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FOR IMMEDIATE RELEASE

## **‘Glencore’s ruthless cost-cutting harms communities in the Congo’, say NGOs**

An in-depth study about Glencore’s Congolese mines (*‘PR or Progress? Glencore’s Corporate Responsibility in the Democratic Republic of the Congo’*) published today (Tuesday, 17 June 2014) by the British human rights organisation, Rights and Accountability in Development (RAID) and two leading Swiss development agencies, Bread for All and Fastenopfer, finds that the company’s performance falls far short of international standards in a number of critical areas. Glencore’s CEO Ivan Glasenberg, has told shareholders that the only concern of mine managers should be ‘to get products to the gate as cheaply as possible’. But poor communities living next to Glencore’s mines in the Democratic Republic of Congo (DRC) pay a heavy price for the company’s strategy for success.

Glencore’s turnover (US\$ 239.7 billion in 2013) is more than 30 times the DRC’s national budget, which remains a scandalously poor country despite the wealth of its natural resources. In the DRC, Glencore controls two mining complexes, the Kamoto Copper Corporation (KCC) and Mutanda-Kansuki (MUMI), and buys their entire production. Glencore obtains one fifth of the world’s total cobalt production from its DRC operations.

In May 2011, when Glencore listed on the London Stock Exchange, becoming the first company in 25 years to enter the FTSE 100 index on its first day of trading, its notion of corporate responsibility was rudimentary. Since then, Glencore has been on a steep learning curve and has started to roll out new policies. But, according to this new report, little has changed on the ground in the DRC. The report highlights deficiencies in four areas: security and human rights; community relations; environment; and taxation.

Security and human rights. Glencore continues to rely on police who all too readily use live ammunition and excessive force to guard its concessions from incursions from artisanal miners. Over the past 18 months a number of people have been killed or seriously injured on or near the KCC concession. These incidents are not adequately investigated by the authorities and the victims and families do not receive compensation. The report examines a number of these cases in detail, including the death of 23-year old Eric Mutombo Kasuyi, who died on 15 February 2014, shortly after being arrested by a KCC security patrol.

‘Glencore appears to have adopted a military-style approach to protect its mines which only heightens the risk of human rights violations,’ said Tricia Feeney, RAID’s Executive Director.

Community relations. There is no effective complaints mechanism in place for affected communities and the company does not share its environmental impact assessments and management plans with them. People living in the townships of Luilu and Musonoi have no access to clean water – KCC has not made this a priority. Access roads of crucial importance to the livelihoods of rural communities near MUMI have been closed without prior consultation.

‘The companies never respond to the needs of the communities and their development’, explained one Luilu resident. ‘When the mining companies build roads, what roads are these? They are roads that are for their own benefit.’

Environment. In the case of allegations about pollution, Glencore makes do with half-measures which fail to remedy the problem. In April 2012 Glencore told the BBC that KCC had stopped effluent from KCC’s plant entering the Luilu River. But according to an analysis of water samples, significant levels of pollution, above legal thresholds and World Health Organisation standards, continue to occur:

‘Contrary to the information Glencore has given to investors and the media, its hydro-metallurgical plant continues to discharge effluent into the Luilu River’, said Chantal Peyer of Bread for All. ‘We discovered that waste from the Luilu plant was still being discharged into the River Luilu, only further upstream.’

Nor has Glencore resettled people living in Musonoi, nearest to the KCC’s open cast mine, whose lives over the past few years have been blighted by dust and blasting.

‘In 2009 Glencore decided to speed up the development of its Kamoto mine which required economies elsewhere. So the plan to resettle people from homes severely impacted by blasting – at an estimated cost of US\$ 58 million – was scrapped,’ said Tricia Feeney.

Taxation. Glencore’s investments in community development and infrastructure projects should not blind investors to the fact that the company “optimises” its tax liability by transferring profits to tax havens. In the case of KCC alone, this practice is estimated to have cost the DRC government US\$150 million since 2009.

‘Tax avoidance exacerbates poverty by being responsible for enormous losses in developing countries. What Glencore avoids paying in the Congo is far greater than Swiss development aid to the Congo,’ said François Mercier of Fastenopfer.

Since 2012 Glencore has aligned its policies with the UN Guiding Principles on Business and Human Rights and it has joined the International Council on Mining and Metals (ICMM) which promotes ‘sustainable’ mining. But questions remain about its willingness to translate these policies into effective action in its day-to-day operations.

Glencore’s response: ‘Glencore response to Key Findings and Questions, presented by Bread for All, the Swiss Catholic Lenten Fund and RAID’ is available at: <http://www.glencore.com/>.

**ENDS**

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### Notes to editors

1. This 120-page report is published by Rights and Accountability in Development (RAID) and two Swiss NGOs: Bread for All and Fastenopfer. The research was carried out over an 18-month period into the impact of the operations of two subsidiaries, the Kamoto Copper Company (KCC) and Mutanda Mining (MUMI). Field research was conducted in cooperation with *Action contre l'impunité et pour les droits humains* (ACIDH) a Congolese non-governmental organisation (NGO), and local observers based in Kolwezi.
2. Glencore facilitated a visit by the NGOs to its DRC mines and installations between 7 and 11 October 2013. The company's response to the findings is included in the report.
3. James Wilson and Neil Hume 'Glencore starts to deliver after dust settles' Financial Times 4 March 2014. At [http://www.ft.com/cms/s/0/3d059b74-a3b1-11e3-aa85-00144feab7de.html?ftcamp=published\\_links/rss/markets\\_commodities/feed//product&siteedition=](http://www.ft.com/cms/s/0/3d059b74-a3b1-11e3-aa85-00144feab7de.html?ftcamp=published_links/rss/markets_commodities/feed//product&siteedition=). "We like to run our mines as cost centres," said Mr Glasenberg on Tuesday, saying mine managers' only concern should be to get products to the gate as cheaply as possible "and then the trader takes over".
4. Artisanal miners (also known as *creuseurs*), using hand-held tools, work in extremely dangerous conditions. Industrial mining has expanded crowding out artisanal miners. With few employment opportunities, young men take great risks to mine clandestinely in the concessions of large mining companies.
5. See Chantal Peyer and François Mercier, 'Glencore in the Democratic Republic of Congo: Profit Before Human Rights and the Environment', Bread for All and the Swiss Catholic Lenten Fund, April 2012 p. 23. John Sweeney 'Mining giant Glencore accused in child labour and acid dumping row' The Observer 14 April 2012: 'Glencore now says the pollution causing the acid waterfall has ended but has made no commitment to compensate the villagers.' Available at: <http://www.theguardian.com/business/2012/apr/14/glencore-child-labour-acid-dumping-row>. See also 'Glencore's response to up-coming BBC Panorama report', 12 April 2012. BBC Panorama, 'Billionaires behaving badly?' 16 April 2012.

**RAID** promotes respect for human rights and responsible conduct by companies. For further information about its work and publications, visit <<http://www.raid-uk.org/>>.

**Bread for All** is the development organisation of the Swiss Protestant Churches. For further information about its work and publications, visit <<http://www.ppp.ch>>

**Fastenopfer**, the Catholic Lenten Fund, is the Swiss Catholic relief agency. For further information about its work and publications, visit <<http://www.actiondecareme.ch>>.