3</sup> have noted that the project has been approved on the basis of fraudulent clearances that violate different Indian environmental laws.

We hope that TIAA-CREF will share our concerns about the human right abuses, violations of democratic processes and the continuous undermining of environmental law and standards that the POSCO project has come to symbolize. These are concerns that have also been voiced by local, national and international environmental groups such as Amnesty International, the

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<sup>1</sup> See chapter 3 – "Livelihoods in Coastal Jagatsinghpur, Keonjhar and Sundergerh: A Case of Missing Data and Statistical Lies" for an analysis of POSCO's claims about employment and the paltry terms of its compensation package. pages 29-50; "Iron and Steal: The POSCO-India Story"

<sup>2</sup> Letter by 50 Business Professors to Mr. Jairam Ramesh, India's Minister of Environment and Forests Available at <http://miningzone.org/archives/421>

<sup>3</sup> Including the N.C.Saxena Committee and the Meena Gupta Committee. See for instance, majority opinion of the Meena Gupta Committee at <http://moef.nic.in/downloads/public-information/report-committee-posco.pdf>

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Center for Science and Environment<sup>4</sup> (a leading environmental research organization in India) Greenpeace, Kalpavriksh (a leading environmental action group in India), Mines and Communities and others that are now campaigning against the project for the harm that will be caused to local communities and the environment.

Your mission and governance documents state that "TIAA-CREF has a long-standing commitment to socially responsible investing (SRI)," has pledged to "incorporate environmental, social and governance (ESG) issues into investment analysis and decision-making processes," and promised to be "active owners and incorporate ESG issues" into "ownership policies and practices." POSCO's record in Orissa, for more than five years now, has been in gross violation of these very principles. We urge TIAA-CREF to immediately and publicly withdraw all its investments from POSCO if its commitment to its stated principles and your endorsement of the international Principles for Responsible Investment (PRI) is to be something more than empty rhetoric.

We look forward to your response and will be glad to provide any further information you might need. We hope to hear from you by Monday, April 18. This is because of the violence that is anticipated to erupt in India as the Government of Orissa and POSCO move into villages in Jagatsinghpur to evict people from their homes and lands.

Sincerely,  
*(For the Mining Zone Peoples' Solidarity Group),*

Murli Natrajan Tel: 973-771-8704 (primary contact)  
Girish Agrawal Tel: 408-398-4885  
Email: [mzpsginfo@gmail.com](mailto:mzpsginfo@gmail.com)

Encl: Iron and Steal: The POSCO India Story  
Statement by Amnesty International  
News Stories from Major Indian Newspapers & Magazines about POSCO

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<sup>4</sup> See enclosed article about the POSCO project in "Down to Earth" (the Journal of the CSE) which expresses concerns about numerous procedural violations related to the assessment of environment impacts of the project.