Glencore response to the Public Eye nomination

Glencore Xstrata (Glencore) welcomes the opportunity to address the unfounded and, at times, libellous allegations that have been presented as a ‘nomination’ for the 2013 Public Eye award.

Many of the allegations 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. It is therefore very difficult to respond to a number of these allegations.

As such, we would like to take this opportunity to provide a brief overview of how we operate, our zero tolerance approach towards bribery and corruption and the socio-economic contribution we make in the developing world through working in partnership with our stakeholders.

For a number of years, we have had in place a corporate sustainability framework to balance social, environmental, ethical and commercial interests at every level of our group. This framework is called Glencore Corporate Practice (GCP). We designed and implemented GCP to be in line with internationally recognised, sector specific, good practice standards and we continue to monitor its performance to ensure it is fit for purpose. Glencore has been awarded membership of the Dow Jones Sustainability Index, a significant achievement for a newly merged group. This award recognises what we have accomplished to date and encourages us to continue to create value for all our stakeholders.

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. Our position on the issues of bribery and corruption is clear: offering, paying, authorising, soliciting or accepting bribes is unacceptable to Glencore. In addition, we will not assist any third party in breaching the law in any country or participate in any other criminal, fraudulent or corrupt practice.

We work proactively to maximise shareholder value while operating in accordance with the law. Glencore is committed to full compliance with all our statutory obligations.

We believe that our global presence and economic strength have a predominantly positive impact on the communities in which we operate. We undertake and contribute to activities and programmes designed to improve quality of life for the people in these communities. Glencore is also a significant investor in the sustainable development of these communities, spending over USD$200million in the last financial year, a sum equivalent to 3.6% of the group’s net income.

We respond below to certain of the key allegations made.
General allegation of forced eviction and resettlement activities
We respect the human rights of our stakeholders and are committed to preventing any infringement of these rights. We are committed to the United Nations (UN) Universal Declaration of Human Rights and support the UN Guiding Principles on Business and Human Rights. We are using the UN principles as a guide for the development of our group human rights policy and supporting operational standards, with which we will strengthen our approach to protecting human rights and the fundamental freedoms of our people and stakeholders. We are currently in the process of applying for membership of the United Nations Voluntary Principles' plenary.

In the course of our mining operations we may need to disturb land that is used by the local community. We seek to avoid resettlement as this has a major impact on the surrounding communities and is only considered if absolutely unavoidable. However, when it is the only viable course of action, we consult closely with the people affected and local government, and seek to obtain its broad-based support. Our approach is aligned with the International Finance Corporation (IFC) Performance Standard 5: Land Acquisition and Involuntary Resettlement.

General allegation of water and land pollution
We accept that our global operations can have both direct and indirect impact on the environment. 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.

Protecting the environment is one of our most significant sustainability challenges. Across our operations around the world, we seek to conduct our business in a way that minimises any negative impact on the natural environment. We are committed to identifying, understanding and mitigating environmental impacts, with environmental responsibility integrated into our strategic planning, management systems and day-to-day operations.

Our operations are geographically widespread and diverse in nature, including prospecting, production, reclamation, processing, storage, transportation and marketing of natural resources. This means that our potential environmental impacts are complex and specific to different commodity departments or production sites.

Land management for mining operations is intricate and has an effect on a mine’s entire lifecycle. Where required, our mining operations have site-specific land management plans, created by each operation’s management team and approved by the local competent authorities. These plans consider the specific geographical location and any nearby protected or high biodiversity areas. They may include environmental impact assessments and biodiversity baseline studies, which determine and minimise impact and allow conservation and restoration of biodiversity.

As a large company, Glencore, from time to time is subject to litigation. We take our legal responsibilities seriously and to the extent that any issues are brought to our attention, we take steps to ensure we remedy the position.
Allegation of Glencore’s presence in Bolivia having a negative impact on local communities
We operate in Bolivia through our wholly owned subsidiaries, Sinchi Wayra and Compania Minera Colquiri (Colquiri). Until the recent nationalisation of the Colquiri mine, we were the largest single employer in the Bolivian mining industry and one of the largest private sector employers, with 2,300 employees and contractors.

Payments form all our operations to the Government have been in excess of $300 million. Our capital investment at our Bolivian operations totals over $80 million ($22 million in Colquiri). In total, we have invested over $250 million in the Bolivian mining industry and wider economy. Our investment provides several communities with jobs, education, access to healthcare and improved infrastructure. Our Sinchi Wayra operation provides health services to over 12,000 people a year through eight health centres that are wholly-operated and funded by Glencore.

We also operate two primary and two secondary schools for the communities living near to our Porco and Bolivar mines. Around 2,000 children are enrolled at the schools and each year we offer 50 higher education scholarships.

Our Sinchi Wayra operation is involved in many sustainable development projects in the communities living near to its operations. These include a wide range of initiatives such as rural infrastructure, economic development, health, education and sports. The operation funds and supports health, education and training projects that are specially designed for women. Sinchi Wayra also provides technical assistance to artisanal miners, as well as support in improving environmental management and safety standards.

Allegation of human rights violation in the Philippines
The region in the Philippines where our Tampakan copper-gold project is located has a long and complex history of violence associated with traditional customs, clan rivalries, religious and political insurgencies and internationally recognised terrorist groups. We do not condone violence in any form and we actively promote and support a peaceful approach to conflict resolution that upholds human rights and respects national laws and regulations.

Since assuming management control of the Tampakan project in 2007, we have been working with local stakeholders on a range of initiatives to reduce violent conflict and enhance security in the area and to find durable solutions to the long-term law and order issues affecting communities in the region.

We have formally adopted the Voluntary Principles on Security and Human Rights (VPSHR) at our Tampakan project which we use to guide our management of security risks, the use of private security service providers, and our interactions with public security agencies and local communities. We have been providing awareness training on the VPSHR to our employees, security service personnel and external stakeholders, including the Armed Forces of the Philippines (AFP) and Philippine National Police (PNP), since 2009.

Allegation of human rights violation in Peru
We deeply regret that the protests that took place in 2012 in Espinar escalated into violence in which over 50 protestors and police were injured and in which three people tragically lost their lives. Despite our
attempts to maintain a dialogue with the communities and reach a peaceful solution and the national government’s prior agreement to conduct further intensive joint environmental monitoring in the province, the protests went ahead.

During the protests, we were highly concerned for the safety of our employees and contractors in the region and of the local communities of Espinar. We do not condone violence of any kind and we are committed to respecting the human rights of our employees and community members in the region.

With regard to Xstrata Tintaya, we are committed to engaging in constructive two-way dialogue with all our stakeholders and we respect their rights to voice their concerns regarding the project in a non-violent way. We have in no way acted to prevent demonstrations taking place at our operations.

We are implementing the Voluntary Principles at our Peruvian operations and human rights training has been undertaken by all leaders and management of the private security contractors used in our projects and operations. We have also engaged with representatives of the Peruvian police force in neighbouring areas to provide them with information about our approach to human rights, including basic training.

Our commitment to open engagement remains unchanged by these events. The strong support we have received from the rural communities in our area of influence encourages us that there is a place for responsible mining in Peru and that we can continue contributing to the sustainable development of Espinar province through open and constructive partnerships with local government, institutions and communities.

**General allegations of tax evasion**
We are committed to full compliance with all our statutory obligations.

We recognise the fundamental link between taxation and development and that the failure to collect tax in developing countries is a major issue of concern. Progress in building durable economic growth in less developed countries is more likely in open economies with taxation systems that are transparent, welcoming to foreign investors and accountable.

We are active participants in the Extractive Industries Transparency Initiative (EITI). EITI is a global standard that promotes revenue transparency and accountability in the extractive sector. It has a robust yet flexible methodology for monitoring and reconciling company payments and government revenues from oil, gas and mining at the country level. Our involvement includes participating at a national level, membership of national committees, making data available for country reports as well as supporting more local initiatives and workshops. We report our tax and royalty payments in line with EITI guidelines.

**Allegation of historical profiteering through trading with Iran**
We are compliant with all applicable laws and regulations, including applicable sanctions and we closely monitor new legal developments to ensure that we remain compliant.

**Swiss headquarters**
We have been headquartered in Baar, Switzerland for almost forty years. In 2011, when our IPO (Initial Public Offering) took place on the London Stock Exchange, Glencore transitioned from being a private Swiss employee-owned company to a public one.
One of the requirements for our London listing was for Glencore to be registered in the UK. Glencore’s decision to incorporate in Jersey was due to a variety of non-tax factors including the flexibility required to enable us to list on both the London and Hong Kong stock exchanges simultaneously at the time of our IPO. Although we are incorporated in Jersey, we are not tax resident there. We are tax resident in Switzerland where we have always been.