



Cotabambas, September 23rd, 2016

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Subject: Proposal for the inclusion of Las Bambas mining project in Peru (operated by the Chinese company Minmetals Group, MMG) as a pilot project by the Chinese Chamber of Commerce of Importers and Exporters of Metals , Minerals and Chemicals (CCCMC) regarding the implementation of the Guidelines for Social Responsibility in Outbound Mining Investments (2014) and the Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains (2015) (hereinafter the Guidelines).

Dear Mr. Sun,

Please receive respectful greetings from the Defense Front for the Interests and Development of the Cotabambas Province (FDPC by its Spanish acronym) and its participating organization: the Action Committee of the Province of Cotabamba, several grassroots organizations and peasant communities federations; and CooperAcción in Peru. All of these organizations work in the area where the mining project Las Bambas is located.

The FDPC is a coalition of grassroots organizations that defend communities' economic, social, cultural and environmental rights including advocate groups, federations, peasant patrol groups (better know in Spanish as rondas campesinas) women, youth and producers organizations. CooperAcción is an ONG with 19 years of experience in the promotion of rights of communities affected by extractive activities. The work of CooperAcción take into account intercultural, gender, and climate change approaches.

We would like to take this opportunity to propose to CCCMC the inclusion of Las Bambas as one of the pilot projects in regards to the future implementation of the CCCMC's Guidelines for Social Responsibility in Outbound Mining Investments and to share information on Las Bambas mining project in Peru.

We base our proposal on the following:

- 1. All stakeholders want high environmental and social standards

First of all, we congratulate CCCMC for promulgating the most advanced principles, and environmental and social standards on the mining industry, no other national trade chamber has taken such a responsible approach for their overseas operations. We extend our recognition to MMG,

Vertical text on the left margin: FRENTE UNICO PROVINCIAL, VIRGINIA MINAYES OCHOA, VICEPRESIDENTA, DNI 31427221; DONATO VIVANCO COACHUANO, DNI: 80071892; FEDERACION DISTRICTAL DE CAMPESINOS DISTRITO DE COTABAMBA, ALBERTO MONTAÑA COSCULLUELA, SECRETARIO GENERAL; FRENTE DE DEFENSA DE LOS INTERESES Y DESARROLLO PROVINCIAL COTABAMBA, RODOLFO ALBARCA QUISPE, PRESIDENTE, DNI 31421156; FRENTE DE DEFENSA DE LOS INTERESES Y DESARROLLO PROVINCIAL COTABAMBA, FELIPE ARGENTI CHUMBISLA, PRESIDENTE, DNI 80071892.

Handwritten signatures and notes on the right margin: ROSARIO MARRINCHETA SUAREZ, CC PROGRESO; WALTER VILASCA CHANCAYO, Pte. CC. Progreso Grau; ROSARIO MARRINCHETA SUAREZ, CC PROGRESO.

Guaxin and CITIC (the last two are minor partners in Las Bambas consortium) as members of the CCCMC for this remarkable achievement. Furthermore, MMG has adopted the principles of the International Council of Mining and Metals (ICMM), some of which are reflected in the Guidelines.

We are also encouraged by the Peruvian government's adhesion to the principles and the Extractive Industries Transparency Initiative (same as the MMG) and showing interest and willingness to incorporate the extractive industry's best practices in Peru; and particularly, for welcoming the Guidelines during the Global EITI Conference in Lima (February, 2016).

Moreover, while the affected communities have not opposed to the mining project, they do demand that the operation in Las Bambas is conducted under the highest international standards in the mining industry. Numerous Peruvian civil society organizations share this position.

2. Quality dialogue requires quality rules

In February 2016 (please see context information below) the Tripartite Round-Table was established with the participation of local communities, MMG and the Peruvian government, in order to address local community concerns, unfortunately it has had difficulties and limitations. For example, there is not an agreed vision on fundamental issues like: (i) sharing information; (ii) conducting independent technical analysis; (iii) carrying environmental and human rights due diligence; (iv) establishing complaint mechanisms; and (v) conducting substantive consultations. Many of these aspects are part of the Guidelines and could be undertaken by the Tripartite Round-Table to enhance the quality of the dialogue process.

3. A need for new approaches

The causes for the outbreak in September 2015 (please see below for information on this) have not been substantially addressed which has affected the communities' members trust on former Peruvian government and MMG. We worry that this can lay the conditions for a new outbreak.

In this context, the Guidelines offer practical instruments to facilitate the search for solutions and offer language to which the Peruvian government, MMG, and the communities can subscribe to. In addition, the Peruvian laws, and the ICMM and EITI standards, can reinforce the principles of sustainable development, environmental and social responsibility, and the realization of the rights of communities in Las Bambas.

4. China can establish a "good precedent"

In Latin America, the presence of Chinese mining companies continues to expand. Thus, countries like Ecuador, Brazil, Venezuela, Bolivia, Colombia, Chile and Argentina have different types of bilateral agreements with China in order to develop the mining industry, as for example: (i) concessions acquisitions; (ii) mapping mining resources; (ii) merges and acquisition of national and international mining companies by Chinese mining companies; (iii) agreements to promote mining activities in both countries; and (iv) metals and minerals trading agreements.

All of these, in addition to that Chinese mining companies have a third of all mining investments in Peru, and that the international and Peruvian media have widely covered Las Bambas' conflicts, have resulted on that the events happening with Chinese mining operations in Peru are closely followed by the rest of Latin America. Local communities and civil society in the region are strongly interconnected, share information platforms and coordinate their work, and they are highly

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interested on learning about the social and environmental behavior of Chinese mining companies in Peru.

We also would like to take this opportunity to provide you some context on Las Bambas mining project.

Las Bambas mining project is operated by MMG since 2014. It is located in the Challhuahuacho and Coyllurqui, in the Cotabambas province and Progreso district in the Grau province, both in the Apurímac region. The project is currently in the exploitation phase.

Unlike other mining projects in Peru, Las Bambas project has the approval of the population and the local communities, the original owners of the land. However, Las Bambas is a highly controversial project characterized by extended protests, deaths and the temporary shutdown of activities. Local communities are concerned about ongoing and potential environmental problems, lack of meaningful participation and consultation processes, and negative economic and social effects of the mining project.

These communities worry that important modifications of the Environmental Impact Assessment (EIA) and the design of the project were assessed only in 15 days without ensuring a rigorous revision. These changes (that are currently being implemented) include: (i) the modification of the water monitoring network; (ii) the relocation of the copper and molybdenum processing plants from the Tintaya to Las Bambas area (the latter originates a foul odor); (iii) the indeterminate delay of the construction of the mining pipeline (opting to transport the extracted minerals by land which causes noise, vibration and large dust clouds harmful to the health of the population and nearby crops); (iv) construction of the sedimentation well; (v) modifications in the water management system of the tailings deposit; and (vi) the duplication of the volume of concentrates storage with regards to the predetermined volume. The rapid growth of Challhuahuacho city is also reason for concern. The city has generated an increase of residual waters which flow untreated to the river affecting the communities downstream.

Such modifications, made without consulting some communities, or not following adequate consultation process with others, led to a serious outbreak of the conflict in September 2015, which resulted in three deaths, many people hurt, two people detained and more than 100 leaders investigated by the prosecutor's office¹.

Many communities feel that they have not received the fair and promised benefits for having ownership of the land where the most important copper mining in the country is located. In addition, the communities feel frustrated that they don't have a meaningful voice over the Social Fund Las Bambas (FOSBAM, for its Spanish acronym) constituted by the Peruvian government through funds from the sale of the mining project in order to support the development and welfare of local population². In addition, many families have not been adequately compensated for the sale of their

¹ Provision of formalization and continuation of the preliminary investigation. Fiscal Provision No. 04, June 10, 2016. Certificate of Notification No. 1544-2016 (riots and attacks against authority). Research No. 1406085000-2015-211-0. Fiscal folder no. 189-2015, 193-2015 and 224-2015.

² FOSBAM is a civil association integrated by district mayors and two representatives of the mining company Las Bambas Co. FOSBAM doesn't include representatives from the affected communities. www.fosbam.com

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