



# **Public Due Diligence Report October 2019**

**RESPONSIBLE MINERALS ASSURANCE PROCESS**

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## 1. Company Information

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The Murrin Murrin Nickel Cobalt Facility is operated by Murrin Murrin Operations Pty Ltd (MMO). MMO is one of Australia's largest nickel and cobalt producers and is wholly owned by Glencore, one of the world's largest globally diversified natural resource companies.

MMO's plant was officially opened in 1999. The mining and processing facility is located in the north-eastern Goldfields region of Western Australia, with corporate offices situated in Perth, Western Australia. MMO mines its wholly owned lateritic nickel and cobalt bearing ore which is processed by means of high pressure acid leach (HPAL) technology, mixed sulphide precipitation, cobalt refining and nickel refining. MMO's products are high quality, refined metallic nickel, refined metallic cobalt and ammonium sulphate. Own production is periodically supplemented by (third party) feed sourced from third parties both within Australia and abroad.

MMO purchases third party feed within Australia directly from Australian suppliers while international feeds are purchased from Glencore International (GIAG), a Glencore trading company.

MMO's CID number is CID003406.

For more information, please visit our website at <https://www.minara.com.au/>.

## 2. Responsible Minerals Assurance Process (RMAP) Assessment Summary

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MMO underwent an RMAP assessment from 19-21 November 2019. The assessment, conducted by Arche Advisors, will be valid for one year. The assessment period is from 1 October 2018 – 30 September 2019. The assessment summary report will be made public and will be available on MMO's website once issued.

## 3. Supply Chain Policy

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Glencore continuously strives to improve the four pillars of our sustainability strategy, namely safety, health, environment and community & human rights at all levels of our operations. Glencore has incorporated these pillars into its Supplier Standards, which standards have been fully implemented at MMO and apply to all of our suppliers and supplier contracts. Our suppliers are critical partners in our commitment to operate in a manner that is responsible, transparent and respects the human rights of all.

The supply chain policy is fully aligned with the third edition of the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance). It covers all of the risks identified in Annex II of the OECD Guidance and its geographic scope is global. The company is committed to addressing any Annex II risks if identified. The Glencore Supplier Standards were reviewed and approved by senior management, which committed to support their implementation. The policy has been widely disseminated to relevant stakeholders (suppliers, customers, employees etc.) and is available on the company website at <https://www.glencore.com/suppliers>.

## 4. Management System

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### 4.1 Management Structure

Glencore has implemented a Group compliance framework that includes a range of policies, procedures, guidelines, training and awareness, monitoring and investigations, to which MMO subscribes completely. All of our permanent and temporary employees, directors, officers and suppliers must comply with our relevant compliance policies, procedures and guidelines, in addition to complying with applicable laws and regulations.

Our policy framework encompasses our values, Code of Conduct and policies, procedures and guidelines on various compliance topics including anti-corruption, sanctions, anti-money laundering, the prevention of fraud, market abuse, the prevention of the facilitation of tax evasion, competition law, data protection and conflicts of interest. This framework reflects our commitment to uphold good business practices and to meet or exceed applicable laws and external requirements.

To ensure the effective implementation of the Glencore compliance programme, MMO has appointed a compliance coordinator whose role is to support our MMO employees in day-to-day business considerations, particularly those seeking advice on ethical, lawful behaviour or policy implementation.

MMO updated its supplier due diligence framework in May 2019 to fully incorporate the requirements of the Glencore Supplier Standards in its onboarding of new suppliers, becoming one of the first of the Glencore group companies to do so. The company has communicated the new requirements to all identified upstream suppliers. Furthermore, the company has incorporated due diligence requirements into legally binding agreements with direct suppliers, including the right to conduct on-site audits of its suppliers' systems.

### 4.2 Internal Systems of Control

#### ***Training***

Our employees receive induction sessions and ongoing training on a range of compliance issues, including Supplier Standards. Employees are required to complete training on Supplier Standards, our Code of Conduct as well as our Global Anti-Corruption Policy, which includes guidance on important topics such as raising concerns, facilitation payments, the giving and receiving of gifts and entertainment and dealings with public officials. We tailor our training and make them relevant for our employees by including real-life hypothetical scenarios that illustrate how legal and ethical dilemmas might manifest themselves in their daily work activities. All employees also undertake annual online training and assessment relating to Glencore's Code of Conduct and anti-corruption and bribery policies.

#### ***Monitoring***

As part of the Glencore Group compliance programme, Glencore conducts monitoring on a risk-based basis to test and verify compliance with the Group policies, procedures and guidelines and with the laws and regulations applicable to Glencore's marketing and industrial activities. This entails performing periodic and ad hoc testing reviews in accordance with corporate testing and monitoring plans, analysing documents and procedures and, in the case of findings, collaborating with the

relevant marketing office or industrial operation to determine the most appropriate course of action, including any required corrective action.

The Glencore Group has a Business Ethics Committee (BEC) that comprises Glencore's CEO, CFO, and Glencore General Counsel, senior management and members of the compliance team. The BEC considers compliance issues relevant to the Group and reviews and approves Glencore policies, procedures and guidelines. The BEC reports to the Board through the relevant committees.

### ***Grievance Mechanism***

Everybody working for Glencore including contractors and suppliers, must promptly raise any situations in which the Glencore Code of Conduct, its underlying policies or the law appear to have been breached. Concerns can be raised confidentially and without retaliation through the Glencore Raising Concerns Programme at [glencore.raisingconcerns.org](http://glencore.raisingconcerns.org).

### ***Chain of custody controls***

MMO controls the origin of its third party feed material through a chain of custody procedure that ensures that at each point of delivery there are checks and balances in place to ensure the integrity of the process remains intact. Bills of lading, packing lists, certificates of analysis and weight certificates for each delivery are checked at every point in the third party feed supply chain and a final reconciliation done for each delivery at the ultimate refinery delivery point.

## 4.3 Record Keeping System

MMO requires that all records relating to the due diligence program are maintained as required under local law and in accordance with best document retention practice and as a general rule require that documents are maintained for at least five years and that they be properly used and safely stored in our online company database.

## 5. Risk Identification

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In support of the Glencore supply chain policy, MMO has implemented a mandatory internal procedure and guideline for supplier onboarding and due diligence (MMO Framework) as follows:

- The company's Supply and Logistics (S&L) department, overseen by the S&L Manager, is responsible for the creation of potential new suppliers and the modification of existing active suppliers in accordance with a formalised onboarding procedure, which procedure is underpinned by Glencore's Supplier Standards and Know Your Counterparty procedure.
- Any potential new supplier or an existing supplier whose contract comes up for renewal has to complete an MMO Supplier Survey Questionnaire, which questionnaire is an amalgamation of Glencore's Know Your Counterparty procedure, the Glencore Supplier Standards and MMO's own internal accountability processes.

- A Thomson Reuters Accelus Screening (supported by additional open source searches) is also independently undertaken by Glencore's Regional Compliance Officer, to screen suppliers against Sanctions, Law Enforcements, Regulatory Enforcements and Politically Exposed Person (PEP) watch lists for compliance with Anti-Money Laundering (AML), Know Your Counterparty (KYC), Counter Terrorist Financing (CFT) and PEP regulations.
- Any concern identified through the questionnaire or the screening is escalated for review to a review team consisting of the MMO General Counsel (who also fulfils the role of Compliance Coordinator), the MMO Finance Director as well as the MMO S&L Manager. Concerns may also be escalated to the Glencore Regional Compliance Coordinator, and further up the chain to Glencore head offices in Baar, Switzerland.
- For third party feed into our refinery, MMO has specifically developed a supply chain risk due diligence guideline to identify CAHRAs and provide guidance to the review team when evaluating concerns raised through the questionnaire or the screening described above to ensure that human rights abuses, modern slavery and child labour do not occur in our third party feed supply chain.
- This guideline includes the resources used, the criteria to define a "conflict-affected and high-risk" area as well as the frequency with which our determination is reviewed. Glencore uses the following resources to determine CAHRAs:
  - *Transparency corruption perceptions index;*
  - *Fragile State Index;*
  - *Global Slavery Index;*
  - *Heidelberg conflict barometer;*
  - *UNICEF child labour*
- We require all our suppliers to adhere to the Glencore Supplier Standards and include contractual language to this effect in our standard terms and conditions. We may continue to contract with at risk suppliers subject to mutually agreed corrective actions being in place. Corrective actions may include more stringent contract clauses, more frequent review of supplier systems and onsite audits. Where zero tolerance risks are identified through our due diligence process, we will disengage with a supplier until such risks are satisfactorily addressed.

During the assessment period Glencore identified no zero tolerance risk suppliers and only one third party feed material which originates from a high risk country. This potential high risk material has been deemed to be acceptable as the producer has all relevant policies and systems in place. Further, the mine of origin and production facility will be audited in 2020 against LPPM's responsible sourcing standard.

## Annexure

# The Glencore Group Sustainability Commitment

Glencore is committed to creating value for all of our stakeholders in a manner that is responsible, transparent and respects the rights of all, and reflect this commitment through our ambition to integrate sustainability throughout every aspect of our business.

Our Group Sustainability management framework incorporates all of our commitments concerning our sustainability practices.

We uphold the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the UN Universal Declaration of Human Rights. We work in accordance with a number of specific international frameworks, including the:

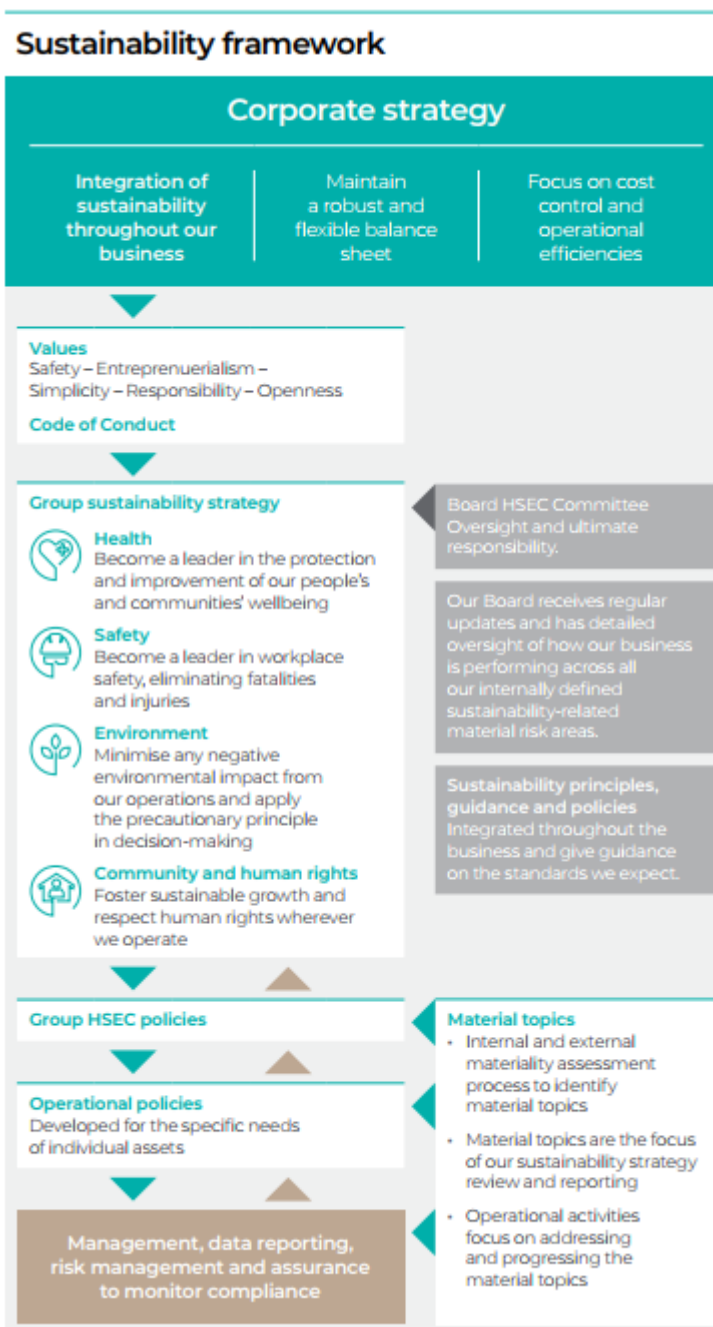
- Core Conventions of the International Labour Organization (ILO)
- UN Guiding Principles on Business and Human Rights (UNGPs)
- Extractive Industries Transparency Initiative (EITI)
- Global Reporting Initiative (GRI)

In 2014, we signed up to the United Nations Global Compact (UNGC), aligning our strategies and operations with the UNGPs, which cover human rights, labour, environment and anti-corruption.

The UNGC also encourages participants to support the UN Sustainable Development Goals (SDGs), with an emphasis on collaboration and innovation.

In that year, we joined the International Council on Mining & Metals (ICMM) and endorsed its sustainable development framework principles.

In March 2015, we became a corporate participant in the Voluntary Principles on Security and Human Rights (Voluntary Principles) Initiative. We have been implementing the Voluntary Principles at those of our assets with a high risk of security-related human rights breaches since 2013.



As part of our sustainability framework, and because we also believe it is paramount to keep our stakeholders around the world informed about our non-financial performance, we publish an Annual report and a Sustainability report yearly. Our Sustainability Report 2018 forms part of Glencore's annual corporate reporting suite. It expands on the information provided in our Annual Report 2018,

detailing how we address the most material sustainability risks and opportunities we faced during the year including but not limited to topics covered by our Group HSEC Policies<sup>1</sup>:

- Global Anti-Corruption Policy
- Human Rights Policy
- Sustainability Policy
- Group Tax Policy
- Supplier Standards

In addition to our Sustainability report, as part of our commitments to the UNGC, ICMM, EITI GRI, Voluntary Principles Initiative and CDP (water), we submit standalone reports to these bodies, which can be found on their websites as they make them available. We also publish regular reports, statements and updates on our activities via our website, for example our Modern Slavery Statement or Human Rights Report.

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<sup>1</sup> <https://www.glencore.com/who-we-are/governance>