

# GLENCORE

Baar, Switzerland

November 2020

## **Position Statement on Cerro de Pasco**

Glencore rejects the allegations made by the Responsible Business Initiative Committee concerning Cerro de Pasco.

As set out in our Code of Conduct and global Human Rights Policy, we are committed to complying and upholding human rights for all of Glencore's activities worldwide. We respect the human rights of our employees and of the local communities in which we operate. This also applies to vulnerable groups such as women, children, indigenous peoples and victims of conflict. We act responsibly and seek to ensure that our activities do not violate or jeopardize human rights. Glencore supports and respects numerous global standards, including:

- The United Nations Universal Declaration of Human Rights
- The UN Guiding Principles on Business and Human Rights (UNGPR), including its "Protect, Respect and Remedy" framework
- The principles of the UN Global Compact
- The core conventions of the International Labor Organization (ILO)

Cerro de Pasco is a zinc operation located at approximately 4,300 meters above sea level in the Peruvian highlands. The Cerro de Pasco operation is over a 100 years old. The operation consists essentially of a zinc mine and processing facilities. The main and largest asset ceased operations in 2012. Since then only the processing plants, which for the most part treats old stockpiles, is operational at a reduced capacity.

The town of Cerro de Pasco surrounds the operation, having grown alongside the operation overtime. Various owners have operated Cerro de Pasco during its long history, including the Peruvian government until the end of the 1990s. Since 1999, Cerro de Pasco is owned by the Volcan Group, a Peruvian mining company listed on the Peruvian Stock Exchange with over 10,000 employees.

In November 2017, Glencore acquired a majority share of the voting rights in Volcan, and thereby an indirect interest in the Cerro de Pasco operation.

We acknowledge that previous operating methods during the long history of Cerro de Pasco's operation may have had an impact on the environment around Cerro de Pasco. Following its acquisition, Glencore worked together with Volcan to rapidly put in place measures to address environmental and health concerns at Cerro de Pasco. These measures form part of a comprehensive social and environmental management plan to ensure that the processing facilities will not impact the soil and to support the local community to combat diseases such as anaemia.

In November 2019, Volcan and the Canadian company Cerro de Pasco Resources (CDPR) announced that Volcan is selling the Cerro de Pasco operation to CDPR. CDPR, which is a publicly traded company listed on the Canadian stock exchange, has been active in the Cerro

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de Pasco region for several years. CDPR's concession is located directly adjacent to the Cerro de Pasco operation.

Following completion of the acquisition, neither Volcan nor Glencore will own a stake in the Cerro de Pasco operation. The conclusion of the transaction is subject to the condition that CDPR has sufficient funding to uphold the social and environmental management plan.

The social and environmental management plan comprises the following measures:

- Strengthened monitoring of the potential impact on air, soil and water by the processing plant
- Change of processes to reduce lead dust pollution across the plant itself and on surrounding roads
- The re-commissioning of the acid water treatment plant to ensure that water impacted by the operation is collected and treated
- Studies to gain a better understanding of the potential causes and pathways of lead and other heavy metals
- Closure and rehabilitation of zinc stockpiles located in the community's vicinity to prevent heavy metals from seeping into the soil and aggravating the environment;
- A partnership with a local NGO, to combat childhood anaemia: 700+ blood samples were collected over the course of 2019, and Volcan's initiative is on track to achieve a 50 percent reduction in high-grade anaemia, as well as a 10 percent reduction in anaemia in children and pregnant women. We expect Volcan to further bolster its success in 2021, and consultations as to the programme's continuation are underway with both the NGO and the government.

You may find further information on our operations in Peru in our Sustainability Report, Human Rights report and on our website.