

Public Responsible Supply Chain Due Diligence
Report
Lomas Bayas

Public Responsible Supply Chain Due Diligence Report

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This Step 5 Report summarises how Compañía Minera Lomas Bayas (“Lomas Bayas”, “LBF”) 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 December 31, 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: 14 March 2024

1 Company information

Company name	Compañía Minera Lomas Bayas (“Lomas Bayas”, “LBF”)
Company location	Camino Minsal Km 36 S/N, Sierra Gorda, Antofagasta Chile The UTM coordinates (Datum WGS 84 H19S) of Lomas Bayas Reference are East (m) 447.349 and North (m) 7.408.455.
Description of industrial asset	Compañía Minera Lomas Bayas is a copper mining company located in Sierra Gorda, Antofagasta, Chile. It began operations in 1998 and has a production capacity of approximately 70,000 tonnes of copper cathodes annually. Lomas Bayas processes oxides and sulphides using a hydrometallurgical process, and it also purchases a by-product from another Glencore Industrial asset located in Chile. The company has obtained several certifications, including ISO 45001, ISO 9001, and ISO 14001.
Metal/mineral material produced	Copper cathodes
Type of operation	Mine, leaching and SX-EW facilities
Ownership structure, including any subsidiaries	Lomas Bayas is indirectly wholly owned by Glencore plc
Time period covered by this report	01 January – 31 December 2023

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2 Third party assessment summary

Date of last assessment	LBF has been successfully assessed by the LME under Track C (Published LME Red Flag Assessment) since 2022 for reporting year 2021. The first LME Track A Responsible Sourcing audit – against the Joint Due Diligence Standard (JDDS) – was conducted in March 2024.
Assessment period of the third-party assessment	01 January 2023-31 December 2023
Assessment firm for the third-party assessment	Arche Advisors, an audit firm accredited by the LME and the Copper Mark.
URL to most recent assessment summary report	The summary assessment report against the JDDS is published here .

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 Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict Affected and High-Risk Areas, 3rd edition (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, customers, employees, etc.) and remains publicly available on the Glencore website.

Glencore’s **Responsible Sourcing Standard** is an inward facing document and is being implemented progressively since June 2022 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

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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.

LBF processes feed from its own mines and a by-product from another Glencore industrial asset in Chile. LBF does not have any third-party suppliers of minerals or metals. While LBF applies Glencore's responsible sourcing programme and the related policy framework, given the nature of its vertically integrated operations and the absence of third-party feed, this did not trigger the need for customisation of the global framework into localised protocols.

4 Management system

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

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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 designing, monitoring and continuously improving Glencore's Ethics and Compliance Programme, which includes Know Your Counterparty ("KYC") assessment of suppliers of metals and minerals.

Regional Compliance teams are responsible for implementing and maintaining of 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. The Regional Compliance Officer reports to the Head of Compliance for Metals and Minerals 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.

LBF's Human Resources Manager is responsible for overseeing the implementation of the Code of Conduct and dedicated employees are responsible for implementing and managing the relevant programmes, such as human rights and the grievance mechanism and training. LBF works with a RCO who support employees in day-to-day operations.

4.2 Internal systems of 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.

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To support this process, LBF keeps records with the details of new employees who have undergone the comprehensive induction programme. LBF also has an internal document, for each employee, called “Hoja de Ruta Inducción”, which captures both the signatures of the employees and specific contents covered during their induction, ensuring transparency and accountability in the training process. In addition, Compliance at LBF also keeps records in our group risk data platform of the compliance training for new employees. The streamlined approach to compliance and other relevant training and documentation underscores LBF’s commitment to maintaining standards of conduct so that all employees are fully equipped to adhere to the company’s policies and procedures.

The following additional trainings were conducted in 2023:

- Code of Conduct and Anti-Corruption Policy training for all new employees.
- Lessons Learned, Anticorruption and Bribery.
- Annual Compliance Training.

Refresher training on responsible sourcing was carried out at LBF during Q4 of 2023, attended by processing staff, raising concerns, shift operators and senior management. By Q2 2024, LBF relevant employees will participate in the 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 seek to ensure a broad dissemination among all relevant stakeholders (including suppliers, customers, 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.

LBF processes materials from its own mines, and a by-product from another Glencore industrial asset, which is in Chile, therefore there has not been a need to include the high-risk supplier code of conduct clauses for the purchase of the by-product.

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Chain of custody controls

LBF has controls in place for receiving incoming material (i.e. the by-product received from another Glencore industrial asset), which includes daily records which confirm that information of incoming transactions, with date, weight and assay information recorded. The material is transported from the other Glencore industrial asset directly to LBF with security seals and a GPS tracking system. Once the material arrives, LBF cross checks information received from the supplying Glencore industrial asset such as dispatch guide, weight report and analysis report. Trucks are re-weighed at the reception point and random samples are carried out for later analysis at LBF's laboratory. Upon receipt, the material is immediately put into consumption i.e. there is no storage. By the end of each month, LBF receives a provisional invoice for all the material received during the month.

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 for the voicing of concerns regarding to the circumstances of mineral extraction, trade, handling, and export in conflict affected and high-risk areas ("CAHRAs").

Glencore's Raising Concerns Programme 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.

LBF employees are informed about the Raising Concerns platform during the onboarding process and through regular updates, including posters throughout the industrial asset. LBF employees have access to the Raising Concern Platform via LBF intranet, promoting an environment of transparency and accountability. All LBF employees have access to the Raising Concerns platform, and they are informed on where and how to raise concerns through official company media. In 2022, Lomas Bayas developed the Local Procedure for Handling Complaints and Claims. All complaints raised are done so anonymously and retaliation on the stakeholder is not tolerated. Employees and contractors are encouraged to first report their concerns to their relevant supervisors, or the nominated Whistleblowing Contact, who is a member of the senior management team. When concerns are not resolved at this level, they are escalated to the Glencore Group programme.

External stakeholders of LBF are encouraged to raise concerns through the Raising Concern Platform, which is accessible through the link on the [Glencore Chile website](#). Both the community and employee mechanisms incorporate zero tolerance for retaliation against those raising concerns.

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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 most of the KYC is conducted on suppliers, documents are stored according to the local Retention and Destruction Procedure and a live document Retention Schedule which outlines minimum length of retention based on the types of records. At LBF, we maintain records of suppliers and metal balance in accordance with Information Governance Policy.

5 Risk identification

5.1 Our approach

Know your counterparty

Corporate and Regional Compliance Teams 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.

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 flag we use a list of Conflict Affected and High-Risk Areas (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 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):

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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, there were no third-party suppliers of minerals and metals. LBF processes feed from its own mines and receives a by-product from another Glencore industrial asset in Chile. The suppliers of this Glencore industrial asset were screened by the GRST according to the approach described above in section 5.1 and no enhanced due diligence had to be conducted.

6 Risk mitigation

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

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Where GRST identifies high risk suppliers based on 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 set out in section 5.2, there were no third-party suppliers of minerals and metals. LBF only receives a by-product from another Glencore Industrial asset in Chile. Therefore, no risk mitigation measures were implemented.

7 Extractive Industry Transparency Initiative

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’.