

# GLENCORE

**Baar, Switzerland  
16 February, 2016**

## **Response to Global Witness**

### **Introduction**

The Glencore Group is an active member of the Extractive Industries Transparency Initiative (EITI). The EITI process is a multi-step process which explicitly provides for the reconciliation of information submitted by companies and Government Entities in order to arrive at an accurate presentation of the information. Kamoto Copper Company (KCC) reported the payments that it made on behalf of Gecamines or at the behest of Gecamines as payments made to Gecamines for the purposes of the EITI because the payments discharged KCC's obligations to make these payments to Gecamines, and were made in accordance with the joint venture agreement with Gecamines executed in 2009 (JVA) or in accordance with the directions of Gecamines.

Gecamines agreed with KCC's submissions in 2013 and 2014 and subsequently adjusted their submissions to reflect such payments by KCC. The process in respect of the 2015 EITI report is ongoing.

### **KCC - Pas de Porte and Royalty payments:**

The Pas de Porte payments for 2013, 2014, 2015 and 2016 were made to Africa Horizons Investment Limited (AHIL) in accordance with a payment instruction from Gecamines<sup>1</sup>. The Pas de Porte payments are payable in terms of the JVA.

In 2013, 2014, 2015 and 2016 royalty payments were paid to AHIL in accordance with the payment instruction from Gecamines and the subsequent tri-partite royalties agreement between KCC, Gecamines and AHIL, which was entered into at the behest of Gecamines. In addition, in 2013 and 2014, the royalty payments as disclosed in the annual EITI submissions include amounts that were paid by KCC to drilling contractors on behalf of Gecamines that are to be set-off against future royalty payments due to Gecamines (now AHIL under the tri-partite royalties agreement) in accordance with the JVA which imposed the mechanism for the repayment of the drilling costs.

### **KCC – waiver of its right of offset against Gecamines royalties until 2019**

The JVA provided that Gecamines had to provide certain replacement reserves to KCC by 1 July 2015. Due to delays and difficulties in the drilling and exploration programme that Gecamines was conducting, Gecamines requested an extension to the 1 July 2015 deadline. KCC engaged in good faith negotiations with Gecamines with a view to accommodating Gecamines' requests in a manner that did not prejudice KCC interests. These negotiations

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<sup>1</sup> The terms access premium, Pas de Porte and signature bonus are used interchangeably when referring to mining conventions in the DRC. KCC generally refers to access premium and Pas de Porte given that the amounts are usually determined on a USD/mt basis in respect of commercially exploitable reserves.

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resulted in amendments to the JVA which, inter alia, extended the deadlines to 2017 and then 2019.

### **KML – disclosure of related party transactions**

KML has complied with its disclosure obligations pursuant to Canadian securities laws and in accordance with the rules governing its listing on the Toronto Stock Exchange (TSX).

### **For further information please contact:**

Charles Watenphul                      t: +41 41 709 2462                      m: +41 79 904 3320                      charles.watenphul@glencore.com

[www.glencore.com](http://www.glencore.com)

### **Notes for Editors**

Glencore is one of the world's largest global diversified natural resource companies and a major producer and marketer of more than 90 commodities. The Group's operations comprise around 150 mining and metallurgical sites, oil production assets and agricultural facilities.

With a strong footprint in both established and emerging regions for natural resources, Glencore's industrial and marketing activities are supported by a global network of more than 90 offices located in over 50 countries.

Glencore's customers are industrial consumers, such as those in the automotive, steel, power generation, oil and food processing. We also provide financing, logistics and other services to producers and consumers of commodities. Glencore's companies employ around 160,000 people, including contractors.

Glencore is proud to be a member of the Voluntary Principles on Security and Human Rights and the International Council on Mining and Metals. We are an active participant in the Extractive Industries Transparency Initiative.