

## **Tampakan Project, Philippines: background**

Glencore Xstrata is deeply committed to upholding human rights and engaging with our communities, including indigenous groups, in a respectful, transparent and constructive manner. These commitments are upheld by the Glencore Xstrata Code of Conduct.

The Tampakan Project is operated by the Philippine-based affiliate Sagittarius Mines, Inc. (SMI), whose 40% controlling equity is a joint venture among Glencore Xstrata (62.5%) and Indophil Resources NL (37.5%). The 60% non-controlling equity shareholders of SMI are the Tampakan Mining Corporation and Southcot Mining Corporation (known as the Tampakan Group of Companies).

SMI is responsibly developing the Tampakan Project in partnership with its stakeholders, and in line with international standards such as the United Nations (UN) Declaration of Human Rights, the International Labour Organization Conventions, the UN Global Compact, and the Voluntary Principles on Security and Human Rights (VPSHR).

### **Context**

The region of Mindanao where the project is located suffers from a long and complex history of conflict, associated with traditional customs, clan rivalries, and religious and political insurgencies. In 2008, the tribal councils and Local Government Units (LGUs) passed a resolution requesting military presence to facilitate peace and public order in the area. This resolution was reconfirmed in 2012.

As part of its agreement with the local government, SMI agreed to provide funding to the military, including subsistence support (food and fuel) for the Citizen Armed Force Geographical Units (CAFGUs). All funding arrangements were governed by public Memoranda of Agreement, which included the following conditions:

- All initiatives under these MOAs were civilian-led and managed. Within the Philippines, even the provincial police forces fall under the jurisdiction of a civilian head, which is the provincial governor.
- A section on the MOAs had the following provision: "peace and order...should not be achieved at the expense of human rights and fundamental freedoms granted under the law...Parties (to the MOA) agree to adopt a 'no-tolerance policy' for members of the CAFGU Company who wilfully commit acts that violate human rights."
- A short duration of six months for each MOA to enable a more frequent review of commitments versus performance.
- Funds under the MOAs were managed by the local government units (LGUs) through a Trust Fund Account.
- Funds were subjected to the Commission in Audit (COA) rules. COA is the Philippine government agency that manages transparency and accountability for public funds.
- In the COA audit report for 2012 for the Municipality of Tampakan, for instance, it was stated that "The Community-based Peace and Security Program (CPSP) with the financial help extended by SMI and in cooperation with the [provincial] Philippine National Police (PNP), Philippine Army and the fourteen (14) barangays, greatly contributed to the maintenance of peace and order within the locality."
- There was a nominated Treasurer, assigned by the LGU, to manage the disbursement and recording of the funds for greater accountability.

- An Oversight Committee, composed of representatives from the LGU, the local police, the military and SMI, was mandated to monitor the efficiency of the program, activities and accomplishments.
- SMI had the prerogative to commission an internal audit once a year focusing on disbursement and legitimacy of the use of the funds based on MOA provision.

SMI does not condone violence in any form and actively promotes and supports a peaceful approach to conflict resolution that upholds human rights and respects national laws and regulations, and international standards.

The case of Juvy Capion, which took place in October 2012, was not linked to the Tampakan Project. SMI was deeply saddened by these tragic events and has engaged with the military to ensure appropriate investigations and follow-up actions were carried out. These are currently ongoing. Further, SMI made the decision to discontinue support to the military following the expiration of the current MoAs. The last MoAs expired in October 2013, and as of 1 November 2013, SMI does not provide any financial support to the military, or to the CAFGUs. We continue to work with our local stakeholders to reduce violent conflict, enhance security, and find long-term solutions to the law and order issues affecting communities in the region.

### **Human Rights at SMI**

Internally, SMI has a policy of no transfer of equipment to outside parties for any security-linked purpose. All employees and security contractors are required to undergo annual training on the Voluntary Principles on Security and Human Rights. SMI also has an established grievance resolution mechanism that captures and addresses formal grievances, as well as general community complaints, concerns, and inquiries. The grievance mechanism was reviewed and enhanced in 2012 following meetings conducted with the community tribal councils and local government units both in the barangay (village) and municipal levels. As a result of this mechanism, in 2012 alone, SMI processed a total of 296 complaints, of which 213 were resolved through dialogues and discussions, 76 were referred to third parties – such as the barangay and municipal government units or the National Commission on Indigenous Peoples (NCIP) – and seven remain ongoing for resolution.

The activities at the Tampakan project have been reduced to focus on strengthening government and community relations. Depending on the results of these efforts, SMI may consider forming an external stakeholder advisory panel to help monitor security and human rights issues.

We are encouraged by the strong support we continue to receive from the majority of our host communities, including Indigenous Peoples, local government units and business and community partners. We continue to receive positive feedback from our ongoing stakeholder consultations.