

GLENCORE

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Dear Mr Regaignon and Ms Mncwabe,

Thank you for giving Glencore the opportunity to respond to the issues raised by the Action Aid report on Women and Children in Zambia.

Glencore's presence in Zambia began in 2000, when we acquired a shareholding in the Mopani Copper Mines through a competitive tender. This was part of a general privatisation of Zambian copper mining assets, supported by the World Bank.

Prior to privatisation, the Mopani assets suffered from years of under-investment. At the time of Glencore's acquisition, the business was in a parlous financial and physical condition, which required its corporate shareholders to spend over US\$3 billion to redeveloping and expanding operations.

Today, more than 10,000 people work at Mopani. Mining is the highest paying industry in Zambia. We estimate that each of our employees has an average of eight dependents. The salary of our most junior employees is US\$630 per month (K6,981), compared to the national minimum wage of US\$102 (K1,132).

Contributing to local development

Since privatisation Mopani's shareholders have made, and continue to make, substantial contributions to local, regional and national economic wellbeing and growth. Mopani has paid over US\$895 million in taxes and has invested over US\$250 million in the sustainable development of these communities in such areas as health, education, infrastructure, water and sanitation, agriculture and sport.

Engaging with local communities

Engaging community members is an essential aspect of Mopani's commitment to good corporate citizenship. Mopani has monthly meetings with the Kankoyo Community Organisation, a body that represents the interest of the Kankoyo community, to discuss the topics of interest to the community and to provide updates on its operations.

Mopani maintains complaints registers in the community, placed at various public places such as clinics, hospitals, the council library among others, where the public can log their complaints for Mopani's attention. Members of the community also write to the site to raise concerns; all letters are reviewed by management and relevant investigations are undertaken. All such investigations are conducted, where appropriate, with the involvement of the relevant Government ministries and/or local authorities. To maintain the effectiveness of our grievance handling systems, we run stakeholder forums throughout the communities around Mopani, where we engage with the community, as well as representatives of NGOs and local churches to discuss issues of mutual concern.

Health

Mopani has invested in local health initiatives for many years and currently operates two hospitals and seven clinics. Mopani's HIV/AIDS programme has seen the mother-to-child transmission rate reduced from 35% in 2005 to zero in 2014. Mopani treated 18,000 people with ARTs (anti-retroviral drugs) in 2014, 85% of whom were not associated with our

operations but live in the surrounding communities. GBCHealth, a New York-based coalition of companies and organisations committed to investing in health matters, gave Mopani a commendation in its Business Action on Health Awards 2013, to recognise our holistic community HIV and AIDS programme.

In 2012, Mopani invested over US\$250,000 in the establishment of two cervical cancer screening centres at the Wusakile and Malcolm Watson hospitals respectively. The centres are unique to the region. To date over 2,400 women have been screened for cervical cancer. In the same year, Mopani opened two centres for the treatment of club foot. To date the centres have corrected this condition for 85 children.

In 2014, over 230,000 women attended Mopani's health services – over 114,000 of which received treatments and health services provided by local township clinics.

Education

Mopani has supported local education and skills development initiatives for a number of years. The company runs four schools in the communities in which we operate.

In Zambia, considerable progress has been made on the implementation of the Millennium Development Goal No. 2: universal access to education, as evidenced by almost all children in Zambia completing primary school. However, the Ministry of Education notes that while the completion rate of high school has improved from 14.4% in 2002 to 31.7% in 2010, less than 40% of graduates pass their final exams in secondary school – and only 19% of females do so. At the schools operated by Mopani, both primary and secondary levels have a 50:50 attendance of boys and girls and maintain an impressive 100% pass rate.

Recognising the skills shortage that exists in Zambia, the US\$20 million state-of-the-art Mopani Central Training Centre (MCTC) was opened in Mufulira in January 2014 to train male and female artisans in various mining, engineering and technical skills.

The MCTC is equipped with some of the world's best engineering equipment and has a student population of 140 in the first intake, seven of which were women. The MCTC is being actively promoted with female students in the final year of high school, to encourage greater enrolment by women. The first class of fully trained artisans will graduate in 2016.

Training is open to Zambian school leavers and other local candidates seeking qualifications leading to a career within the mining industry. Mopani will spend a minimum of approximately US\$20,000 annually on each apprentice in standard training and other related costs. Other than offering the training for free, Mopani also provides the students with upkeep allowances, meals and accommodation as well as recreation facilities.

Improving local air quality

In 2014, we completed a multi-year smelter upgrade project at Mopani, our most significant investment in the physical assets at Mopani. The US\$500 million, three-stage upgrade was completed 15 months before the deadline agreed with the Zambian government.

Since its construction in 1937, the plant had been emitting sulphur dioxide (SO₂) freely into the atmosphere, with a significant effect on local air quality. At the time of our acquisition of the Mopani assets in 2000, we committed to upgrading the smelter and addressing the SO₂ emissions.

Completion of the work means that we now capture over 95% of Mopani's SO₂ emissions, contrasting significantly with the situation when we took over this asset in 2000 when no gas or dust emissions were captured. The smelter upgrade project has been one of the biggest environmental projects ever undertaken in Zambia.

Local procurement

Local procurement is a significant component of our contribution to local economic development. Mopani paid contractor and supplier companies US\$800 million in 2014. Of this, 68% was spent in Zambia, 59% in the Copperbelt region and 48% in Mufulira and Kitwe, the two closest towns to Mopani.

Mopani operates a number of SME (small and medium enterprise) development and mentoring programmes including workshops aimed at assisting suppliers in bid preparation and expanding professional business management skills. The annual budget for these workshops is US\$230,000 and they are held in conjunction with, the Association of Mine Contractors and Suppliers, the Zambia Development Agency, PUM Netherlands and the Kitwe Chamber of Commerce and Industry.

Mopani is also supporting the establishment of joint ventures between local Zambian suppliers and internationally recognised companies. These partnerships are enabling a transfer of skills to the local labour force.

Investing in infrastructure

Infrastructure investments are a focal point of the region's socioeconomic development. In 2012, Mopani completed rehabilitation of the Kitwe ring road and the Mufulira-Sabina road, which cost US\$4.5 million and US\$10.5 million respectively, and funded an upgrade of an entire township's sanitary infrastructure. In 2013, Mopani spent US\$650,000 on rehabilitating local sport stadia, which were in serious disrepair.

We remain fully committed to the principles of transparency and responsible citizenship in the areas where we operate. Further information on our operations and our performance can be found on our website: www.glencore.com.

Yours sincerely,



Michael Fahrbach
Global Head of Sustainability