

# Public Responsible Supply Chain Due Diligence Report

**PHILIPPINE ASSOCIATED SMELTING AND REFINING  
CORPORATION**

**(PASAR)**

## Public Responsible Supply Chain Due Diligence Report

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This Step 5 Report summarizes how Philippine Associated Smelting and Refining Corporation (PASAR) as a London Metal Exchange (LME) brand producer of copper has complied with the brand compliance requirements defined in the LME Policy on Responsible Sourcing of LME-Listed Brands, version 2023 (LME Responsible Sourcing Policy), for the year ending 31 December 2023 (Report).

The LME Responsible Sourcing Policy requires LME brand producers to implement the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (3rd edition) (OECD DDG).

Date of the Report: 3 May 2024

Public location of this Report:

<https://www.glencore.com/publications/esg-publications>

## 1. Company information

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Company Name	Philippine Associated Smelting and Refining Corporation (PASAR)
Company location	LIDE, Isabel, Leyte 6539 Philippines
Description of industrial asset	<p>PASAR is a copper smelter and refinery plant located in Isabel, Leyte, Philippines. PASAR was established by the Philippine Government on 7 December 1976 and started its commercial operations in 1983. In 1999, it was privatized.</p> <p>PASAR has been the producer of the LME copper cathode brand 'PSR' since 2008. PASAR has an annual copper cathode production of about 200k metric tons. In 2023, roughly half of the material used to produce copper cathodes at PASAR was sourced through Glencore International AG (GIAG), whereas the rest was directly sourced by PASAR from third-party suppliers. Web site: <a href="https://pasar.com.ph/en">https://pasar.com.ph/en</a></p>
Metal/mineral material produced	<p>PASAR produces the following metals/minerals products:</p> <ol style="list-style-type: none"> <li>1. Copper cathodes</li> <li>2. Copper anodes</li> <li>3. Dore metal</li> <li>4. Iron concentrates</li> <li>5. Selenium powder</li> <li>6. Copper telluride</li> <li>7. Nickel sulfate</li> <li>8. Anode slimes</li> </ol>
Type of operation	Smelter and refinery
Ownership structure, including any subsidiaries	Glencore plc indirectly holds 78% of PASAR, and the breakdown of the remaining shareholdings can be found <a href="#">here</a> .

Time period covered by this report	1 January 2022 – 31 December 2023
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## 2. Third party assessment summary

Date of last assessment	PASAR has been successfully assessed by the LME under Track C in 2022 (on full year 2021 information) and in 2023 submitted the Track A notification (on full year 2022 information). The first LME Track A Responsible Sourcing assessment was conducted in April 2024 (on full year 2022 and 2023 information).
Assessment period for the upcoming assessment	1 January 2022-31 December 2023  Note: This is our first publicly accessible report covering a two-year period. From 2024 onwards the report will cover an assessment period of 12 months only.
Assessment firm for the upcoming assessment	Arche Advisors, an audit firm accredited by the LBMA and approved by the LME and the Copper Mark.

## 3. Responsible sourcing policy framework

Glencore recognises the imperative of responsible sourcing and supplying metals and minerals that advance everyday life. Responsible sourcing is our approach to consider social, ethical, and environmental considerations with regards to our products and supply chains and when managing our relationships with our suppliers. We expect our suppliers to share our commitment to ethical, safe, and responsible business practices in line with our Purpose and Values.

To this end, Glencore operates a standalone [Responsible Sourcing Policy](#), which has been implemented across the Group. The Responsible Sourcing Policy is a public facing document which sets out Glencore's commitments to responsible sourcing, whether it is goods, services, metals, or minerals. The policy sets out the specific requirements we apply to suppliers of metals and minerals and details Glencore's implementation of the OECD DDG.

Glencore also operates a [Supplier Code of Conduct](#) (Supplier Code) which defines our requirements and expectations of our suppliers. With respect to minerals and metals, the Supplier Code is consistent with the minimum standards set out in Annex II of the OECD DDG. The Supplier Code is widely disseminated to relevant stakeholders (suppliers, employees, etc.) and remains publicly available on the Glencore website.

Glencore's **Responsible Sourcing Standard** is an internal document that we are progressively implementing across all Glencore marketing offices and industrial assets. It defines mandatory minimum requirements for all Glencore commodity departments to identify, assess and manage the key responsible sourcing risks associated with our suppliers of goods, services, metals and minerals. The Responsible Sourcing Standard

is aligned with the requirements of our Responsible Sourcing Policy and, for metals and minerals, with the requirements of the OECD DDG.

Glencore's **Supply Chain Due Diligence Procedure – Metals and Minerals (SCDD Procedure)** further supports the requirements of the Responsible Sourcing Standard and sets out, for metals and minerals, the due diligence steps 1-5 as outlined in the OECD DDG.

Glencore's Responsible Sourcing Policy, Standard and SCDD Procedure apply to all employees, directors and officers, as well as contractors under Glencore's direct supervision, working for a Glencore office or industrial asset directly or indirectly controlled or operated by Glencore plc worldwide.

Glencore's responsible sourcing policy architecture is part of the Group's broader approach to sustainability and supports the efforts of its Ethics & Compliance Programme. It further complements the Groups' Values, Code of Conduct and a suite of other policies, standards, procedures and guidelines on various key matters and risks to Glencore. This framework reflects Glencore's commitment to promote responsible and ethical business practices. See also: <https://www.glencore.com/who-we-are/policies>.

The Group policy framework and its supporting policies, standards, procedures, guidelines and operational processes embed our commitment to respect human rights and align with the UNGPs. Through our policies, standards, and processes, we are committed to respecting human rights in accordance with the United Nations (UN) Universal Declaration of Human Rights, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the UNGPs and the UN Global Compact.

Glencore's policy framework applies to and is further implemented by PASAR through its complementary Supply Chain Due Diligence Procedure – Metals and Minerals (PASAR Procedure). The PASAR Procedure outlines, in conjunction with Glencore's SCDD Procedure, the steps required to conduct SCDD for PASAR's third-party suppliers to meet the requirements of our Responsible Sourcing Standard.

## 4. Management system

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### 4.1. Management structure

Glencore's Board's Health, Safety, Environment and Communities (HSEC) Committee sets the strategic direction for Glencore's sustainability activities and oversees the development and implementation of its HSEC&HR programmes. It meets at least four times a year and receives regular updates on how the business is performing across internally defined, sustainability-related material risk areas. Responsibility for implementing and monitoring our sustainability activities across the Group rests with its senior management, including the Chief Executive Officer, Head of Industrial Assets and heads of our corporate functions and commodity departments.

Glencore's Group Sustainability function (Group Sustainability) has a dedicated Group Responsible Sourcing Team (GRST) that manages the responsible sourcing programme across the commodity departments for metals and minerals and goods and services and that supports Glencore industrial assets with the implementation of the Responsible Sourcing Policy.

The GRST reports to the Head of Sustainability, who can further escalate cases as necessary to the Business Approval Committee, which is composed of the CEO, CFO, General Counsel, Head of Sustainability and other relevant function or business heads as required. It determines and sets guidance and criteria for, and

reviews business relationships, transactions or counterparties that give rise to ethical or operational concerns.

Glencore has a Group Corporate Compliance Team responsible for monitoring and continuously improving Glencore's Ethics and Compliance Programme, which includes Know Your Counterparty ("KYC") assessments of suppliers of metals and minerals.

Regional Compliance teams are responsible for implementing and maintaining Glencore's Ethics and Compliance Programme at the regional level. Regional Compliance Officers (RCOs) provide guidance to the business and support local compliance officers and coordinators. Designated Regional Compliance Officers report to the Head of Compliance for Metals, Minerals and Coal and can escalate cases as necessary to Group Compliance, Group Legal or GRST in Baar, Switzerland (headquarters of Glencore).

The GRST and the Group Corporate Compliance Team closely interact, share tools, use a common platform to manage counterparties due diligence and share a common list of declined and red flag parties. As part of our efforts for continuous improvement both teams further worked on aligning each other's processes.

PASAR's internal management structure supports supply chain due diligence activities. This includes the allocation of responsibility for copper and precious metals SCDD, grievance mechanisms, and training to the appropriate employees: the RCO and metallurgical team. These teams are accountable directly to the PASAR Senior Leadership Team. The Senior Leadership Team is comprised of various key positions: PASAR's General Manager, Supply Chain, Commercial & Logistics Manager, Smelter Operations & Maintenance Manager; Refinery, Dore, SFP Operations & Maintenance Manager, Asset Management Manager, Process & Operational Excellence Manager, Health, Safety, Security & Environment Manager, Engineering, Projects and & Site Services Manager, and the Finance Manager.

## 4.2. Internal system control

### Training

Glencore employees receive induction and annual training on a wide range of policies and standards, including Glencore's Code of Conduct, the Supplier Code, and the Responsible Sourcing, Human Rights, Anti-Corruption and Bribery, Anti-Money Laundering, Sanctions, and Whistleblowing Policies. This includes guidance on important topics such as raising concerns, facilitation payments, the giving and receiving of gifts and entertainment, and dealings with public officials.

Training is provided at our marketing offices and industrial assets to raise awareness and inform the respective sourcing teams on our responsible sourcing programme. Training materials are tailored to make them relevant by including practical questions and hypothetical scenarios illustrating how responsible sourcing and ethics and compliance dilemmas might manifest themselves in an employee's daily work.

During the assessment period, PASAR key employees participated in multiple training sessions to reinforce Glencore's behavioural expectations:

- March 2023 – Online training for Third Party Due Diligence providing a detailed overview of the Third-Party Due Diligence Management Procedure (TPDDMP) and the Know Your Counterparty (KYC) Procedure.
- August 2023 - Mandatory Annual Compliance Training, covering the Code of Conduct, Anti-Corruption and Bribery, and Competition Law, delivered through online platform.

- September 2023 – In-person training by the GRST on the Responsible Sourcing Policy and Standard, attended by PASAR employees from various departments including Port, Commercial, Smelting, Refining, Safety, Metal Balance, and Metal Accounting Team.
- January 2024 – Refresher training on responsible sourcing of metals and minerals by the GRST.

Furthermore, PASAR has promoted awareness of the Code of Conduct and Responsible Sourcing Policy by displaying visual materials at its facilities, emphasising zero tolerance policy for breaches, supported by the Raising Concern Programme.

By the end of Q2 2024, PASAR employees for which the Responsible Sourcing Standard is relevant are expected to participate in a Supplier Code of Conduct training organised by Group Sustainability.

### **Commercial contracts**

Through the implementation of our Supplier Code, which we generally seek to incorporate in our supplier contracts and which we have made publicly available on the Glencore website, we aim to ensure a broad dissemination among all relevant stakeholders (including suppliers and employees). This Supplier Code outlines our expectation that our suppliers, in their dealings with us, will adhere to the standards and expectations set forth therein, and particularly emphasises ethical practices and compliance with our due diligence requirements.

The Supplier Code requires suppliers, when working with us, to act in a manner consistent with our expectations and requirements. Additionally, in respect of certain high-risk areas, including modern slavery and child labour, the Supplier Code requires suppliers to propagate our standards to their own supply chains, as part of our efforts for a cascading effect of our ethical and due diligence standards. In respect of all other areas, the Supplier Code also encourages suppliers to set similar expectations to those in our Supplier Code.

During the assessment period roughly half of the material used to produce copper cathodes at PASAR was sourced through Glencore International AG (GIAG), the principal trading company of the Glencore Group, whereas the rest was directly sourced by PASAR from third-party suppliers. Both PASAR and our marketing offices follow the same approach and structure as described in section 4.1 above with respect to onboarding suppliers and concluding or renewing supplier contracts, and seek to include relevant Supplier Code related clauses.

### **Cash payment**

Only payments through official bank transfer are accepted, and no cash transactions are allowed.

### **Chain of custody controls**

- **Documentation** - PASAR monitors the origin of its feed material by ensuring that shipping documents are in place for each delivery. Certificates of Origin, Bills of Lading, packing lists, certificates of analysis and weight certificates and insurance certificates (if applicable) for all the deliveries are collected and checked at all times. Regular communication between the Supplier and the Commercial/Raw Materials Teams is conducted to ascertain the chartered vessel's location, its itinerary, and arrival at PASAR.

- **Inspection/receiving of material** – All materials received at PASAR are inspected against shipping document specifications. Materials are weighed, sampled, and tested in our laboratory. Non-conforming materials are reported to the Commercial Team who notifies the supplier and segregates the non-conforming materials pending quality reassessment or lab assay results. The materials are stored separately to prevent co-mingling. For containerized materials received at PASAR, container numbers and seals are cross checked against the shipping documents upon arrival at our asset.
- **Metal tracking** - PASAR uses a data management system, managed by the Metal Balance department, to track metal inputs to the smelter, employing third party software for provisional assays, weights, and plant assays from Laboratory Integrated Management System (LIMS) and weight data in the PI system. This software reconciles information to track metal inventory, including inputs, work-in-process materials, output, and process losses.
- **Concentrate feed management** - Standard procedures and physical controls are established to minimise metal losses and segregate concentrate qualities. Controls include a daily storage plan, concentrate quality labelling, housekeeping, and daily blend plans distribution to relevant teams, and daily consumption reconciliation with the Metal Balance Team.

### **Speaking openly and raising concerns**

Glencore is committed to fostering a culture where all individuals, including employees, contractors, directors, and officers working in Glencore offices and industrial assets, as well as third parties such as customers, suppliers, or other stakeholders, feel empowered to express concerns and are able to do so securely and confidentially.

This encompasses issues related to breaches of the Glencore Code of Conduct, Responsible Sourcing Policy or Supplier Code, their underlying policies or the law, which can be raised through either local whistleblowing contacts/reporting channels or Glencore's [Raising Concerns Platform](#). This platform is publicly accessible, including to stakeholders such as communities, shareholders, or partners, and allows the voicing of concerns regarding, among other things, the circumstances of mineral extraction, trade, handling, and export in conflict affected and high-risk areas (CAHRAs).

Glencore's Raising Concerns Programme (RCP) is operated under senior oversight: A Raising Concerns Investigations Committee (RCIC) oversees the operation of this programme and the conduct of investigations, to facilitate recommendations and sanctions being applied consistently across the Group. The RCIC comprises Glencore's CEO, CFO, General Counsel, Head of Industrial Assets, Head of Human Resources and Head of Compliance.

There are three available channels for PASAR employees and other stakeholders to raise grievances/concerns:

1. Employees are encouraged to report a concern to their immediate supervisor;
2. Through the local whistleblowing contacts – who are members of PASAR's management team; and
3. Through the Raising Concerns Programme channels (online platform, telephone hotline or e-mail). Whistleblowers have the option to remain anonymous.

All investigations conducted locally are conducted under the Local Investigations Procedure, with the exception of matters with a severity risk classification as "high". These are investigated by Corporate.



Awareness of the Raising Concerns Programme channels has been raised since 2019 through the local intranet, TV boards and posters strategically located within the plant and at the Makati office. There have been no recorded grievances/concerns raised with regards to PASAR's supply chain during the assessment period.

### 4.3. Record keeping system

Glencore has a Group level [Information Governance Policy](#) which sets out our approach to how we handle company information, including personal data. At headquarters in Baar, Switzerland where SCDD and KYC is conducted on Pasar's suppliers, documents are stored according to the local Retention and Destruction Procedure and a live document Retention Schedule which outlines the minimum length of retention based on the types of records.

PASAR requires that all records, including those relating to the supplier risk management, for example responsible sourcing, chain of custody and training evidence, are maintained as required under local law (including privacy laws) and in accordance with relevant local procedures. Relevant documents are kept for a minimum of ten (10) years.

## 5. Risk identification

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### 5.1. Our Approach

#### **Know your counterparty**

Corporate and Regional Compliance Teams screen suppliers against sanctions, law enforcement, regulatory enforcement 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.

#### **Supply chain due diligence**

As outlined in the Group Responsible Sourcing Policy, Glencore has a comprehensive framework for identifying and managing key risks in our metals and minerals supply chains, from supplier due diligence, selection, onboarding and monitoring, through to disengagement. Suppliers are assessed by the GRST based on their risk and directed to the most appropriate risk management process, in accordance with the 5-Step due diligence framework defined in Annex I of the OECD DDG.

As part of the risk identification process, GRST reviews and determines whether there are any red flags as defined by the OECD DDG related to the third-party feed. If so, the supplier is reviewed against risks associated with the extraction, transport or trade of minerals specified in Annex II of the OECD DDG. For the identification of OECD DDG related red flags we use a list of CAHRAs. CAHRAs are typically regions or countries with socio-economic and political crises, institutional weakness and weak rule of law, widespread violence including armed conflicts. Such countries are susceptible to widespread human rights abuses, including torture, cruel, inhumane and degrading treatment, child, forced or compulsory labour and sexual violence.

Glencore's CAHRA list is developed based on internationally recognised indices on conflict, democracy and rule of law, and human rights. The Glencore CAHRA list also considers the US Dodd Frank Act, the EU

indicative and non-exhaustive CAHRA list for tin, tantalum, tungsten and gold, and countries where artisanal small-scale mining (ASM) is prevalent for minerals sourced by Glencore.

Glencore's CAHRA list is generally updated on an annual basis to reflect significant changes in country circumstance by GRST upon consultation with an external consultant. In 2023, the following relevant indices were used to obtain the list of CAHRAs (countries and regions):

#### **Child labour**

- [US Department of Labor List of Goods Produced by Child Labor or Forced Labor](#) (updated 23 June 2021)

#### **Modern slavery, forced labour and human trafficking**

- [US Department of Labor List of Goods Produced by Child Labor or Forced Labor](#) (updated 23 June 2021)

#### **Gross Violations of Human Rights**

- [Fragile States Index](#) (updated 20 May 2021)
- [World Governance Indicators](#) – Political Stability and Absence of Violence/Terrorism (updated 30 September 2021)

#### **Conflict**

- [Fragile States Index](#) (updated 20 May 2021)
- [Global Peace Index](#) (updated 4 June 2021)
- [World Governance Indicators](#) – Political Stability and Absence of Violence/Terrorism (updated 30 September 2021)
- [Indicative, non-exhaustive list of Conflict-Affected and High-risk Areas under Regulation \(Eu\) 2017/821](#), aka "EU CAHRA List" (updated March 2023)

#### **Corruption (including illegal taxation or extortion)**

- [World Governance Indicators](#) – Control of Corruption (updated 30 September 2021)
- [Corruption Perceptions Index](#) (updated 25 January 2022)

Where a red flag is identified or other potential risks are identified through negative news, which indicate a potential breach of our Supplier Code, GRST undertakes enhanced due diligence. Tools used in risk assessments include relevant third-party database screenings, open-source desktop research, supply chain due diligence questionnaires, which are sent to direct suppliers and, where relevant and feasible, on-the-ground assessments.

## **5.2. Risk identification – results**

During the assessment period, PASAR received and processed copper and gold bearing feed from third-party suppliers. A small number of third-party suppliers were identified as high risk, either due to the fact that their materials originated from CAHRAs, or because the material supplied was deemed to be inherently high risk as per the OECD DDG. A few of these high-risk third-party suppliers triggered enhanced due diligence (EDD) measures due to their association with adverse press coverage.

EDD was conducted on these suppliers to verify whether policies and procedures are in place to manage risks. The outcome of the engagement found that the suppliers with negative press coverage and the suppliers with OECD DDG red flags are managing the risks. The suppliers responded to the allegations and showcased evidence of policies and procedures in place to identify and mitigate the risks in their supply chains.

For the remaining suppliers, our outreach and engagement thus far has been positive but is ongoing into 2024. The outcome of the ongoing EDD on these suppliers will determine the need for on the ground assessment and/or Corrective Action Plans (CAPs). However, no risks have been thus far identified which require disengagement. All records of supplier engagement are tracked and stored in Glencore's internal Risk Management Platform.

## 6. Risk mitigation

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We are committed to addressing OECD DDG Annex II risks, identified through our comprehensive responsible sourcing programme.

Where the GRST identifies high risk suppliers based on the OECD DDG red flags or negative news, suppliers are engaged, and, if relevant and feasible, bespoke CAPs are designed on the basis of the severity of the risks identified, the size and complexity of the supplier company. Specific timeframes for measuring objective improvements are detailed in the CAPs, which are incorporated into the contractual obligations.

Glencore follows the OECD DDG while sourcing from, operating in, or transiting through CAHRAs including the suspension and termination guidance on risks outlined in Annex II of the OECD DDG which is reiterated in Glencore's Responsible Sourcing Policy.

As detailed in section 5.2, we continue engaging with the relevant high-risk suppliers to assess their situation further. The outcomes of these EDD engagements will determine the necessary risk mitigation strategies, which may include ground assessments and/or the development of tailored CAPs.

## 7. Extractive Industry Transparency Initiative

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Glencore has been an active supporter of the Extractive Industry Transparency Initiative (EITI) since 2011 and engages with the EITI at both local and international levels. Glencore is supportive of the EITI and the objective of the EITI Association to make the EITI Principles and the EITI Standard the internationally accepted standard for transparency in the oil, gas, and mining sectors.

Where we operate in EITI member countries, we provide local EITI disclosures, participate in local multi-stakeholder groups and engage in policy consultation processes as appropriate.

Glencore promotes commodity-trading transparency by disclosing the payments Glencore makes to state-owned enterprises in EITI member countries for the purchases of crude oil, minerals and metals. The Glencore [annual Payments to Governments report](#) is prepared in line with UK Transparency Requirements, which were introduced to implement the payments to governments requirements provided for in the EU Transparency and Accounting Directives (in the form as they continue to apply following the UK's exit from the European Union), and includes a voluntary additional report of payments by 'regions and commodity'.

**Important information**

This material does not purport to contain all of the information you may wish to consider.

**Cautionary statement regarding forward-looking information**

Certain descriptions in this document are oriented towards future events and therefore contains statements that are, or may be deemed to be, “forward-looking statements” which are prospective in nature. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to differ materially from any future event, results, performance, achievements or other outcomes expressed or implied by such forward-looking statements. No statement in this document is intended as any kind of forecast (including, without limitation, a profit forecast or a profit estimate), guarantee or prediction of future events or performance and past performance cannot be relied on as a guide to future performance. Except as required by applicable regulations or by law, Glencore is not under any obligation, and Glencore and its affiliates expressly disclaim any intention, obligation or undertaking, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. For further information, see the “Important notice” section of the Glencore 2023 Annual Report which is available at [glencore.com/publications](https://www.glencore.com/publications).

**Information preparation**

In preparing this document, Glencore and/or its affiliates have made certain estimates and assumptions that may affect the information presented. Certain information is derived from management accounts, is unaudited and based on information available at the time. Figures throughout this document are subject to rounding adjustments. The information presented is subject to change at any time without notice and we do not intend to update this information except as required. Subject to any terms implied by law which cannot be excluded, Glencore accepts no responsibility for any loss, damage, cost or expense (whether direct or indirect) incurred by any person as a result of any error, omission or misrepresentation in information in this document.

**Other information**

The companies in which Glencore plc directly and indirectly has an interest are separate and distinct legal entities. In this document, “Glencore”, “Glencore group” and “Group” are used for convenience only where references are made to Glencore plc and its subsidiaries in general. These collective expressions are used for ease of reference only and do not imply any other relationship between the companies. Likewise, the words “we”, “us” and “our” are also used to refer collectively to members of the Group or to those who work for them. These expressions are also used where no useful purpose is served by identifying the particular company or companies.