

GLENCORE

November 2014

GLENCORE'S RESPONSE TO THE 2015 PUBLIC EYE NOMINATION

At Glencore, we are committed to seeking transparent, open dialogue and building partnerships with organisations interested in addressing major social and environmental challenges in the countries where we operate. Through our investments in our assets and the long-term commitments we make to the countries in which we operate, we believe that our global presence and economic strength contribute positively to socioeconomic development in our host countries.

Many of the unsubstantiated comments made by Public Eye are general statements, with no reference to specific incidents, independent witnesses or research reports. Public Eye does not provide any explanation as to how its opinion has been reached or research conducted.

We are a major investor in the developing world and we are proud of the difference that our presence can make. Of the 200,000 people who work for us, around 80,000 are based in Africa. Many of our investments are located in challenging locations with diverse organisational culture and complex legacy issues. Communities in these areas often face restricted access to basic services such as sanitation, water, energy and infrastructure. We undertake and contribute to activities and programmes designed to improve the quality of life for the people in the communities that surround our operations.

In 2013, we paid US\$3.7 billion in royalties and taxes, and a further US\$4.3 billion in wages to our 200,000 employees and contractors. US\$170 million was spent on social investment such as healthcare and education. Throughout the world our assets contribute to the building and maintenance of roads, water infrastructure and other service development projects for the long-term benefit of the local communities.

Our corporate sustainability framework balances social, environmental, ethical and commercial interests at every level of our group. This framework is called Glencore Corporate Practice (GCP). We designed and implemented the GCP to be in line with internationally recognised, good practice, sector specific standards and we continue to monitor its performance to ensure it is fit for purpose. Our Code of Conduct is an important part of the GCP and sets out our corporate values and provides clear guidance to our employees about how we do business.

We hope this response will fully address the unfounded allegations that have been presented by Public Eye as a 'nomination' for its 2015 awards.

Unsubstantiated allegation 1: Pollution and health risks relating to our Colombian coal assets

The Public Eye 'nomination' makes a general accusation of Glencore's Colombian coal assets causing pollution and being responsible for health risks in the communities in which we operate. In particular, Public Eye references the Colombian Ministry of Environment's request for three rural communities to be relocated.

Our approach to community engagement derives from our overall commitment to respecting human rights and fundamental freedoms. We are committed to the UN Universal Declaration on Human Rights, and support the UN Guiding Principles on Business and Human Rights. In the course of our mining operations we may need to disturb land that is used by a local community. We seek to avoid resettlement, but when it is the only viable course of action we consult closely with the affected population and seek to obtain its broad-based support.

We are working closely with the communities near our operations in Colombia. Earlier this year, we signed the resettlement action plan with Plan Bonito, one of the communities we have been asked to resettle. The process with the remaining communities of Boqueron and El Hatillo is ongoing.

A robust Resettlement Governance Structure has been established and an independent organisation has been engaged as the facilitator. Our approach is consistent with IFC Performance Standard 5: Land Acquisition and Involuntary Resettlement. In line with this Standard, the resettlement process is

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following a commonly accepted timeline and any attempt to expedite the process would risk ignoring community needs and threaten the consultation process.

Unsubstantiated allegation 2: Anti-union attitude in Colombia

The Public Eye 'nomination' accuses Glencore of having an 'anti-union' attitude in Colombia – again there is no reference to specific incidents or a reason given as to how this conclusion has been reached.

We are committed to upholding and protecting human rights, including recognising our employees' right to unionise. We have maintained constructive dialogue with the trade unions in Colombia.

Prodeco respects the rights of freedom of association for all of its employees, which are rights that are embodied by the Colombian Constitution.

At Prodeco, there are two industry unions (Sintraenergética and Sintracarbón) and one base union (Sintraprodeco). Prodeco holds periodic meetings with the unions to discuss concerns and to clarify or correct any disagreement within the parties. When issues are raised, Prodeco respects the unions' rights to resort to legal measures to settle differences – Colombian law supports the use of arbitration when differences persist. Prodeco also respects the unions' right to present and negotiate collective petitions.

Prodeco has reached agreement with the unions over a number of labour agreements that are currently in effect. In 2013, Prodeco finalised a three year union agreement, which was negotiated in just 20 days. This was in contrast to other Colombian coal mining companies that experienced lengthy negotiations that often ended in industrial action.

Prodeco is aware that a number of union leaders in Colombia have received threats of violence. In 2013, Prodeco received information regarding threats being made against the trade union leaders at its operations. Prodeco immediately reported this information to the authorities and provided protection for the individuals concerned.

Unsubstantiated allegation 3: Legal proceedings for environmental pollution being brought in Argentina

Public Eye has made a general statement that there are several legal proceedings for environmental pollution being brought against a mining company in Argentina in which Glencore has a 50% stake (Minera Alumbrera Ltd).

In Argentina, we are the operators (through Minera Alumbrera) of the Bajo de la Alumbrera project, in which Goldcorp Inc and Yamana Gold also have interests. Yacimientos Mineros de Agua de Dionisio (YMAD), - a public entity in which the province of Catamarca, the National University of Tucumán and the Argentine National State have an interest, - is the owner of the mining rights and has a participation in the benefits of the project. As no particular legal case is named by Public Eye, our response to the accusations of environmental damage notes these cases:

- A claim that Minera Alumbrera contaminated a mineral spring on private property – to which Minera Alumbrera has demonstrated that no water was affected and that no damage was caused to the claimants;
- Two claims relating to alleged contamination caused by our filter plant discharge – in both incidents, expert witnesses have shown that Minera Alumbrera's discharges met the applicable provincial legal requirements. In a third case, in response to evidence provided by an expert witness that showed compliance with the applicable provincial legal requirements, the Judge, at the request of the Federal Prosecutor, ordered the case to be closed; and
- Legal action resulting from alleged contamination from Minera Alumbrera's tailing dam – the expert witness, appointed by the Federal Judge, identified no environmental changes to the natural conditions of the area and that the results for around 70 chemical substances were in line with natural levels.

Further information on the approach that Minera Alumbrera takes and the importance it attaches to operating in an environmentally aware manner is available at: <http://www.alumbrera.com.ar/>

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Unsubstantiated allegation 4: Accusations of profiting from child labour in the Democratic Republic of the Congo

Public Eye has accused Glencore of profiting from child labour at our assets in the Katanga province of the DRC. This is an allegation we have publicly refuted on numerous occasions.

In 2010, our concession at Tilwezembe was seized by illegal miners. We have been unable to access this concession since its occupation without endangering the safety of our people. We are aware of concerns that human rights abuses may be taking place at the concession and wholeheartedly condemn any violations that may occur. At no time has neither Glencore nor any of its subsidiaries benefited from or received material sourced from this deposit. We have requested assistance from the government in resolving the matter, and remain in communication with the authorities to bring this issue to a satisfactory resolution.

Unsubstantiated allegation 5: Tax avoidance by Glencore's Zambian copper asset

Public Eye alleged that Glencore's Zambian subsidiary, Mopani Copper Mines, has avoided paying profit tax. This is simply untrue and has been repeatedly denied by Glencore – the statements made by Glencore on this topic are available on our [website](#). These allegations stem from an incomplete leaked draft report that has repeatedly been shown to be factually flawed. A complete report has never been issued by the companies who drafted the report.

Since acquisition of the assets the corporate shareholders have invested over \$2.4 billion in capital projects to redevelop and expand Mopani's operations. These investments have secured the long-term future of the business, doubling employment, increasing production and improving safety.

To date, Mopani has paid over US\$800 million in taxes, royalties and other dues to Government since privatisation. Mopani is audited every year by Deloitte and its accounts have always been given a clean bill of health. As a public company, Mopani's accounts are lodged with Securities and Exchange Commission as well as the Companies Registry in Lusaka and are publicly available.

Mopani was recently awarded the best reporting company in line with EITI standards for demonstrating consistency and strict adherence to EITI reporting requirements.

Unsubstantiated allegation 6: general, non-incident specific allegation of failure to mitigate human rights and the environment impacts

Respect for human rights is core to our approach to business. We are committed to the United Nations' Universal Declaration of Human Rights. We support the UN Guiding Principles on Business and Human Rights as a framework for the responsibilities of governments and corporations to protect the rights of individuals and groups and ensure that redress is available if any of these rights are infringed.

Our Group Human Rights Policy was developed in 2013 to strengthen our approach to protecting the human rights and fundamental freedoms of our people and our stakeholders. The Policy addresses the key risks to human rights faced by our operations, including such topics as labour practices, resettlement activities, use of security, and engagement with communities, particularly vulnerable groups such as indigenous peoples. It also reinforces our commitment to integrating human rights considerations into all business processes, and to protecting our stakeholders' right to remedy by reviewing and strengthening the complaints and grievance mechanisms in place.

We are aware that our global operations can have both a direct and indirect impact on the environment. We are committed to identifying, understanding and mitigating this environmental impact, integrating this consideration into our strategic planning, management systems and day-to-day operations. We comply with applicable laws, regulations and other requirements for environmental management. Where these are less stringent than our own standards we seek to exceed the statutory requirements wherever possible.

In summary

We continue to work on improving the management of our operational impact, both positive and negative. We are encouraged by the improvements in our performance. One major project, which completed in 2014, was the new acid plant at Mopani, which now captures 97% of its SO₂ emissions

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– a world-class standard. Prior to the purchase of the complex by Mopani, 100% of the SO₂ generated by the operation was emitted directly into the atmosphere – the completion of this project ends an 80 year legacy of SO₂ emissions in the town of Mufulira.

We are proud of the external recognition that our efforts have received. This was recently evidenced by our admission into the membership of the ICMM following a rigorous independent assessment process.

While we are proud of the progress we have made in our sustainability performance, we recognise that we must understand and address the challenges that remain. We believe that conducting our business in a sustainable and responsible manner will deliver shared benefits to both our stakeholders and to our shareholders, to whom we are committed to delivering value. To this end, we will continue to find ways in which to improve our processes, systems and performances and our goal remains one of continuous improvement across all our activities.