

GLENCORE

5 October 2020

Dear Amanda,

Thank you for providing Glencore with the opportunity to respond to the reports:

- *A Giant in Espinar – Glencore and the patterns of corporate power in southern Peru*, Terra Justa, September 2020
- *Un gigante en Espinar – Glencore y los patrones de poder corporativo en el sur de Perú*, Terra Justa, septiembre de 2020
- *Reporte Especial #1-2020 DHSF/CNDDHH. Violaciones de Derechos Humanos que deben investigarse y repararse en la protesta social de Espinar, Cusco, Perú, en julio del 2020*, Derechos Humanos sin Fronteras y Coordinadora Nacional de Derechos Humanos del Perú, agosto de 2020.

Antapaccay recognises the challenges faced by Peru in the context of the ongoing COVID-19 pandemic and the resulting economic slowdown.

The operation has taken steps to protect its workforce, and to provide support to the local communities with food and other assistance, working closely with the local, regional and national government and community leaders:

- The company updated its health and safety protocols to prevent, minimise and, as required, respond to Covid-19 infections at the mine site, as well as provide medical treatment to its workforce. Antapaccay registered these protocols with the Ministry of Health, in line with current regulations, and they are under continuous evaluation and improvement.
- Since the beginning of the State of Emergency in Peru, Antapaccay has supported the Espinar communities by providing 15,750 food packs to vulnerable populations (identified by communities' leaders).
- It has provided medical equipment to Espinar and Cusco's medical facilities. Recently, in response to the lack of medical oxygen in Espinar, the company donated 60 medical oxygen balloons and contracted the construction of a medical oxygen facility for donation to Espinar's hospital.

Antapaccay has observed with concern the unrest and protests in the Espinar region from 20 July to 7 August. The protests and demonstrations pose risks to public health in the context of the COVID-19 pandemic. The unrest is also causing widespread disruption, including the burning of trucks belonging to Las Bambas (a non-Glencore operated mine), road blockades and the burning of pasture land.

The protests also impacted Antapaccay directly, resulting in the interruption of the change-out of the workers at site which unfortunately meant the workers had to stay at the camp for a longer period than scheduled (with full compensation). The protestors destroyed a water pump inside the mine's property, which interrupted the supply of water for

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Antapaccay's 1,800 workers and nearby communities of Tintaya-Marquiri and Cocareta. The road blockades blocked deliveries of food to Antapaccay's workers.

Antapaccay supports the peaceful resolution of the protests. It has sought to maintain transparent communication with its stakeholders throughout the period of unrest.

In response to allegations and points made by the reports, we have provided detailed responses below:

Solidarity bonds

On 7 August, senior representatives of Peru's national government, together with representatives of provincial and district authorities and representatives of the civil society of Espinar, agreed to an extraordinary social assistance programme to support the residents of the Espinar region in a time of a national health crisis. This social assistance comes as a pre-paid card voucher for 1000 Soles, for use for food and medical needs, school tuition, utilities (water, electricity) and phone and internet services.

The extraordinary social assistance programme is funded by the Framework Agreement ("Convenio Marco por el Desarrollo de la Provincia de Espinar"), representing up to 3% of Antapaccay's annual income before tax. The Framework Agreement's Management Committee, consisting of the Mayor of the Province of Espinar, six representatives of local communities and civil society and one representative of Antapaccay, oversaw the programme. Each member of the Management Committee has one vote, including Antapaccay. It is the responsibility of the Management Committee as a whole to progress the distribution of the programme; Antapaccay is not in a position to issue the vouchers by itself or to direct the decisions of the Management Committee outside its one vote.

To support and expedite the initiative, during meetings held on 11 and 13 August Antapaccay proposed three options for the distribution of vouchers to the Management Committee. The Management Committee rejected all of these proposals and agreed to appoint Banco de la Nacion (a state-owned bank) to implement the programme. On 19 August, the Mayor of the Province of Espinar sent a letter to the bank, instructing it to undertake the programme. Banco de la Nacion chose not to participate in the process.

Following Banco de la Nacion's decision, the Management Committee approved to work with EDENRED PERU S.A. (EDENRED) to carry out this initiative. The Management Committee signed a contract with EDENRED on 15 September and then transferred funds from the Framework Agreement. The Management Committee is finalising the signing of a contract with the entity selected to distribute these funds in Espinar.

Governance of the Framework Agreement

The Management Committee oversees the use of the funds collected under the Framework Agreement; Antapaccay has no authority. Since its inception, Antapaccay has contributed over US\$133 million to the Framework Agreement, which has provide funding for over 1,000 projects, benefiting 76 communities throughout the province of Espinar.

In 2019, the Ministry of Energy and Mines commenced a review of the Framework Agreement. Antapaccay continues to support and participate in this process.

Upholding respect for human rights

Glencore and Antapaccay seek to uphold respect for human rights throughout our activities. Antapaccay is committed to upholding its human rights policy and the requirements of the Voluntary Principles on Security and Human Rights. Antapaccay does not have contracts with public security forces.

Since 16 March, Peru is operating under a state of national emergency due to the COVID-19 crisis. This has led to the restriction of certain constitutional rights for all citizens by the Peruvian Government, including the freedom of assembly and transit. In this challenging and unprecedented context, the Ministry of Interior and the Ministry of Defence decided to increase the presence of public security in Espinar, following road blockades, burning of trucks and pastures, and other violent acts. Antapaccay did not request the presence of public security in the area.

Antapaccay condemns any acts of violence. To date, Antapaccay has not received complaints from members of the surrounding communities regarding the conduct of public security forces during their deployment to the region during the COVID-19 crisis. Antapaccay does not have the authority to investigate activities of public security forces. In case Antapaccay receives any concerns from members of the community, it will pass them on to the relevant government authorities.

Environmental monitoring

Antapaccay has implemented measures to monitor its environmental impacts, and to share this information with its stakeholders.

Following the completion of the Espinar roundtable dialogue led by the Minister of Environment in 2012-2013, the mine and the government conducted a number of studies to assess the presence of heavy metals in the region. The studies were conducted by regulatory authorities such as ANA (national water authority - Ministry of Agriculture), OEFA (entity in charge of the compliance with environmental obligations - Ministry of Environment) and INGEMMET (entity in charge of geoscientific information and that related to basic geology, underground resources, geological and environment hazards - Ministry of Energy and Mines). The studies concluded that the presence of heavy metals in the area is due to the natural mineralisation and geochemical characteristics of the area.

In accordance with Peruvian regulation, the ANA and the OEFA regularly audit mine activities. In addition, and following the recommendations of the roundtable dialogue in 2012-2013, ANA has implemented regular participative monitoring with representatives of the Espinar communities. The last instance of participative monitoring occurred in December 2019, and will resume with the lifting of COVID-19-related restrictions.

Development of the Corrocohuayco project

In accordance Peruvian environmental and social regulations for mining activities, its commitment to constructive dialogue with its stakeholders and the UN Guiding Principles for Business and Human Rights, Antapaccay has carried out public consultations in communities surrounding the Corrocohuayco project as part of its environmental impact assessment.

The Ministry of Energy and Mines, with support from Antapaccay, are carrying out targeted consultations of indigenous peoples in accordance with Peruvian legislation.

Following an internal review of the project, Antapaccay has postponed the start of the construction of the project, with the new date currently under consideration. It has communicated this decision to the Peruvian government.

Additional contributions to the local economy

In addition to the Framework Agreement, Antapaccay contributes to the development of the Espinar province through the following channels:

- Royalties and taxes: 50% of its income tax, or \$680 million over the last ten years, reverting to regional and provincial authorities for economic development
- Extensive contracts with local suppliers (goods and services): in 2020, Antapaccay will contract more than \$62 million with local suppliers, a 15% increase on that awarded during 2019.
- The 'works-for-taxes' mechanism (*Obras por impuestos*): Antapaccay is financing a water and sewage project in Yauri, which will benefit 57,000 residents, and the construction of the Jatarana-San Martin dam, which will benefit more than 1,200 families in ten communities.

As always, we appreciate the opportunity to provide further information on our assets and their contribution towards furthering local and regional socio-economic development.

Kind regards,

Anna Krutikov
Group Head of Sustainable Development