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Responsible Business Conduct

FINAL STATEMENT

National Contact Point for the OECD

Minera Candelaria (Lundin Mining and Sumitomo) & Group of
Neighbors of "*Villa Estadio*" and people in the vicinity of
"*Colegio Luis Uribe*", Punta de Cobre area (2019)

August 18, 2022

Chilean National Contact Point, Responsible Business Conduct
Division

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I. Introduction

1. The Chilean National Contact Point (hereinafter NCP) before the Organization for Economic Cooperation and Development (hereinafter OECD) for the OECD Guidelines for Multinational Enterprises (hereinafter Guidelines), housed in the Responsible Business Conduct Division, Undersecretariat of International Economic Affairs, does hereby submit the following *Final Statement*.

2. The *Final Statement* describes the process and results of this Specific Instance analysis. It is based on the information received from the parties and the steps taken by the NCP. Confidential information submitted to the NCP during this procedure has not been used to prepare this statement. According to the rules of procedure of the Chilean NCP, it will always draw up a Final Statement, of a public nature, whether or not preceded by an Initial Statement or Good Offices.

3. The *Final Statement* entails the closure of the proceeding before the NCP; however, a follow-up stage may be established in case an agreement is reached.

II. Parties

(a) Requestor details

4. A group of 26 neighbors (hereinafter, the requestors), led by one of them, all of them residing at Villa Estadio and in the vicinity of *Colegio Luis Uribe*, in Punta de Cobre area, close to the corporate operations in the district of Tierra Amarilla.

(b) Enterprise details

5. *Compañía Contractual Minera Candelaria* (hereinafter, *Minera Candelaria*, *CCMC* or *the enterprise*) is a mining company located in the district of Tierra Amarilla, Region of Atacama. Its main owner (80% share) is Lundin Mining Corporation, a Canadian base metal mining company with operations in Brazil, Chile, Portugal, Sweden and the United States, which mainly produces copper, zinc, gold and nickel. The remaining 20% is owned by Sumitomo, a Japanese company.

6. *Candelaria* produces copper concentrate, the ore being extracted from an open-pit and an underground mine. To such end, it has a fleet of mining trucks, power shovels and support equipment, including cistern trucks for irrigating roads, and loading faces; radars permanently monitoring slope stability; underground mining equipment and loaders for road and berms improvement and safety. According to the company, around 200 thousand tons of ore are daily extracted and 75 thousand tons a day processed.

III. Request for review

(a) Request summary

7. On June 12, 2019, a request for specific instance was received online from a group of neighbors of *Villa Estadio* and people in the vicinity of *Colegio Luis Uribe*, Punta de Cobre area, district of Tierra Amarilla, Region of Atacama.

8. Said form stated that *Minera Candelaria's* operations would

be affecting a group of neighbors in different ways, as detailed below:

- Permanent blasting carried out by *Minera Candelaria* near their homes. Concretely, it is alleged that said blasting generates insecurity in children and elders due to loud noises and movements, and results in cracking to the walls in many dwellings.
- Permanent pollution due to the works carried out and truck road traffic. Incomplete information about the material being transported and damages to their dwellings.
- Wastes steady growth. It takes a daylight hour from the neighbors, generates pollution during working hours and fear of collapse due to possible rain. Additionally, the existence of a new dump only meters away from the school directly affects children studying thereat.

9. In the submission, requestors allege that the above facts have led neighbors to consider that their human rights have been violated, particularly the right to live in a clean, pollution-free environment, and the right to health.

10. In the Specific Instance request, requestors identify alleged infringements by the enterprise to the following Guidelines Recommendations:

- i. Chapter IV. Human rights.
- ii. Chapter VI. Environment.

11. According to the Specific Instance submitted to the Chilean NCP requestors expect the following results from its proceedings:

- i. To create communication and meeting fora for the enterprise and the community.
- ii. To build permanent, sustainable solutions to issues affecting the community, upon consensus with the

neighbors in a participatory, public, regulated process, ensuring transparency and soundness.

12. For their part, requestors claimed that the enterprise has twice been formally requested to submit its expected results of proceedings before the NCP, no favorable response being issued the first time, and no response at all having been received the second, despite a copy of their request having been remitted to the company's CEO in Canada.

b) Enterprise response summary

13. By letter dated July 15, 2019, *Minera Candelaria* requested an extension of the deadline to deliver a response to Letter No. 2918 of June 14, 2019 sent by the NCP. In a letter dated July 17, 2019, the enterprise sent a response to the NCP regarding the request for a Specific Instance signed on behalf of the Tierra Amarilla group of neighbors.

14. In its letter, the enterprise denied having infringed the OECD Guidelines, claiming that allegations were not true to reality since it continued to respond to concerns by requestors, namely:

- i. Blasting and their impact;
- ii. The alleged pollution caused by trucks permanent traffic in residential areas and the lack of information on transported material;
- iii. The overburden deposits and their growth, and the tailings deposit, already remediated.

15. Specifically, the enterprise stated as follows:

- i. Candelaria's operations have been environmentally and sectorally assessed and approved by the competent authorities, as particularly evidenced by Exempt Resolution No. 133 of 2015 (*RCA Candelaria 2030*), which demonstrates that operational continuity was favorably rated by the Environmental Impact Assessment System.

ii. *Candelaria's* blastings are consistent with the permits granted by the competent authority. A series of initiatives is detailed to handle this issue, in which the enterprise plays a leading role, including Vibrations Participatory Monitoring with the engagement of communities. It consists in "training on the technical scope of monitoring and reference standards on the matter", culminating in a CCMC blasting monitoring.

iii. *Candelaria's* ore transport, contracted to third parties' trucks, emit no dust altering Tierra Amarilla Valley air.

IV. Waste dumps have been designed and built in compliance with all the applicable regulations, as approved by Sernageomin. In addition, it clarifies that the alleged new dumps - overburden - is not such but a tailings dump.

16. In brief, the enterprise stated that it strictly complies with all the environmental and sectoral authorizations in matters connected with requestors' allegations. The enterprise strictly abides by regulations on blasting, transportation, overburden and tailings dumps, the latter having the stability required to avoid potential incidents. In view of these arguments, in its letter, *Candelaria* requested the NCP to deny the request based on lack of grounds.

VI. NCP Assessment of the Specific Instance

(a) Preliminary issues

17. The preliminary issue is whether the Chilean NCP has jurisdiction over this specific instance. NCP's power to hear and determine disputes submitted depends on such jurisdiction.

18. For jurisdiction to exist, compliance with two requirements

need to be verified: (1) that the requested enterprise is a multinational enterprise (MNE) and (2) that the alleged infringements have taken place in national territory or that, if occurring in a foreign country without NCP, the multinational enterprise is Chilean.

19. Regarding the first requirement, *Minera Candelaria* is a multinational enterprise since Lundin Mining Corporation, a Canadian company, holds an 80% share and the remaining 20% is owned by Sumitomo, a Japanese company.

20. As for the second requirement, the alleged Guidelines infringements took place in Chilean territory. Accordingly, the Chilean NCP has jurisdiction to hear the specific instance.

b) NCP Assessment

21. Firstly, in order to determine whether the issue raised by the requestor merits further consideration, the NCP must establish whether the issue is bona fide and compatible with the Guidelines.

22. To such end, the NCP takes into account: the identity of the party concerned and its interest in the matter; whether the issue is material and substantiated; whether there seems to be a link between the enterprise's activities and the issue raised in the specific instance; the relevance of applicable law and procedures, including court rulings; how similar issues have been, or are being, treated in other domestic or international proceedings; whether the consideration of the specific issue would contribute to the purposes and effectiveness of the Guidelines.

23. In this regard, the requestor is a group of neighbors of *Villa Estadio* and people in the vicinity of *Colegio Luis Uribe*, located close to *Minera Candelaria* site, district of *Tierra Amarilla*, who alleged that mining operations would have caused externalities affecting their life, health and the environment.

24. This group of people is interested in establishing direct communication with the enterprise, so that, responding to neighbors' perception and the willingness of the enterprise, permanent and sustainable solutions are reached. This can be achieved only with the agreement of neighbors in a participatory, public process regulated by the parties with the aim of securing transparency and soundness.

25. According to NCP's preliminary analysis conclusions, the issues raised are material and evidence-substantiated, which is consistent with the additional information received from expert entities consulted.

26. The issue is connected with alleged negative externalities of corporate mining activities, which affect neighbors' quality of life, including their sense of security, physical and mental health, and a clean environment.

27. The project known as *Candelaria 2030 - Operational Continuity* was granted Environmental Assessment Resolution (RCA *in Spanish*) No. 133 of July 23, 2015, Atacama Region, approved by the Environmental Assessment Service.

28. Through the National Information and Oversight System, Environmental Commission (SMA *in Spanish*), under the *Catastro de Unidades Fiscalizables* link, information on the issues submitted by requestors was received for three company's accountable units.

29. A punitive proceeding (File D-166-2021) - presently tried by the SMA - is highlighted. In said proceeding, after indictment by SMA, the enterprise delivered a Compliance Program (*PDC in Spanish*) which is currently under review by SMA. It must be noted that, according to the indictment, infringements did exist, namely the use of an amount of explosives in excess of the one authorized and an excessive number of blastings per day.

30. Another punitive proceeding is described (D-018-2015), which punished CCMC for a number of infringements of conditions imposed in the foregoing RCA 1/1997 issued by the Atacama Regional Commission. Upon reject of complaint instances and an appeal for annulment (form and substance) being pending before the Supreme Court, on July 18, 2018 the fine established by the SMA was paid in cash. However, on May 7, 2019, the Supreme Court admitted the appeal for annulment (form), infringements being tried anew by the Second Environmental Court of Santiago. On November 20, 2020, judgment was rendered by the Second Environmental Court, which annulled some infringements, and the weighting of circumstances in letters (c) and (e), section 40, of Organic Act on the SMA (LOSMA) connected with certain infringements. The court ordered the SMA to issue another punitive resolution in line with the judgment. Finally, both SMA and third party interveners in the action before the environmental court filed an appeal for annulment, the latter being admitted (form). One of the annulled infringements was reinstated by the superseding decision of the Supreme Court.

31. SMA, for its part, investigated events connected with ore deposits. It determined that there was no infringement of the applicable environmental instruments. For further information, please consult SMA's Exempt Resolution No. 301, of February 28, 2019.

32. It should be noted that SMA's oversight role is limited to supervising strict compliance with the applicable environmental regulations, mainly enshrined in the environmental qualification resolutions regulating projects. This does not prevent the NCP handling, in line with the provisions in the Guidelines, a matter from another perspective and exploring dialogue alternatives other than those prescribed in environmental management instruments.

33. In terms of human rights, the *Instituto Nacional de Derechos Humanos (INDH)* (National Institute of Human Rights) informed this NCP of an Observation Mission between December 17th and 20th, 2018, through a Legal Opinion issued within the framework of the Cooperation Agreement between both entities. During this period, damages to people and communities were observed in the Region's territories, including the district of Tierra Amarilla, and Algarrobo and Villa Estadio areas. In the relevant Observation Mission Report, interviewed people stated that production activities of mining companies operating in the area were the main cause of environmental impacts. Consultations were held with Kinross Chile, *Compañía Contractual Minera Candelaria*, *Sociedad Contractual Minera Carola-Coemin* and *Caserones*.

34. In addition, the INDH reported that the data provided by the Environmental Regional Secretariat evidenced that, between 2013 and 2017, the annual authorized PM10 standard was surpassed at the monitoring stations of Tierra Amarilla and the town of Paipote. However, the main particulate matter emitting source for the district of Tierra Amarilla could not be identified.

35. As to the contribution to the Guidelines of the matter raised, an important part thereof may indeed be linked to national regulatory aspects. Therefore, after the enterprise's initial response, the Chilean NCP requested additional information on: (i) the implementation of the Agreement Protocol regulating blasting schedule and information systems used to communicate such schedules; (ii) the practical operation of the Vibrations Participatory Monitoring program; (iii) how scheduled blasting issues are informed; (iv) protocol to inform unscheduled night blastings; (v) signage on the cargo transported by trucks; and, (vi) disclosure of information to the community on environmental compliance and efforts to reduce

the impact of overburden dumps. A second submission was made enclosing additional information.

36. At the same time, the Chilean NCP sent requestors a written query to ascertain their level of knowledge and their opinion of these elements and the initiatives informed by the enterprise in its response, namely, blasting Agreement Protocol, Vibrations Participatory Monitoring Program, actions on overburden dumps, truck signage. Twenty-two responses were received, which generally showed their lack of information about these matters, or else a critical opinion about the implementation thereof.

37. According to the NCP, the difference of opinions on actions implemented to assess the situation is material within the context of the Guidelines and OECD tools on responsible business conduct and due diligence.

38. Nevertheless, the Chilean NCP considered that a more detailed examination of the issue raised would contribute to the purpose and greater efficacy of the Guidelines, particularly with regard to the recommendation on efforts to prevent or mitigate, actual and potential negative impact of an enterprise, and the chapters of Human Rights and Environment.

39. In line with the foregoing, on October 23, 2020, the NCP, in its Initial Statement, offered its good offices to the parties involved. On October 29 of that year, the requestors' legal advisor, on their behalf, informed the NCP that they accepted such good offices. For its part, the enterprise twice requested an extension of the deadline because of events within the company. The first time, deadline was extended to November 30, and the second until December 7.

40. On December 7, 2020, the enterprise, through its legal representative, informed the NCP that it did not accept its good offices, and proposed a Work Plan with the community,

community being understood as neighbors beyond those having filed the request.

V. Specific instance conclusion

41. The Chilean NCP proceeded to conclude the specific instance by issuing this final statement, after having offered its good offices and received a response from the enterprise declining to take part therein.

42. In accordance with the procedural rules of the Chilean NCP (and consistent with the Guidelines), in view of the enterprise's unwillingness to take part in the process and after exhausting other forms of contribution, the NCP is bound to issue a Final Statement containing recommendations based on the circumstances and background information available, as appropriate.

a) Summary of the enterprise response to good offices

43. In response to the good offices offered by NCP, the enterprise sent a letter dated December 7, 2020, thanking the attention and interest shown by the NCP to this specific instance and its mediation offer to facilitate dialogue between the parties.

44. It also communicated its refusal to participate in the good offices, grounded on several reasons, including the concern that the community does not recognize requestors and their advisors as their legitimate representatives. In lieu thereof, it proposed a work plan, based on its opinion that some situations submitted to the NCP are also material to the rest of the community.

45. Indeed, it considered this situation as an opportunity to improve the corporate strategy to establish a relationship with the community. Therefore the plan would contain an "improved, comprehensive process to relate with the community, having a

particular focus on the *Villa Estadio* area, Tierra Amarilla district".

46. The enterprise expected to implement this plan as soon as possible. Additionally, it stated that the NCP can provide the enterprise with additional suggestions once the proposal has been reviewed, which would be welcomed and analyzed for its implementation.

47. In its letter, the enterprise claimed that "*a direct and transparent relationship process with the community, like the one proposed here [in the letter], in which Requestors and the NCP take part, is much more likely to deliver long-lasting, sustainable solutions than those resulting from a direct, exclusive conversation with Requestors.*"

48. Before concluding, the enterprise indicated that, although it would not take part in the good offices offered by the NCP, it undertook to again analyze the situation once the above plan had been fully implemented, provided that Requestors so require.

b) Ex post proceedings to the enterprise's response letter

49. Upon receipt of the enterprise response letter to good offices offer between January and November 2021, the NCP held several meetings both with the enterprise's representatives and requestors and/or their legal advisors. Likewise, the NCP sent the corporate proposal to Requestors and their attorneys for their information.

50. Additionally, the NCP contacted the INDH within the framework of the Cooperation Agreement subscribed by both entities, with a view to exploring the possibility of such entity acting as external observer in the process offered by the company.

51. The meetings held sought to identify Requestors' needs as regards the corporate proposal and transmit them to the enterprise; to provide the enterprise with additional data for

consideration in the proposed plan, in line with OECD Multinational Enterprises Guidelines and Due Diligence Guidelines; to assess the possibility of an external institutional observer to take part in the process proposed in the program; to attempt to obtain a favorable response by the parties to holding a joint meeting with the NCP.

52. Despite these efforts, the enterprise did not accept Requestors' conditions nor some NCP proposals, namely that requestors be accompanied by their legal advisors, to invite an external observer and to hold a joint meeting. The enterprise showed its interest in the NCP acting as Requestors' legal advisor. The enterprise was told that this would conflict with the principles governing the NCP, particularly the principles of impartiality, equity and consistency with the Guidelines. In the commentaries of this Final Statement, the enterprise reported that it had made concrete efforts to implement the community relationship program.

(c) NCP Commentaries and Recommendations

53. The Guidelines, paragraph 1 of their Preface, state that their aim is to ensure that the operations of enterprises are in harmony with government policies, to strengthen the basis of mutual confidence between enterprises and the societies in which they operate, to help improve the foreign investment climate and to enhance the contribution to sustainable development made by multinational enterprises.

54. Consistent with the foregoing, the NCP, when offering its good offices, sought to (a) assist the parties in fully understanding the principles set forth in the Guidelines and issues raised by Requestors, in the instant case, the group of *Villa Estadio* neighbors, *Tierra Amarilla* area, and (b) provide a forum for neutral dialogue for the parties to seek a solution to the issues identified in the request for Specific Instance

submitted to the NCP and, if possible, to reach a mutually agreed path forward.

55. Considering that engagement of the parties before the NCP is voluntary, Requestors accepted its good offices. The enterprise, however, rejected them and proposed a plan to establish a good relationship with the community. In this regard, Requestors set the minimum requirements for them to take part in the proposed plan, namely to be accompanied by their legal advisors, to have minutes prepared of each meeting with the enterprise; that the meetings were substantive, that is, that they were not just informative; and that a neutral third party be present to ensure that the process runs swiftly. Upon transmission by the NCP of Requestors' requirements, the enterprise rejected the involvement of legal advisors and of the INDH, which the NCP has asked to act as external observer. The enterprise asked the NCP to play the role of legal advisors to Requestors, but the latter explained it that this would conflict with the principles governing the NCP, particularly the principles of impartiality, equity and compatibility with the Guidelines.

56. Although the NCP observed the readiness and good faith of the enterprise and of Requestors during the course of this Specific Instance, it also found it necessary to make a number of recommendations to both parties as, on the one hand, a forum for dialogue offered was declined by the enterprise and, on the other, a plan was proposed by the enterprise involving Requestors and the local community.

57. Indeed, the Chilean NCP concluded this Final Statement by making the following recommendations to **both parties**:

- i. To maintain open, good faith communication in dialogue processes and in adversarial and non-adversarial dispute settlement procedures, whether in or out of

court, with a view to reaching agreed upon solutions and generating common lessons.

59. Regarding the **enterprise**, the Chilean NCP made the following commentaries and recommendations¹:

- i. OECD Guidelines seek to promote business responsible conduct compatible with national laws and regulations, while establishing good practices principles and standards, urging multinational enterprises to implement risk-based due diligence and material stakeholder involvement, both as continuous improvement processes. This aspect becomes particularly relevant in issues such as those submitted by requestors, where the quality of life of human settlements in the vicinity of a project - especially large projects like mining ones - is being affected.
- ii. *Minera Candelaria* is urged to strengthen the implementation of risk-based due diligence processes in managing the company. Paragraph 10, Chapter II, of the Guidelines, General Policies, states that enterprises must carry out *risk-based due diligence, for example by incorporating it into their enterprise risk management systems, to identify, prevent and mitigate actual and potential adverse impacts as described in paragraphs 11 and 12, and account for how these impacts are addressed. The nature and extent of due diligence depend on the circumstances of a particular situation.*
- iii. The enterprise must make the greatest efforts possible to prevent its operations, activities, products or services generating or contributing to generate a negative impact whether by carrying out actions that

¹ The references mentioned correspond to the Spanish versión of the Guidances.

contribute to their prevention or mitigation or redressing such impact should they have occurred. Paragraph 11 of Chapter II referred to above points out that enterprises must avoid causing or contributing to adverse impacts on matters covered by the Guidelines, through their own activities, and address such impacts when they occur. Paragraph 12 continues by stating that enterprises must *seek to prevent or mitigate an adverse impact where they have not contributed to that impact, when the impact is nevertheless directly linked to their operations, products or services by a business relationship [...]*.

- IV. To achieve the foregoing goal, the implementation of continued due diligence processes is critical. Said processes, based on the commitment of senior management or managers, are applied in a variety of sensitive areas for the company, including human rights, environment, transparency, labor relations, corruption combat, customers, etc.
- v. Accordingly, the enterprise must establish the mechanisms and resources necessary to apply due diligence processes pursuant to the principles and recommendations especially contained in [OECD Due Diligence Guidance for Responsible Business Conduct](#) and [Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Industries](#). It can also consult the [OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas](#).
- vi. Regarding due diligence, the *OECD Due Diligence Guidance on Stakeholder Engagement in Extractive Industries*, notes on page 13: *Due diligence is an integral part of*

decision-making and risk management systems and is an on-going, proactive and reactive process. It is to be carried out throughout the entire life-cycle of a project. [...] However, all enterprises regardless of their size and the nature of their operations should conduct due diligence.

vii. The foregoing includes exerting its influence so that its business partners, including suppliers and sub-contractors, also apply the responsible business conduct principles, as expressed in paragraph 13, chapter II, referred to above: *"In addition to addressing adverse impacts in relation to matters covered by the Guidelines, encourage, where practicable, business partners, including suppliers and sub-contractors, to apply principles of responsible business conduct compatible with the Guidelines.* This is particularly important within the framework of this specific instance, since mining activities rest on the provision of goods and services by a large group of suppliers and sub-contractors that make possible extractive operations possible, which can generate negative social and environmental impacts.

viii. To enhance the positive contribution to the environment by enterprises, it is essential to establish trustworthy, transparent relationships. Paragraph 2, Chapter III, of the Guidelines on Disclosure of Information states that *disclosure policies of enterprises should include, but not be limited to, material information on the following issues: [...] (f) foreseeable risk factors; (g) issues regarding [...] stakeholders.* This recommendation extends to letters (d) and (e), paragraph 3, relating to risk

management information, legal compliance and relationships with stakeholders.

- ix. Transparency lays the foundations for trust. Consequently, the enterprise is urged to draw up minutes of meetings and agreements between the enterprise and the community, approved by both parties, clearly establishing the matters discussed, commitments, responsible officers, deadlines and progress made in fulfilling such commitments.
- x. The enterprise is urged to create the conditions for a material engagement of stakeholders. Paragraph 14, Chapter II, states that enterprises must *engage with relevant stakeholders in order to provide meaningful opportunities for their views to be taken into account in relation to planning and decision making for projects or other activities that may significantly impact local communities.*"
- xi. Meaningful stakeholder engagement refers to ongoing engagement with stakeholders that is two-way, conducted in good faith and responsive. Guidance on Stakeholder Engagement referred to above, page 14, explains each of these conditions.
- xii. Meaningful stakeholder engagement is an important element in a successful due diligence process. Indeed, this kind of engagement contributes to timely identifying impacts, seeking solutions to address them and monitoring the effectiveness of plans implemented. It is recommended to incorporate stakeholders' meaningful engagement in the relationship plan the enterprise has proposed to establish with the community, thus enhancing the relationship with the enterprise and the success of the process. It must be

noted that meaningful engagement does not entail stakeholders' influence in business management, but only that the view of those who might be affected by enterprise's operations is taken into consideration.

xiii. The same meaningful engagement Guidance, page 15, states: However, if stakeholder engagement activities are not properly supported, developed or executed, their due diligence function may not be realized, and adverse impacts may not be avoided or addressed. Furthermore, poor stakeholder engagement can in and of itself give rise to actual or perceived adverse impacts and jeopardize potential benefits to stakeholders.

xiv. Finally, considering that:

- *The Guidelines aim to promote positive contributions by enterprises to economic, environmental and social progress worldwide. (Foreword, paragraph 2);*
- *[...] encourage the positive contribution which multinational enterprises can make to economic, social and environmental progress, and minimize and resolve difficulties which may arise from their operations; (Declaration on International Investment and Multinational Enterprises, third bullet);*
- *Companies must: Contribute to economic, environmental and social progress with a view to achieving sustainable development; Respect the internationally recognized human rights of those affected by their activities (General Policies, Recommendations A.1 and A.2)*
- *There should not be any contradiction between the activity of multinational enterprises (MNEs) and sustainable development, and the Guidelines are meant to foster complementarities in this regard. Indeed, links among economic, social, and environmental*

progress are a key means for furthering the goal of sustainable development (Commentary on general policies, number (3);

it is expected that an enterprise with Canadian and Japanese capital, countries that enjoy high compliance standards, show in the operation's guest country a conduct similar to that expected in their home countries, provided that such standards are higher than and compatible with the guest country's national laws and regulations in order to further its positive contribution to the progress of the guest country.

60. As for **requestors**, the Chilean NCP also noted that transparency is the cornerstone of trust. Therefore, requestors and those who represent them are urged to take part in the dialogue mechanisms established with the company in good faith, in a positive, open way, prioritizing the search for mutually agreed upon solutions.

61. The NCP having considered that a forum for dialogue through its good offices could contribute to the specific instance raised and that, in lieu of its acceptance, the enterprise - in a novel alternative for this NCP - proposed a community relations plan extended to *Villa Estadio, district of Tierra Amarilla*, whole community, beyond the group of requestors, it now finds advisable to arrange for a meeting with the parties one year after the publication of this Final Statement, with a view to being informed of the development of relationships between neighbors and the enterprise. To such end, a month in advance, the NCP will send a communication for both parties to schedule a meeting.

62. Additionally, this Final Statement - which puts an end to the specific instance - should not be understood as preventing the filing of future actions. In other words, should requestors or other group of people in the area find it appropriate to

submit a new request for Specific Instance before this NPC as regards the same events connected with *Minera Candelaria* or similar issues, this Final Statement shall not preclude such filing.

According to the Guidelines confidentiality must be kept during the course of this Instance. The information and opinions provided during the proceedings shall be kept confidential, unless the party concerned gives its consent to disclosure or where non-disclosure infringes the provisions in national laws and regulations.

The NCP clarifies that the rejection or acceptance of a request for a specific instance should not be taken as evidence that corporate actions infringe or not OECD Guidelines.

Based on the transparency principle governing NCP's duties, Final Statements are published at the NCP website and translated into English, reported and conveyed to the OECD Working Group on Responsible Business Conduct for publication in the specific instances databases.

Before the Final Statement is issued, the parties are afforded the opportunity to make comments on its draft, bearing in mind that NCP is always responsible for the final text thereof, and that it will define the document's final version.

Felipe Henríquez Palma

Chilean National Contact Point for the OECD

Responsible Business Conduct Division - SUBREI

FHP/VMG/BPB

NCP Chile

**ANNEX: COMMUNITY RELATIONSHIP PROGRAM PROPOSED BY CCMC IN
RESPONSE TO NCP GOOD OFFICES**

Improved, comprehensive program for community-stakeholders relationship with a specific focus on *Villa Estadio* area.

1. Round tables with *Villa Estadio* area residents.

- CCMC will establish round tables with *Villa Estadio* residents to ensure an open, transparent mechanism for improvement of communication instances available to residents in order to raise concerns to CCMC in an environment allowing to identify them.
- These instances shall be documented through minutes and include a list of the issues discussed and actions to be analyzed by CCMC, thus facilitating a reciprocal understanding of the issues discussed and steps to follow.

2. Participation in vibration monitoring, blasting awareness and dust mitigation campaigns.

- CCMC will improve its outreach activities to encourage participation of *Villa Estadio* residents in vibration monitoring campaigns. This monitoring will be carried out on site and involve direct interaction with CCMC's technical team so that neighbors can participate directly and collect information on relevant blasting technical aspects, awareness is raised about the program and blast schedule (thus allowing residents to differentiate blasting by *Candelaria* and other mining companies), and differences with seismic events are discussed. Residents will also learn how to read measurements.

CCMC will share information on blasting schedules.

3. Monthly meetings with residents and community leaders.

- Currently, CCMC holds monthly meetings with community

leaders as part of the community relations program. *Minera Candelaria* will extend these meetings to include community members and offer additional places for them to be held.

- The purpose of said meetings is to increase transparency about corporate activities, discuss emerging issues in the community, and provide additional fora to share information and concerns. Members of the Community Dialogue Management and its experts shall be present at said meetings to explain the community the relevant data and answer its questions.

4. Relationship with community leaders and door-to-door approach to neighbors

- *Minera Candelaria* will maintain a direct relationship with each of the *Villa Estadio* community leaders and residents.
- In addition, CCMC will conduct door-to-door visits in key areas of the community to reach out neighbors who do not regularly attend meetings and/or participate in any of the described activities.

5. Improve communication to provide ongoing information about CMMC operations and activities.

CCMC will take advantage of social networks and other technological tools to improve information delivery, share news and educate the community about corporate processes. This will include the creation of a group focused on *Villa Estadio*, as well as the use of *WhatsApp* community groups and daily communication of blasting activities.

Cristian Arancibia Ramírez
Infrastructure and Logistics Director

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Revised by the Chilean NCP, on the 11th day of October 2022.

In case of discrepancy, the Spanish version shall prevail.
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