

# GLENCORE

INTERNATIONAL plc

## GLENCORE RESPONSE TO BBC PANORAMA BROADCAST

This statement is a response to the unfounded allegations made by the BBC's Panorama programme broadcast on Monday 16 April 2012.

- The children featured in the Panorama programme do NOT work for Glencore or any of its subsidiaries. The copper ore produced is NOT purchased by Glencore or any of its subsidiaries. We have every measure in place to ensure that the copper ore they produce is NOT processed by Glencore or any of its subsidiaries. Glencore does NOT profit from child labour.
- Glencore repeatedly asked the BBC before broadcast for evidence to support their allegation that Tilwezembe copper ore is received by Mopani in Zambia but they declined to provide it. It is still not clear to us how the document they showed supports their claims that copper ore from Tilwezembe is supplied to Mopani.
- Glencore only took control of the Luilu plant in mid 2009, but the river pollution has been going on there for more than 50 years. Glencore has spent millions of dollars addressing this issue, whilst also keeping the plant open to safeguard 6,500 jobs. That work was completed after Panorama filmed there, and now for the first time in over 50 years there is no effluent flowing from the plant. Swiss television reported on 15 April that the problem had indeed been fixed and that the effluent outfall had stopped.

Glencore takes its responsibilities very seriously and sustainability is an integral part of everything we do. We have created a framework to balance social, environmental, ethical and commercial interests at every level of our Group which we call Glencore Corporate Practice. In the Democratic Republic of Congo, Glencore funds schools, hospitals and other social projects which Panorama chose not to feature in its report.

Glencore repeatedly offered Panorama the opportunity to visit and film inside our operations in the Democratic Republic of Congo. This offer was made whilst the BBC was on the ground filming. Panorama did not take up the offer to film our operations and to see the effects of the billions of dollars' worth of investments that we have made.

Our detailed response to the allegations raised by Panorama is below.

### **Detailed response**

Glencore is a substantial investor in the DRC, creating employment and supporting local businesses, providing substantial revenues to local and national Government and making voluntary contributions to improve living standards in the communities in which it operates.

Katanga and Mutanda between them represent an investment of over \$2 billion so far (this will reach over \$3.3 billion by end 2012), creating almost 10,000 good quality employee and contractor jobs at the two sites. The overwhelming majority of employees and contractors are Congolese nationals.

Mining is the highest paying sector in the DRC. Glencore believes that creating these jobs, supporting families, developing communities and financing, building and renovating schools, hospitals and infrastructure such as roads and bridges are positive contributions to the DRC.

Glencore believes that the DRC would benefit from more international investment, not less. Clearly the development challenge is much greater than one company can solve, but Glencore believes it is part of the solution.

**Claim: Glencore profits from artisanal mining at Tilwezembe, a concession for which Katanga holds a licence.**

Glencore does not have any involvement in artisanal mining in the DRC.

Our investment in Katanga (and Mutanda and Kansuki) increases the strength of industrial mining in the DRC's mining sector and contributes to broader economic growth. This contributes directly and indirectly to the creation of formal jobs, as direct employees of Glencore and its subsidiaries, with suppliers, and in the broader economy.

Katanga holds the concession for Tilwezembe and at some point in the future plans to mine there. However in mid-2010 Tilwezembe was invaded by hundreds of artisanal miners overnight. We are not involved at all in the mining activity currently going on there. We are in dialogue with the Government on how best to handle the situation at Tilwezembe and have asked the authorities for help to remove these artisanal miners. However we are proceeding with extreme caution as we are aware that previous attempts by other companies to remove artisanal miners elsewhere have resulted in violence and even fatalities.

**Claim: Copper ore from Tilwezembe is sent to Groupe Bazano's processing plant from where some of it is sent to Mopani**

We would be very concerned if this were happening because we make every effort possible to ensure that no material from Tilwezembe or anywhere else gets into our shipments. It is still not clear to us how the document they showed supports their claims that copper ore from Tilwezembe is supplied to Mopani. Glencore is not involved at all in the mining activity going on at Tilwezembe nor do we purchase any of its output.

Mopani does not buy material from Groupe Bazano or anyone else in DRC apart from concentrate from Glencore's own operations at Katanga and, historically, Mutanda.

Trucking is carried out by third-party contracted companies. We make every effort to monitor shipments down to the contents of individual bags to ensure the integrity of these product movements as far as we possibly can.

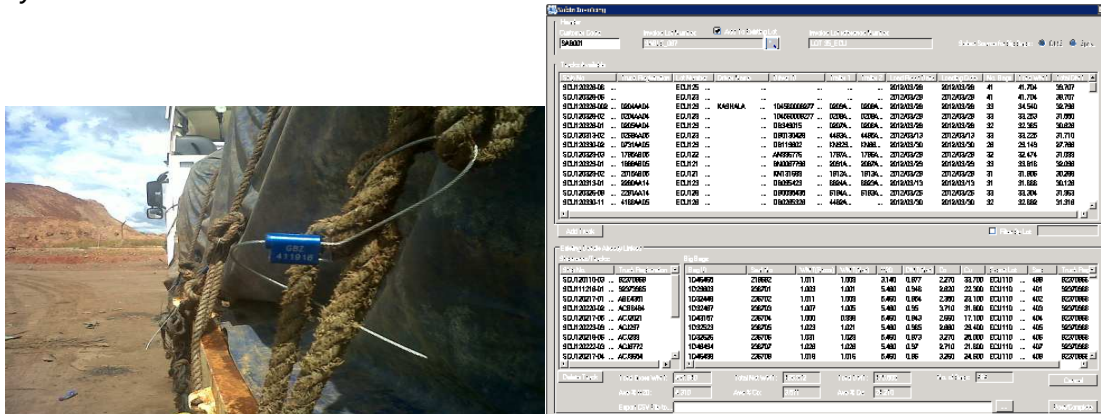
We use a computerised system to record and track each bag of concentrate that is produced and transported. Each bag is given an individual number, which is recorded on the bag, as well as a seal which has its own separate, individual number. We also record details of the quality of the concentrate in each bag, as well as the truck registration number and driver ID number of the vehicle used for transport. The trucks tarpaulins are also sealed with a numbered seal. This data is then reconciled when the bag arrives at its destination.

The pictures below show this process.

*Bags are individually numbered and sealed with separately numbered seals*



*Trucks' tarpaulins are sealed with numbered seals. Information is recorded on a computerised system and reconciled on arrival*



### **Claim: Katanga's Luilu refinery discharges effluent into the Luilu River**

Luilu is a complex that is more than 50 years old and dates back to colonial times. It suffered neglect and was in a poor condition when Glencore took control of the operations in mid 2009.

Glencore agrees that these effluent discharges were not acceptable and that is why fixing this legacy environmental problem was one of Glencore's top priorities since we became operator of this project in mid 2009.

Glencore has been working on a complex engineering project, which includes 4,500 metres of intricate steel piping and over 30 specialised pumps, to address this issue. Panorama declined to visit our operations and so did not see this. This work has been completed in the past few weeks and all effluent is now delivered to a tailings pond.

The Government required that the plant remain open during remedial work so securing the continued direct employment of 6,500 people. This was understandable as this is an area where good jobs are comparatively scarce. But that meant that the work to fix this legacy problem had to be completed while the plant stayed fully operational, adding to the engineering challenges.

*Neutralisation tanks now treat effluent at Luilu before it is deposited in a lined tailings pond*



*Picture as of 10 April where effluent previously entered the river*

