

GLENCORE

INTERNATIONAL AG

Beatriz Balbin
Chief – Special Procedures Branch
United Nations Human Rights – Office of the High Commissioner
Palais des Nations
1211 Geneva 10
Switzerland
Via email: registry@ohchr.org

Your ref: AL OTH 30/2018

21 August 2018

Dear Ms Ramasastry, Mr Knox, Mr Tuncak, Mr Pûras and Mr Heller,

Re: Mining activities in the Pasco region, Peru

We refer to the Joint Communication from Special Procedures dated to 12 June 2018 by the Working Group sent to Glencore regarding Volcan Compañia Minera SAA's subsidiary Empresa Administradora Cerro S.A.C.'s (Volcan) mining activities in the Pasco region of Peru and respond to your concerns below.

By way of background, Glencore is a member of the International Council on Mining and Metals, a signatory to the United Nations Global Compact and a member of the Plenary for the Voluntary Principles on Security and Human Rights. Glencore is also committed to operating in accordance with the UN Guiding Principles of Business and Human Rights. Glencore's active participation in these external organisations demonstrates our commitment to leading practice wherever we operate.

Since its October 2017 share purchase, Glencore holds 55.03% of Volcan's voting shares and an economic interest in Volcan of 23.29% (including the non-voting shares and excluding treasury shares).

As detailed in this letter, Volcan has policies and programmes in place to address the issues referenced in your letter, and is in process of implementing plans to remediate and process potential contamination sources. Regarding water, Volcan has improved hydraulic infrastructure water treatment processes and implemented an environmental management system that resulted in full compliance with permissible limits for water quality. Since 2006, there has been no exceedances in air quality and the air is subject to ongoing monitoring by third parties. For soil, Volcan developed a comprehensive environmental site assessment to improve understanding and develop mitigation measures for exposure to heavy metals. Volcan provides the local community with access to a number of health services. Volcan has established strategic partnerships for identifying and monitoring the key diseases affecting local communities and runs health education campaigns on these diseases as well as taking a preventative approach.

Before addressing your specific concerns in more detail, we would like to share with you Glencore's experience and commitment to dealing with lead issues in a responsible manner by way of example, in Australia, and to give you more background on the history of Glencore's presence in Peru.

Glencore's experience in dealing with lead in the community

At our lead-producing operations, we are committed to operating the appropriate management and mitigation processes. At our Mount Isa Mines in Queensland, Australia, for the past 15 years, Glencore has worked with leading specialists to develop a locally appropriate programme to mitigate the impacts of lead in Mount Isa. Today, Mount Isa has the most stringent air quality monitoring system of any city in Australia, which we rigorously track to ensure its operations stay well within regulatory limits.

We are one of the founding members of the *Living with Lead Alliance*, a group established to develop and deliver extensive and ongoing public education campaigns to ensure the health of Mount Isa residents. We are committed to informing the community on how to live safely in an environment where lead exists due to natural and industrial sources and support initiatives that improve the health and well-being of the Mount Isa community.

Glencore is committed to drawing on this experience in supporting Volcan with its work with the communities in Cerro de Pasco.

Glencore in Peru

Glencore has been present in Peru since 1988 when we acquired Perubar SA, which used to operate mines, and now provides storage services, loads mineral concentrates, manages and rents warehouses at El Callao, the largest port in Peru. Currently our zinc mining assets are operated by Los Quenuales, which owns the Iscaycruz, Yauliyacu and Contonga zinc-lead mines and concentrator plants located in the Central and Northern Highlands of Peru. In addition to Los Quenuales, Glencore operates the Antapaccay copper mine in the Espinar province. We also have a 33.75% stake in the Antamina copper-zinc mine that a joint venture company operates. Our Los Quenuales, Antapaccay and Perubar assets have an Environmental Management System certified under ISO 14001.

Since we began operating in Peru, Glencore has invested in many community development initiatives, which include \$3 million on building and equipping a hospital in the Espinar province, numerous education programmes and projects with local farmers to improve agricultural practices.

I. Mitigating measures against negative human rights and environmental impacts

We set out below the responses to your points as well as outline the measures Volcan is taking to mitigate the impacts on the communities. In our capacity as a shareholder, we will continue to support Volcan with these measures.

1. Glencore's investment in Volcan

In 2017, Glencore acquired a controlling interest in Volcan through the acquisition of voting shares on the stock market. We recognise that historical mining practices, which took place over many years under previous owners (see below) have affected the environment and local community. As part of our overarching commitment to responsible environmental management at all of our operations, we are supporting Volcan's management to develop a detailed action plan that builds on Volcan's existing policies and procedures and supports Volcan's compliance with Glencore policies and systems as well as improve its environmental performance. We believe that our presence and the wealth of experience we bring from our global operations mean that we are well equipped to support Volcan's management team to address these issues. We are drawing on our expertise in zinc and lead mining and processing in other countries to support the development of a comprehensive strategy for Volcan to address the impact of heavy metals in the Pasco region on local communities.

Volcan's operations are located in the Central Highlands of Peru and comprise of six operating mines and one oxides operation:

- Yauli Area:
 - San Cristóbal – Carahuacra
 - Ticlio
 - Andaychagua
- Chungar Area:
 - Animon
 - Islay
 - Alpamarca
- Cerro de Pasco Area:

- Cerro de Pasco (non-operating mine)
- Oxides Plant (leaching plant)

2. Volcan's presence in Cerro de Pasco

In 1999, Volcan acquired Empresa Minera Paragsha S.A.C. from the state-owned company Centromin Perú. This acquisition included the Cerro de Pasco operation, with an open pit and an underground mine as its main assets. The acquisition process resulted in a Privatisation Process Agreement (the Privatisation Agreement) between Volcan and the Peruvian government. Other assets and liabilities, such as Quiulacocha - Excelsior, were not part of the privatisation agreement and, to date, the closing of these other assets and liabilities remain the responsibility of their owner, which remains the Peruvian government. We have attached a map of Cerro de Pasco setting out the assets that were sold to Volcan as part of the privatization (in green) and those that remained with the State of Peru (in blue). The map also shows the oxides plant (in orange) built after the privatisation.

The Privatisation Agreement states that the Peruvian government is liable for addressing legacy environmental issues that resulted from mining activities prior to 1999. The state-owned Activos Mineros, the entity in charge of closing the Peruvian Government's mining environmental liabilities, has responsibility for addressing many of the legacy environmental issues in the Pasco region.

Following the acquisition in 1999, Volcan extracted ore from Cerro de Pasco's open pit until operations ceased in 2012 and from its underground mine until 2015. As a result, Volcan has accumulated stockpiles of ore, which it is now processing and, as a result, eliminating a potential source of heavy metals from entering the environment. Volcan anticipates the processing of Cerro de Pasco's stockpiles will take a further five years to complete, although Volcan is currently trying to speed up this process. Volcan has also incorporated dust control measures for the processing activity to mitigate air and soil contamination.

3. Closure plans

Regarding the site decontamination, Volcan has the following plans to clean up the areas owned by Volcan:

Facilities that are going to be remediated as part of the closure plan:

- Pampa Seca Stock Piles
- Miraflores Waste Rock Deposit
- Hanancocha Waste Rock Deposit
- Raúl Rojas Open Pit
- Ocroyoc tailings dam
- Yanamate acid water deposit
- Other minor components (ramps, shafts, etc)

Facilities that will be dismantled:

- Paragsha concentrator plant
- San Expedito concentrator plant
- Oxides plant
- Bellavista camp
- Water treatment plants after they are no longer needed to operate

Facilities that are going to be processed:

- Paragsha Stock Piles
- Aeropuerto Stock Piles
- Piritas Stock Piles
- Pacos Stock Piles
- Rumiallana Waste Rock Deposit

4. Water management

Volcan does not discharge waste water from mining into rivers without prior purification or treatment.

In 2014, Volcan implemented an environmental management system at all of its assets. This system complies with national standards and aligns with industry-leading practices. In addition, it has

established preventative controls and continuously monitors key environmental areas such as water, air emissions, soil and dust suppression.

Since 2014, Volcan has improved its hydraulic infrastructure water treatment processes and implemented an environmental management system that resulted in full compliance with permissible limits for water quality. Volcan has taken the following actions to improve the hydraulic infrastructure:

- Construction of diversion channels.
- Sediment control
- Regular maintenance of the hydraulic infrastructure
- Increased the frequency of critical parameter monitoring

OEFA (Organismo de Evaluación y Fiscalización Ambiental), the Peruvian governmental agency responsible for environmental control and evaluation, during 2006 to 2009 identified various breaches to water quality in Volcan's mining process, that were mainly related to the need to improve the management of hydraulic infrastructure. The majority of the fines levied against Volcan by OEFA are for activities that took place during 2008 to 2009. The claim that 85% of the fines levied against Volcan remain unpaid is incorrect – 77% of the fines have already been paid. The outstanding 23% are going through a regular legal appeals process.

Regarding the 2013 environmental court decision, we note that Volcan is complying with the new maximum levels of pollutants. Since 2013, Volcan incurred only one OEFA infraction, which related to the building of a channel for the oxides plant and is therefore completely unrelated to maximum levels of pollutants in the water.

Volcan established a monthly water-monitoring programme in its mining process, following its acquisition of the Cerro de Pasco operations, and reports the results to the Peruvian authorities. In addition, OEFA takes their own samples to compare with the company-provided data. OEFA uses this information to identify water quality breaches.

Since 2014, Volcan advises that there have been no instances of lead or zinc exceeding the maximum permissible limits for water quality at the official monitoring points. This significant improvement is a direct result of a new waste water treatment plant for the Ocroyoc tailings storage facility implemented by Volcan, among other initiatives.

In June 2017, Volcan presented a water management plan to MINEM. The plan includes modifications to the water management network, treatment systems and the incorporation of water treatment measures to control not only the quality of discharges, but also their incidence in the water body. Pending MINEM approval, Volcan will proceed with the plan, the key components of which are:

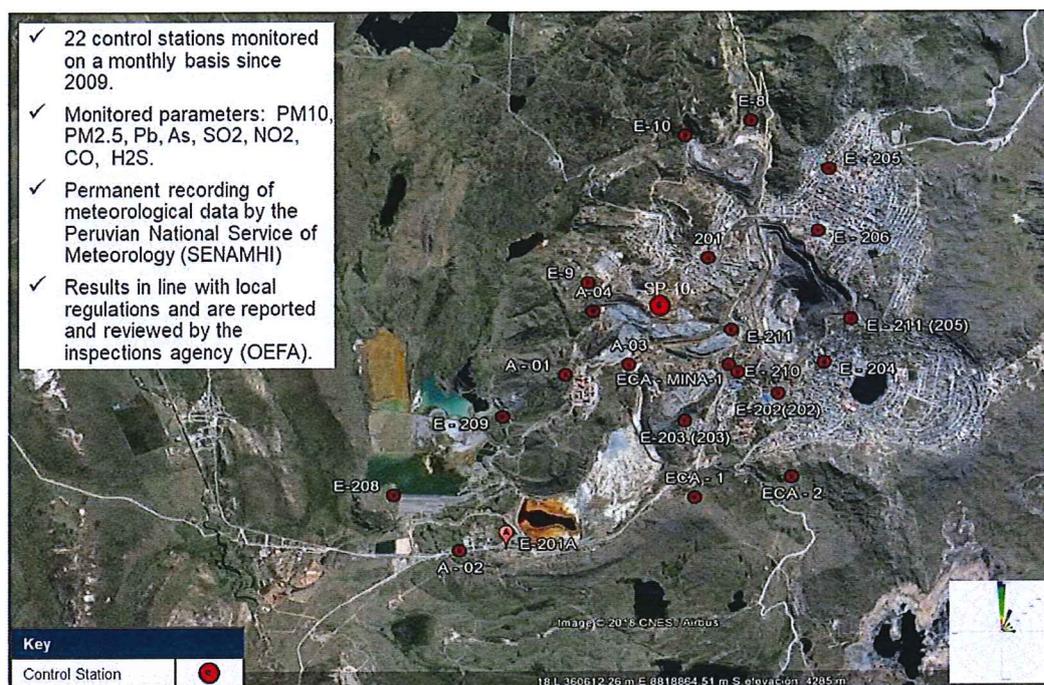
- Improvements to the current hydraulic infrastructure and implementation of processes to improve its management
- Upgrading the water management system to comply with proposed new regulatory water quality standards

Volcan is also supporting the state-owned Activos Mineros to dispose of waste generated through treating water at Quiulacochoa- Excelsior, which Activos Mineros owns and operates.

5. Air quality

To date, all of Volcan's monitoring data show that its mining activities have no material impact on air quality, which is within maximum permissible limits. There have been no exceedances in air quality since 2006. This strong performance is a result of Volcan's work with the regional authorities and local communities to improve continuously the storage of lead and the installation of a sophisticated meteorological station to understand better air emissions and the impact of operational processes.

Volcan has recently installed an additional air quality monitoring point near to the local community to collect data on air quality and meteorological conditions. The results of this monitoring point are also within maximum permissible limits. Below is a map of all monitoring stations. Please note that a third party is in charge of the air quality monitoring.



In the Joint Communication, we note the reference to new but unspecified contamination reports. It is not clear what reports are being referenced. If possible, we would welcome receiving a copy of these new reports.

6. Managing lead contamination in soils

Volcan recognises the risks associated with lead contamination of soils, particularly in regards to health. Volcan has developed a comprehensive environmental site assessment programme to increase its understanding of lead in the environment and improve its management of the issue.

This programme is organised into three tiers:

- Tier 1: Evaluation of the sources
- Tier 2: Characterisation of soil, air modelling, lead balance in the hydrologic system on the sources
- Tier 3: Evaluation on receptors soil, air, water and blood

Tier 1 is now complete and work has begun on Tier 2.

Finally, Volcan is running workshops within its local communities to improve understanding on mitigating exposure to heavy metals as well as explaining the risks associated with entering industrial areas

7. Public health

There have been a number of health studies performed in the Cerro de Pasco community over the last few years:

- Health Ministry – CENSOPAS: “Determination of lead in blood and associated factors in children and pregnant women in the Quiulacocho and Chapamarca communities” September 2005
- CDC Atlanta – Exposure to heavy metals in children and pregnant women in Cerro de Pasco – 2007
- Health Ministry – CENSOPAS: Levels of exposure of lead and cadmium in children and pregnant women – 2012
- Health Ministry - CENSOPAS: Technical assistance for heavy metal dosage activity in Cerro de Pasco in response to the Sanitary Emergency Declaration - 2017

Volcan considers the study conducted by CDC Atlanta in 2007 to be the most comprehensive, based on the methodology used and the size of the testing sample.

The table below summarizes the findings of the four studies. Please note that while the 2017 study by CENSOPAS indicates an improvement, this may not be accurate for the whole population. In addition, as all four studies used different methodologies, any comparison between the results is difficult.

HISTORICAL EVOLUTION

Lead in blood levels

(>10 ug/dl)

	CENSOPAS 2005	CDC 2007	CENSOPAS 2012	CENSOPAS 2017
PARAGSHA		22 (63%)	532 (57%)	54 (12%)
CHAMPAMARCA	115 (94%)		38 (33%)	6 (14%)
QUIULACOCHA	99 (89%)		41 (35%)	13 (30%)
YURAJHUANCA			49 (52%)	
SACRA FAMILIA			38 (43%)	2 (8%)
CHAUPIMARCA		38 (44%)		3 (3%)
AYAPOTO		36 (88%)		
MISTI				6 (20%)
RANCAS				2 (6%)
TUPAC AMARU				31 (7%)
ULLACHIN				37 (8%)
TOTAL	214 (92%)	96 (59%)	698 (52%)	154 (9%)

Numbers in parenthesis shows the percentage of the total number of people being tested

Volcan is working in the region to address the health impacts arising from exposure to heavy metals and is providing the local community with access to a number of health services. It has established strategic partnerships for identifying and monitoring the key diseases affecting local communities and runs health education campaigns on these diseases as well as taking a preventative approach. This includes working in partnership with the Ministry of Health (MINSA) to provide financial support and to develop action plans for children with high lead in blood levels as well as funding a study to research lead in blood levels in the populations of the Huayllay and Huaychao communities.

Volcan has a strategic partnership with the NGO Prisma to identify and monitor the key diseases affecting its local communities. It has developed health campaigns to educate on these diseases and take preventative approach through community workshops and awareness-raising sessions with authorities.

Mindful of the poverty that characterises the region, Volcan is supporting efforts to address malnutrition, particularly in young children and expectant mothers. Through its partnership with the NGO Prisma, Volcan will launch a programme in July to address anaemia in the Quiulacocha and Paragsha populations; the programme will support 250 children under the age of five years and 60 expectant mothers.

8. Community development and engagement

For Volcan, fostering a strong and constructive relation with its social environment is very important. With this in mind, Volcan has prioritised its interventions in the communities in the area of direct influence of operations, aligning their voluntary Social Responsibility Initiatives with the Sustainable Development Goals of the United Nations (SDG's).

In this regard, Volcan has formed sustainable development plans for over 60 communities living around its operations. The local initiatives focus on education, health and economic development.

To achieve its objectives, Volcan has established alliances with private and government entities as well as non-governmental organizations.

In education, Volcan is currently working with an NGO, Enseña Peru, on an education programme that is supporting over 1,900 high school students in Pasco region. Volcan is also working with SENATI, a national technical institute of higher education, to track the performance of its scholarship students and their progress post-education, into the labour market.

Volcan has a strategic partnership with the NGO Prisma to identify and monitor the key diseases affecting local communities. Volcan has developed health campaigns to educate on these diseases and take preventative approaches through community workshops and awareness-raising sessions with authorities.

Volcan is also providing access to a number of health services including general medicine, paediatrics, gynaecology, ultrasound, physiotherapy and nutrition that benefitted approximately 1,700 people in the Pasco region in 2017

Together with Prisma, Volcan has established an economic development programme that protects traditional businesses while promoting and encouraging innovative new industries. Volcan has supported the development of agricultural and stockbreeding campaigns that deliver year-on-year improvements to production levels for over 1,400 people in Pasco region. In addition, Volcan is working with regional authorities to encourage forestry activities and the development of fish farming.

Volcan has a permanent information office in Cerro de Pasco where members of the local communities can raise their concerns and ask the company questions. The office also provides information on various topics such as health and education. During 2018, the majority of the concerns received relate to opportunities for employment. Volcan's information office has received some questions regarding the environment, which mainly responded to access to water and water availability. Volcan responded to these issues within 15 days.

II. Action Plan February 2018

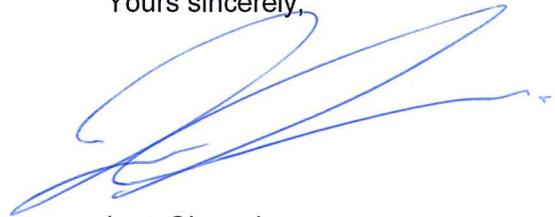
We have supported Volcan in the development of a plan focussing on the following four key areas:

1. Gap analysis
 - Appointing third party experts to assess and coach on Volcan's approach to fatal hazard, catastrophic risks and water management; mine closure; community and stakeholder relations; and human rights
 - Review Volcan's policies and programmes to align with Glencore requirements
 - Introduce programmes for roadway improvements, collision avoidance, mine widening, auxiliary ventilation, water management and mine closure
2. Organisational restructuring
 - Redefine supervisor job roles to encompass safety and environmental requirements, and set KPIs to be achieved
 - Internalise safety measures and practices in operations supervision and leadership roles
 - Appoint expert safety and environmental leaders
 - Initiate strategies to reduce turnover rate and third party contracting
3. Education and empowerment
 - Fully implement Glencore's SafeWork safety system
 - Include safety and environment management experience as a factor in succession planning
 - Hold a safety leadership seminar to support leadership training
 - Include Volcan in existing Glencore country-wide initiatives such as the implementation of the Voluntary Principles on Security and Human Rights, to ensure consistency of approach
4. Engagement and communication
 - Develop a plan to introduce changes; why and how this will affect the workforce
 - Develop a community engagement strategy that is integrated with the operational plans
 - Develop a government strategy to work jointly on key challenges
 - Develop an internal and external communications plan for the achievements on environmental matters

Volcan recognises that over one hundred years of mining in the Pasco region has resulted in numerous challenges. Volcan is committed to working in partnership with regional authorities, national government's agencies and local community representatives to address these concerns. Glencore's long experience of operating in diverse and demanding environments equips us well to address such challenges and to progress opportunities. We believe that our shareholding and support of Volcan will assist Volcan in delivering long-term, sustainable benefits to the communities of Pasco.

We hope that we have fully addressed the concerns you have raised. If you would like any additional information, or to discuss these points further, please let me know.

Yours sincerely,



Ivan Glasenberg
Chief Executive Officer

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