

GLENCORE

Puerto Bolívar



La Guajira



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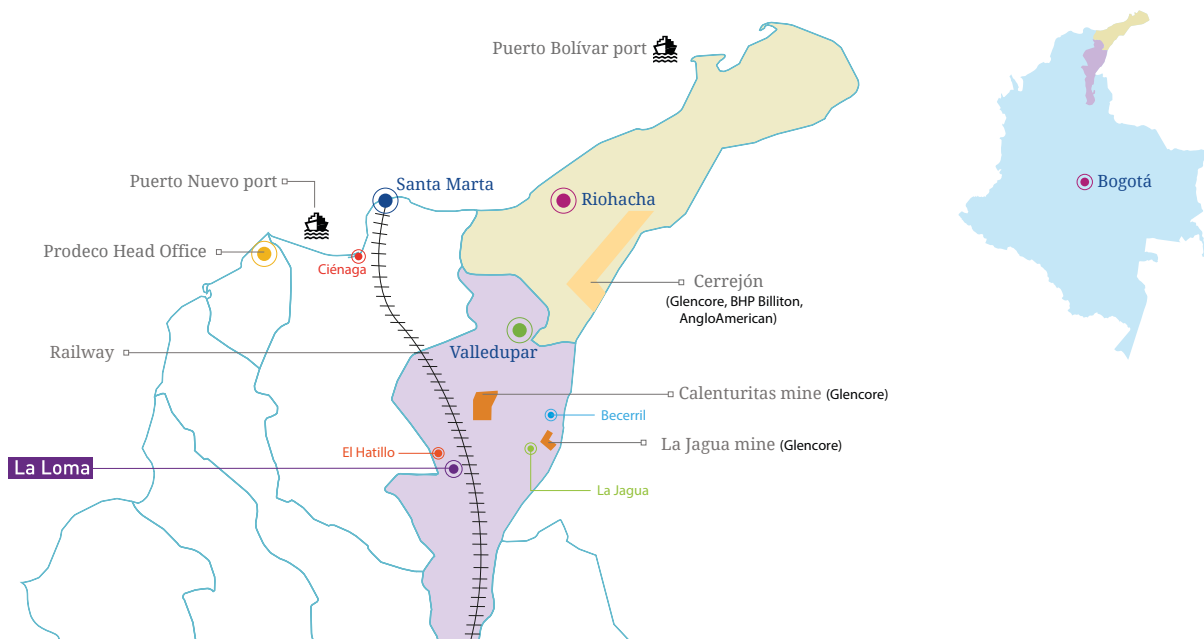
STAKEHOLDER ENGAGEMENT IN COLOMBIA

Introduction

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In March 2015, a group of Swiss residents and NGO representatives visited Glencore's Colombian operations on a four day fact-finding trip to see how Glencore operates in this challenging region, and observe our activities on the ground.

Glencore has been operating in Colombia since 1996, when we acquired CI Prodeco SA, an integrated coal producer. Today, Prodeco is Colombia's third largest exporter of thermal coal; its assets include open-pit coal mining facilities in Calenturitas and La Jagua, both located in the department of Cesar, and Puerto Nuevo, an export port in Ciénaga. Prodeco has a 39.76% stake in Fenoco SA, the owner of the rail concession that links our mines to our port.



We produced a number of short films during the visit – these are accessible via a QR code:



Glencore also holds a one-third stake in Cerrejón, an independently managed coal joint venture with Anglo American and BHP Billiton.

Glencore's chief executive officer, Ivan Glasenberg, accompanied the visitors, along with members of the senior management teams at Glencore, Prodeco and Cerrejón. The trip included visits to our Prodeco and Cerrejón assets and the communities surrounding these operations. The party met with the Swiss ambassador for Colombia, the Colombian government's Vice Minister of Mines, union officials, and members and leaders of the communities living near to Prodeco and Cerrejón. They were able to ask these individuals questions, which received detailed responses.

Our visitors had the opportunity to ask questions, experience the complexities of operating in Colombia, and witness Prodeco and Cerrejón's approach to human rights, environmental management and community engagement.

For further information on the trip or any other aspect of Glencore's approach to sustainability, contact Michael Fahrbach:

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In 2013, several Swiss municipalities voted, in the spirit of civil solidarity, to donate a portion of the tax money received through the *finanzausgleich* to NGOs working in countries where Glencore operates.

In January 2015, ten Swiss citizens (including two journalists) undertook a self-financed three-week tour of Colombia's Cesar and La Guajira departments, along with representatives of the NGOs. Led by the Swiss-based NGO *ask!*, the party visited our Prodeco and Cerrejón coal assets and neighbouring communities.

The Swiss visitors published a report of their trip. They subsequently met with Glencore CEO Ivan Glasenberg in Baar, to discuss the situations they had observed and raise concerns on a number of topics. Mr Glasenberg invited all those who had taken part in the trip, including the NGO representatives, to accompany him on a second visit to Colombia, for a better understanding of how Glencore operates and to allow them to meet our senior management team there.

Mr Glasenberg's invitation was accepted by two Swiss citizens, a Swiss journalist, a representative of the Swiss Embassy in Colombia, and several NGO representatives from *ask!* and PAS. The trip took place in March 2015.



Day one

The trip began in Bogota, capital city of Colombia. This location allowed the party to meet government and diplomatic representatives, including the Vice Minister of Mines, Maria-Isabel Ulloa. Ms Ulloa provided an overview of how mining contributes to the Colombian economy and the government's role in upholding and monitoring societal and environmental standards in the mining industry.

The Swiss Ambassador to Colombia gave details of the Swiss companies operating in Colombia and the initiatives in place to ensure these businesses prioritise sustainability.

The group also spoke with union and workforce representatives. In Colombia, workers are entitled to choose whether to join a union or not. Should they choose not to join a union they automatically become part of an employee pact agreement, which entitles them to the same rights as union members regarding wage negotiation and labour conditions. These rights are protected by the law. 19% of Prodeco's workforce are union members, compared to a national average of less than 4%.

Throughout the day, the party had many opportunities to discuss a broad range of topics with the senior management teams from Glencore and Prodeco. These included human rights, resettlement, environmental concerns and industrial relations.





Day two

On the second day, the tour party flew to the Cerrejón mine in the department of La Guajira. They spent a full day at Cerrejón and were taken to visit the communities living near the mine.

La Guajira is one of the poorest departments in Colombia. According to the National Statistics Department, in 2013 over 55% of this department's residents were in poverty (the national average being 30.6%) and extreme poverty was over 25% (national average 9.1%). La Guajira has one of the highest housing deficits in the country; education levels are low and malnutrition is commonplace.

The party visited Sequión farm in the Macho Bayo Township, where Cerrejón has promoted the Oreganal Multi-Activity Farming Cooperative. The Cooperative works in sustainable farming production and sales, with the goal of meeting the needs of its members and the region. It started in 2008 with 34 members; today it has 135 members from 45 families, owning 110 hectares of palm oil trees and 50 hectares for livestock and minor projects. The Cooperative has signed partnerships with a number of government agencies to further advance its programme.

The party also visited the resettled communities of Patilla and Las Casitas and spoke directly with the resettled families.



Day three

Ivan Glasenberg joined the party for a visit to the Tamaquito II community and a meeting with the local council governor, Jairo Fuentes. The tour party continued its open dialogue with members of the local Cerrejón management during meetings with local communities and community leaders, who were able to directly ask questions and raise issues with Mr Glasenberg.

The Tamaquito community's greatest current concern is access to water; which as a result of a severe drought in the region has become limited. Mr Glasenberg recognised this concern and acknowledged that the difficulties were partly due to the drought but partly due to the location of the land chosen by the community for their new settlement.

Community leaders also raised concerns over the impact of the resettlement on their culture and the traditional values of the Wayyu people. Cerrejón CEO Roberto Junguito spoke about the process used to resettle the Tamaquito community, which included lengthy consultation to ensure the preservation of its traditional way of life, resulting in the construction and location of the new settlement, built in a traditionally-appropriate manner.



Glencore's approach to human rights

Glencore is a member of the Voluntary Principles on Security and Human Rights Initiative (Voluntary Principles); our Group Human Rights Policy and the security procedures at our assets are designed to comply with these principles.

Prodeco is committed to respecting human rights. It manages security in line with the Voluntary Principles, including regular risk assessments, incident reporting mechanisms and rigorous screening and training of security personnel. Prodeco provides human rights training to its management team and employees and to the public and private security providers with whom it cooperates.

Prodeco is a member of *Compromiso Etico (Ethical Commitment)*, a multi-stakeholder platform comprising Swiss companies located in Colombia as well as the Swiss Government, through its Colombian embassy. *Compromiso Etico* is a commitment to integrate human rights principles and international humanitarian rights into operations.

Prodeco is further strengthening its human rights programme in collaboration with the United Nations and the Fundación Ideas para la Paz, a Colombian-based organisation that seeks, through research, monitoring, and dissemination of information, to address armed conflict.

Key facts:

- During 2014 and 2013, our workforce undertook over 2,300 hours of human rights training
- Grievance mechanisms are in place for community members to raise concerns



Our approach to environmental management

The construction and operation of any kind of industrial activity has an environmental impact. Prodeco has an established policy to maintain long-term biodiversity and minimise the impact of its operations on the environment. It implements rescue and relocation programmes for wildlife, and reclamation programmes that replant and reforest affected areas to rehabilitate the ecosystem. It implements water management systems to ensure that all affected areas are fully restored. Management tools are used to prevent, eliminate, mitigate, control, correct and compensate potential environmental impacts. It undertakes ongoing monitoring and follow-ups to confirm the effectiveness of these programmes, enabling corrective measures if necessary.

In accordance with Colombian law, all of Prodeco's mining activities are subject to Environmental Management Plans (*Planes de Manejo Ambiental*), approved and monitored by the Colombian environmental authority (*Autoridad Nacional de Licencias Ambientales*).

Key facts (in 2014):

- 4.5m³ of water recycled
- 56,000 trees planted
- 783,000 hectares of land rehabilitated
- 7,595 species rescued



Day four

On the final day, the party visited Prodeco's La Jagua mine in Barranquilla, then flew to our Calenturitas mine, seeing the scale of our Prodeco' operations and our approach to operating sustainably. At the Calenturitas mine there was open dialogue between the tour party and local Prodeco management representatives.

The party also met with Prodeco's resettlement team and visited the El Hatillo community. Glencore has an 8.5% interest in this resettlement project; we are working with our partners to resolve the issues raised by members of the community.

Glencore's senior management took the opportunity to speak directly to the Swiss and Colombian NGOs to address a number of misconceptions about our operations.

At the end of the trip, all parties agreed to work collaboratively to continue to safeguard the interests of the local communities.



Resettling communities

Prodeco is currently resettling three communities at Plan Bonito, El Hatillo and Boquerón, as a result of resolutions passed by the Colombian government. The resettlements involve activity by three separate companies; each community has its own complexities.

The resettlement activities comply with standards developed by the International Finance Corporation Performance Standard 5, the World Bank and the Inter-American Development Bank to ensure a fully participative approach, with a strong focus on livelihood preservation.

The terms of the resettlement are negotiated individually with each and every family; all the families must agree to the terms before the process can be finalised and delivered.

Any complaints or concerns regarding Prodeco's compliance with its obligations or policies can be reported via a dedicated grievance mechanism, overseen by Prodeco's senior management.

To date, the community of Plan Bonito has been resettled in accordance with the wishes of the community.

Engagement with the community of El Hatillo is ongoing. Prodeco and the other mining companies are implementing initiatives to improve socio-economic conditions for the El Hatillo community.



Glencore is committed to continuing our open and transparent approach to stakeholder engagement. As part of this commitment, we are undertaking ongoing engagement with the Swiss government and civil society. Our stakeholders, including interested NGOs, regularly review our approach and ask questions. Any question or allegation addressed to us is thoroughly investigated and assessed and, where appropriate, responded to. We maintain an active dialogue with the NGOs working in Colombia and welcome the opportunity to correct misconceptions.

We work hard to ensure the wellbeing of the communities living near to our operations. We are engaging with the other companies involved in the resettlement of the El Hatillo community to progress the process and reach an outcome that meets the needs of all the parties involved.

We will continue to provide regular updates on our activities in Colombia; our achievements and the challenges that we face when operating in a complex region. We will provide information in our annual sustainability report and on our website at www.glencore.com/sustainability

Acknowledgments

Glencore would like to thank all of those who participated in or contributed to this trip.

We greatly appreciate the opportunity to undertake this joint fact finding trip, provided by the interest of the Swiss citizens involved. The conversations and discussions held during the trip have helped improve our understanding of the complexities of operating in Colombia and the necessary action. We believe that working collaboratively with all interested stakeholders is the only way to reach an outcome that is satisfactory for all participants.

