



**August 8, 2019**  
*Office of the Compliance Advisor Ombudsman (CAO)*

---

---

## **COMPLIANCE INVESTIGATION REPORT**

*IFC Investments in Minera Yanacocha S.R.L (Project #2983, 4449, 9502)*

*Complaint 09-10*

---

---

# **CAO Investigation of IFC's Environmental and Social Performance in Relation to its Investments in Minera Yanacocha S.R.L**

Office of the Compliance Advisor Ombudsman  
for the International Finance Corporation (IFC) and the  
Multilateral Investment Guarantee Agency (MIGA),  
Members of the World Bank Group

## About CAO

*CAO's mission is to serve as a fair, trusted, and effective independent recourse mechanism and to improve the environmental and social accountability of IFC and MIGA.*

CAO (Office of the Compliance Advisor Ombudsman) is an independent post that reports directly to the President of the World Bank Group. CAO reviews complaints from communities affected by development projects undertaken by the two private sector arms of the World Bank Group, the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA).

CAO's compliance function oversees investigations of IFC/MIGA's environmental and social performance, particularly in relation to sensitive projects, to ensure compliance with policies, standards, guidelines, procedures, and conditions for IFC/MIGA involvement, with the goal of improving IFC/MIGA environmental and social performance.

For more information about CAO, please visit [www.cao-ombudsman.org](http://www.cao-ombudsman.org)

## Contents

About CAO.....	2
Executive Summary .....	4
Acronyms.....	7
Overview of the CAO Compliance Process .....	8
1. Background to CAO Investigation .....	9
1.1. IFC Investment .....	9
1.2. Complaints and CAO Assessment .....	10
1.3. Scope of CAO Investigation .....	12
1.4. Methodology for CAO Investigation.....	13
2. Analysis and Findings .....	14
2.1. Overview of IFC's Policy Framework and Company Requirements for Occupational Hygiene.....	14
2.2. Summary of IFC's Review and Supervision of the Project.....	17
2.2.1. IFC Pre-Investment Reviews and Supervision (1993-1999).....	17
2.2.2. IFC Supervision (2000-2005).....	19
2.2.3. IFC Supervision (2006-2017).....	20
2.3. Whether IFC's pre-investment review of the client's approach to occupational health and safety issues was commensurate to risk .....	22
2.4. Whether IFC structured its supervision of the project in a manner that was sufficient to assess client compliance with IFC occupational health and safety requirements? .....	22
2.5. Whether IFC met its supervision duty in relation to the specific occupational health and safety concerns raised by the Complainants? .....	23
3. Conclusion .....	28
Annex A: Yanacocha SRL Project Area .....	30
Annex B: Prior CAO Cases related to Yanacocha.....	31
Annex C: Summary of IFC Occupational Hygiene Standards.....	32
Annex D: Project Timelines .....	33
Annex E: Summary of Yanacocha OHS Program .....	34
Annex F: CAO Compliance Findings.....	37

## Executive Summary

Between January and May 2017, CAO received two complaints (Yanacocha 09 & 10) from current and former workers (the complainants) of Minera Yanacocha S.R.L (Yanacocha, the Company). The complainants allege that they were exposed to toxic gases and heavy metals in the workplace. As a result, they claim to experience negative health impacts, including loss of memory, heart conditions, tremors, hernias, neurological disorders, acute allergies, and several other issues. They also allege that the Company has not provided them with their medical records for the period of their employment.

Yanacocha operates open pit gold mines near Cajamarca, Peru. IFC made equity and loan investments in 1993 to support the Company's first open pit mine development. IFC made additional loan investments in 1994 and 1999 to finance project expansion. In 2005, the Company completed repayment of IFC's loans. In 2017, IFC sold its equity in Yanacocha, ending its investment relationship with the Company.

In November 2017, in response to the Yanacocha 09 & 10 complaints, CAO decided that IFC's review and supervision of the Company's occupational hygiene performance merited a compliance investigation. As detailed in this investigation report, CAO has made several non-compliance findings in relation to IFC's review and supervision of occupational hygiene risks at the Company.

Prior to each investment and during the course of IFC's supervision, IFC was required to assure itself that the Company had appropriate occupational health and safety systems in place. For a mine like Yanacocha this included implementing an occupational hygiene program to manage the types of risks and impacts raised by the complainants. IFC's pre-investment appraisals (1993, 1994, and 1999) identified occupational hygiene as a project risk. However, IFC did not document an adequate review of the Company's approach to managing occupational hygiene risks. Relevantly, prior to IFC's 1999 investment, the Company reported exceedances in workplace air quality standards to IFC. In mid-1996 the Company implemented controls to improve workplace air quality, however, IFC did not document an adequate review of the Company's occupational hygiene performance prior to approving its 1999 investment. In this context, IFC had limited assurance that the client was providing adequate occupational hygiene protection for workers.

Between 2001 and 2005, the Company reported exceedances of IFC's workplace air quality standards. IFC's documentation does not evidence follow up with the Company to ensure these issues were resolved.

In legally structuring its investments with the Company, IFC's loan agreements included more stringent occupational hygiene requirements than were applicable at the time. This is an example of IFC going beyond the policy requirements. However, IFC did not include E&S requirements in its equity investment. IFC staff explained that it was not practice at the time to include E&S requirements in equity investments, though this has since changed. As a result, during the period 2006-2017 after the client had repaid its loans to IFC, but during which time IFC continued to hold equity in the client, IFC's investment did not have enforceable E&S requirements.

Following repayment of the IFC loans in late 2005, the Company requested IFC to continue monitoring its E&S performance and asked what, if any, formal agreements were necessary for this to occur. IFC did not respond to this request. Nor did IFC agree on formal arrangements to provide for ongoing supervision. This represents a material failure of IFC supervision. As IFC did not include E&S conditions in its equity investment, upon repayment of its loans, IFC was in a

position where it could not formally supervise the Company. By not pursuing the Company's request to agree formal arrangements for ongoing supervision, IFC missed an opportunity to formalize its E&S role while it maintained its equity investment. In the absence of formal conditions, IFC relied on voluntary cooperation of the Company to report E&S data and facilitate IFC site visits from 2006 until it sold its equity investment in December 2017.

After repayment of the IFC loans in 2005, the Company ceased detailed reporting on its occupational hygiene program. IFC's subsequent site supervision reports did not include information relevant to or evidence substantive supervision of the Company's occupational hygiene program. In March 2010, IFC identified significant mercury stack emissions at one of the refineries. IFC staff noted to CAO that they were concerned that these emissions could have an impact on nearby communities and workers. IFC noted to CAO that while there was no IFC standard for mercury stack emissions in gold mining, the Company's air emissions were in excess of similar IFC standards for lead and zinc smelting. IFC noted that they worked with the Company to develop a mercury stack emission standard that was subsequently adopted by the Company's parent worldwide. In a follow-up site visit in 2010, IFC commented that the Company provided workers in the retorts and refinery with appropriate personal protection equipment. In 2012, IFC's site visit documented that the Company had implemented additional controls and infrastructure improvements to meet the mercury stack emission standard. IFC recommended that the Company conduct a study on the health impacts of historically high mercury stack emissions on nearby communities and workers. IFC staff reported that no such assessment was provided to IFC for review.

In 2006, 2009 and 2011 there were public reports and protests from former workers alleging health impacts due to their work for the Company. In addition to the current complaint, in 2014 CAO received a complaint from one of the current complainants which included allegations regarding the Company's occupational hygiene performance. There is no evidence, however, that these events caused IFC to consider the limited Company reporting it was receiving on its occupational hygiene program or take action to assure itself of the Company's performance in this regard.

The 2017 complaint to CAO includes an allegation that the Company denied workers access to employment related medical records. While this is not an issue that would be considered by IFC in the normal course of supervision, once aware of these allegations, IFC was required to assure itself that the Company was not denying workers access to their medical records. CAO finds no evidence that IFC took steps to do this.

Taken together, CAO finds material shortcomings in IFC's supervision of the Company's occupational hygiene performance throughout the period of its investment. Underlying these supervision findings, CAO notes that IFC did not possess or have access to occupational hygiene expertise sufficient to monitor the application of its requirements to a project of this scale and technical complexity.

On the question of impact, CAO has reviewed documentation shared by the complainants, the Company and IFC. The evidence available to CAO is insufficient to verify the complainants' claims of adverse health impact caused by the project. At the same time, CAO finds that shortcomings in IFC supervision of the project contributed to this lack of evidence. A lack of access to information on project occupational hygiene performance and personal medical records, represents an adverse outcome that can be verified. While raised during the course of IFC's supervision of the project, this issue had not been addressed by the time IFC exited its investment in the Company in 2017. Following a review of draft version of this investigation report, in August 2019, IFC management sent a letter to the company to request that they ensure that all individual medical records be provided to former employees upon request.

CAO will keep this case open. While the Company's ongoing occupational hygiene performance falls outside the scope of IFC's responsibility post divestment, CAO will monitor the effectiveness of measures taken by IFC to address adverse outcomes that arose during the period of its investment. In particular, CAO will monitor measures taken by IFC to ensure that the complainants are provided with their occupational medical records.

---

## Acronyms

Acronym	Definition
ACGIH	American Conference of Governmental Industrial Hygienists
AMR	Annual Monitoring Report
CAO	Office of the Compliance Advisor Ombudsman (IFC and MIGA)
E&S	Environmental and Social
EHS	Environmental Health and Safety
ESMS	Environmental and Social Management System
ESRP	Environmental and Social Review Procedures
IFC	International Finance Corporation
ILO	International Labour Office
MIGA	Multilateral Investment Guarantee Agency
OHS	Occupational Health and Safety
OHSAS 18001	Occupational Health and Safety Assessment Series 18001: Occupational health and safety management systems
PS	Performance Standards (IFC)
PPE	Personal Protective Equipment
RCM	Reliability-Centered Maintenance
TLVs	Threshold Limit Values

## Overview of the CAO Compliance Process

*CAO's mission is to serve as a fair, trusted, and effective independent recourse mechanism and to improve the environmental and social accountability of IFC and MIGA.*

CAO (Office of the Compliance Advisor Ombudsman) is an independent post that reports directly to the President of the World Bank Group. CAO reviews complaints from communities affected by development projects undertaken by the two private sector arms of the World Bank Group, the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA).

CAO's approach to its compliance mandate is set out in its *Operational Guidelines* (March 2013).

When CAO receives an eligible complaint, it first undergoes an assessment to determine how CAO should respond. If CAO's compliance function is triggered, CAO will conduct an appraisal of IFC's/MIGA's involvement in the project and determine whether an investigation is warranted. CAO's compliance function can also be triggered by the World Bank Group President, the CAO Vice President, or senior management of IFC/MIGA.

CAO compliance investigations focus on IFC/MIGA and how IFC/MIGA assured itself/themselves of a project's E&S performance. The purpose of a CAO compliance investigation is to ensure compliance with policies, standards, guidelines, procedures, and conditions for IFC/MIGA involvement, and thereby improve the institution's environmental and social (E&S) performance.

In the context of a CAO compliance investigation, at issue is whether:

- The actual E&S outcomes of a project are consistent with or contrary to the desired effect of the IFC/MIGA policy provisions
- A failure by IFC/MIGA to address E&S issues as part of the appraisal or supervision resulted in outcomes contrary to the desired effect of the policy provisions

In many cases, in assessing the performance of a project and implementation of measures to meet relevant requirements, it is necessary to review the actions of the IFC client and to verify outcomes in the field.

CAO has no authority with respect to judicial processes. CAO is neither a court of appeal nor a legal enforcement mechanism, nor is CAO a substitute for international court systems or court systems in host countries.

Upon finalizing a compliance investigation, IFC/MIGA is given 20 working days to prepare a public response. The compliance investigation report, together with any response from IFC/MIGA is then sent to the World Bank Group President for clearance, after which it is made public on CAO's website ([www.cao-ombudsman.org](http://www.cao-ombudsman.org)).

In cases where IFC/MIGA is found to be out of compliance, CAO keeps the investigation open and monitors the situation until actions taken by IFC/MIGA assure CAO that IFC/MIGA is addressing the noncompliance. CAO will then close the compliance investigation.

For more information about CAO, please visit [www.cao-ombudsman.org](http://www.cao-ombudsman.org)



# 1. Background to CAO Investigation

## 1.1. IFC Investment

Minera Yanacocha S.R.L. (“the Company”)<sup>1</sup> is a joint venture between Newmont Mining and Minas Buenaventura.<sup>2</sup> Minera Yanacocha S.R.L. was established in 1992 to develop gold deposits in the Department of Cajamarca, Peru.<sup>3</sup> Since its establishment, the Company has developed four open pit mines: Carachugo, Maqui Maqui, Yanacocha and La Quinoa (combined “the project”). Two additional mines—Cerro Quilish and Minas Conga—were planned, however development of these mines has not commenced (see project area map in Annex A).

IFC made its first investment in the Company in 1993 when it purchased a five percent equity stake and provided US\$26 million in loans to support the development of the Carachugo deposit.<sup>4</sup> In 1994 IFC provided an additional US\$15 million in loans to support the expansion of the Company’s activities to develop the Maqui Maqui deposit.<sup>5</sup> In 1999 IFC provided a US\$100 million loan to support the development of La Quinoa deposit and associated infrastructure.<sup>6</sup> All loans were fully repaid by 2005. In December 2017, IFC sold its five percent equity stake in the Company to Newmont and Buenaventura following a regular review of IFC’s portfolio of investments.<sup>7</sup>

---

<sup>1</sup> The term ‘Company’ is used rather than ‘Client’ (as used in previous reports), as at the time of writing Yanacocha is no longer IFC’s client.

<sup>2</sup> Newmont Mining holds 51.35 percent equity and Minas Buenaventura holds 43.65 percent equity in the Company. In 2018, Sumitomo Corporation acquired 5 percent in the Company. Newmont. 2018. “News Details: Newmont Welcomes Sumitomo as Valued Partner at Yanacocha [ June 20, 2018]”. Available at <https://goo.gl/24kZgf>.

<sup>3</sup> IFC. 1999. “Summary of Project Information (SPI) [Project Number 9502].” *IFC Project Information Portal*. Available at: <https://goo.gl/AFSPUh>.

<sup>4</sup> Financial Times. “Commodities and Agriculture – Latin America Yields Golden Opportunities [February 3, 1995].”

<sup>5</sup> IFC. 1994. “Environmental and Social Review Summary.” *IFC Project Information Portal*. Available at <https://goo.gl/gCUqAx>.

<sup>6</sup> IFC. 1999. “Summary of Project Information (SPI) [Project Number 9502].” *IFC Project Information Portal*. Available at: <https://goo.gl/AFSPUh>.

<sup>7</sup> Refer to: IFC. n.d. “IFC Completes Engagement with Peru’s Yanacocha Gold Mine.” Available at: <https://goo.gl/pPrHdh>.

## 1.2. Complaints and CAO Assessment

### *CAO Complaints: Yanacocha 09 and 10*

Between January and May 2017 CAO received two complaints (Yanacocha-09 and Yanacocha-10) from groups of current and former workers.<sup>8</sup> The complaints are similar. The complainants allege that they have health issues due to alleged workplace exposure to toxic gases and heavy metals including mercury, aluminum, cadmium, nickel, silver, titanium, thallium, uranium, lead, and arsenic. Complainants allege that chronic and acute exposure have induced long-term negative impacts to their health, including loss of memory, heart conditions, tremors, hernias, neurological disorders, acute allergies, and several other issues.<sup>9</sup>

The complainants assert that legal and medical experts, they have consulted with, corroborate that their conditions are associated with exposure to heavy metals. As part of the complaint, the complainants submitted large amounts of supporting documentation, including lab analyses of hair samples from several complainants which they state confirm their exposure to high levels of heavy metals. The complainants also submitted photographs and videos which they assert demonstrate non-compliant performance of the Company. These photographs and videos include images of stack emissions and mercury vapor testing in a refinery detailing results in excess of threshold limit values (TLVs). The complainants assert they have had trouble finding alternative means of employment due to their health conditions and that the high cost of medical treatment makes it difficult for them to provide for their families.

The complainants raise concern regarding the Company's approach to occupational hygiene management during their period of employment (see box below for explanation of occupational hygiene). Specifically, they note the following gaps and issues:

- Lack of personal protective equipment (PPE);
- Lack of a safe and clean working environment. In particular, the complainants assert that in the early years of the mine there was a lack of signage to identify hazardous materials and no cafeteria thus necessitating workers to eat in their work areas;
- Lack of compliance with safety standards for minimizing exposure risks, exceeding permissible temperature levels and inadequate storage and disposal of toxic chemicals;
- Lack of adequate monitoring of safety standards and risk mitigation measures. In particular, the complainants cite a lack of properly certified and maintained monitoring equipment; a lack of proper PPE monitoring and worker occupational health and safety (OHS) training; and inadequate response to the 2010 Reliability-Centered Maintenance (RCM) review which the complainants assert identified several gaps in safety procedures;
- Lack of appropriate response to medical issues, including lack of investigation when incidents occurred or when issues were raised. In particular, the complainants note that they made efforts to access relevant information regarding OHS conditions or their own medical records, however, they allege that the Company has responded by denying them access to information or covering up the existence of documentation.

The complainants have expressed concern over the Company's response to their complaints, which they say have never been taken seriously and have been met with strategies to divide or isolate workers who complain.

---

<sup>8</sup> CAO handled nine other complaints related to the Company. See Annex B for a summary of these complaints. At the time of writing, CAO understands that none of the complainants are current workers.

<sup>9</sup> Yanacocha 09 and 10 complaints and CAO Assessment Reports are available at <https://goo.gl/mX6VS5> and <https://goo.gl/mgQCCf>, respectively.

## *Yanacocha's Response*

The Company states that it takes employee health and safety very seriously and has advanced safety procedures in place at the mine to prevent worker endangerment. It contends that its processes are compliant with best practice and designed in accordance with the level of risk to which workers are exposed. The Company notes that it has received several certifications and awards in recognition of occupational health and safety, and reviews and improves processes on a continuous basis.<sup>10</sup>

The Company questions the credibility of claims related to heavy metal poisoning caused by exposure based on a view of the chemical processes involved in operations. The Company contends that its workers are not exposed to some of the heavy metals that are allegedly impacting the health of the complainants (uranium for example), and that specific controls are in place to protect employees from exposure to metals that are naturally present in the ore (mercury for example) or used in the metallurgic process. The Company states that it monitors and responds to any indicators of exposure that may exceed the norms.

The Company states that its medical team has reviewed the details of each individual case and has found no medical basis for the claims. It questions some of the information provided by complainants and attributes most of the expressed medical conditions to other factors (lifestyle, non-occupational conditions, other sources of exposure). The Company asserts that some of the complainants were not stationed in positions or areas that would expose them to heavy metals. Of those who were working in areas where exposure was possible, the Company states that they all had access to PPE and that workers were monitored as per standard practice. According to the Company, any health issues would have thus been identified via regular medical examinations, including exit medical examinations.

The Company further states that workers are free to raise concerns, which are addressed on an individual basis. Each worker can request and receive medical records about procedures or treatments that were provided to them by the Company's medical staff. The Company indicated it does not have access to information held by third parties, such as clinics or hospitals due to the confidential nature of those records as established by Peruvian law. They assert that workers would need to request those materials directly from the third party.

The Company raised concern regarding the complainant group as, from the Company's point of view, some of the complainants have gone from one forum to another to present law suits. The Company noted that some of their cases had been struck down and that others had been settled. The Company also noted that some of the complainants were dismissed from the Company for specific reasons which they chose to contest in court, thereby making it difficult for the Company to engage with them in dialogue.

While the complainants and the Company expressed interest in a CAO facilitated dispute resolution process, agreement on who should participate was not reached. In accordance with CAO's Operational Guidelines, the complaint was transferred to CAO's compliance function in July 2017.

---

<sup>10</sup> CAO Assessment Reports are available for Yanacocha 09 at <https://goo.gl/JrU7Ap> and for Yanacocha 10 at <https://goo.gl/Q3wBzr>.

## Occupational Hygiene

Occupational hygiene is a sub-discipline of occupational health and safety. Occupational hygiene takes a science-based approach to identifying, assessing and controlling exposure to harmful substances in the workplace with the objective of proactively protecting worker health.<sup>11</sup> Acute or chronic exposure to chemicals, physical agents or biological hazards in the workplace can lead to occupational diseases. In some instances, it is possible for symptoms to present many years after exposure and/or after a worker completes their employment. Some examples of occupational disease in the mining sector include asbestosis, silicosis, various types of cancer, lung disease and skin disease.

Examples of exposure that can lead to occupational disease in mining include:<sup>12</sup>

- diesel emissions: elemental/organic carbon, carbon monoxide, nitrogen dioxide, sulfur dioxide
- drilling, mucking, rock breaking: silica, general dust
- refining: metals, sulfur dioxide, dust, chemical reagents

### 1.3. Scope of CAO Investigation

In November 2017, CAO released a joint compliance appraisal report of the Yanacocha 09 and 10 complaints. Based on a review of IFC's documentation, CAO identified questions regarding the adequacy of IFC's supervision of the Company's occupational health and safety performance. In this context and considering the seriousness of the impacts alleged by the complainants, CAO concluded that a compliance investigation was merited.<sup>13</sup>

The scope of this investigation is defined in Terms of Reference (TOR) issued by CAO in January 2018.<sup>14</sup> The focus of this CAO compliance investigation is on IFC. In relation to the issues raised in the Yanacocha 09 and 10 complaints, CAO considers whether IFC's investment in the Company was appraised, structured and supervised in accordance with applicable policies, procedures and standards. CAO also considers whether World Bank Group E&S policies and procedures as applied to this project provide an adequate level of protection.

In considering the issues raised in both complaints, the TOR established the following questions as the focus of the compliance investigation.

1. Whether IFC's pre-investment review of the Company's approach to occupational health and safety issues was commensurate to risk?
2. Whether IFC structured its supervision of the project in a manner that was sufficient to assess Company compliance with IFC occupational health and safety requirements?
3. Whether IFC met its supervision duty in relation to the specific occupational health and safety concerns raised by the complainants?

---

<sup>11</sup> British Occupational Hygienist Society, *Occupational Hygiene explained*. Available at <https://goo.gl/vxQJFm>.

<sup>12</sup> Ontario Ministry of Labour, September 2018, *Occupational Disease in Mines*. Available at <https://goo.gl/ncc4Ti>.

<sup>13</sup> CAO Compliance Appraisal: Yanacocha (IFC Project #2983), Complaint 09-10 [November 10, 2017]. Available at <https://goo.gl/QBx6GR>.

<sup>14</sup> CAO Terms of Reference: Yanacocha Complaint 09-10. Available at <https://goo.gl/mkzFTd>.

#### 1.4. Methodology for CAO Investigation

CAO's compliance mandate is focused on IFC's E&S performance. In accordance with CAO's Operational Guidelines, this report documents investigation findings with respect to IFC's compliance with relevant requirements and adverse environmental and/or social outcomes, including the extent to which these are verifiably related to the project.

The CAO compliance investigation was conducted by CAO staff with inputs from an external expert. CAO's external expert is a medical physician with over 25 years' experience in occupational hygiene and medicine in the mining industry. The compliance investigation team reviewed documentation from IFC, the Company, and complainants. CAO notes that there are gaps in IFC project documentation prior to 2000. Thereafter, IFC's documentation was filed digitally and readily available to CAO.

The CAO compliance investigation team travelled to Lima and Cajamarca, Peru in September 2018 to meet with the complainants and their experts, the Company, and other stakeholders. Following the field visit, the CAO team held interviews with IFC staff.

CAO's investigation considers IFC's performance in relation to the applicable IFC policies and procedures, which applied to IFC, and IFC E&S requirements, which applied to the Company (see table below and Section 2.1).<sup>15</sup>

Year	IFC Investment	IFC Policy and Procedures (Applicable to IFC)	IFC E&S Requirements (Applicable to IFC clients)
1993	IFC equity and loan investment	1992 Internal Procedure for Environmental Review of IFC Projects	1988 Environmental Guidelines 1988 Occupational Health and Safety Guidelines
1994	IFC Loan	1993 Procedure for Environmental Analysis and Review of IFC Projects	1988 Environmental Guidelines 1988 Occupational Health and Safety Guidelines
1999	IFC Loan	1998 IFC Safeguard Policies 1998 IFC Procedures for Environmental and Social Review of Projects	1998 WBG Pollution Prevention and Abatement Handbook 1998 IFC EHS Guidelines 1995 EHS for Guidelines – Open Pit Mining and Milling
2006	Ongoing IFC supervision post loan repayment	2006 & 2012 IFC Sustainability Policy IFC Environmental and Social Review Procedures (ESRP, as updated)	2006 & 2012 IFC Performance Standards* IFC's Environmental, Health and Safety Guidelines*
* The Company was not contractually required to meet the 2006 and 2012 Performance Standards and IFC's Environmental, Health and Safety Guidelines. IFC's applicable ESRPs required IFC to supervise the Company with reference to the 2006 Performance Standards, however, IFC did not have contractual leverage to enforce these standards.			

In considering IFC's E&S performance in relation to this investment, CAO is conscious not to expect performance at a level that requires the benefit of hindsight. Rather, the question is whether there is evidence that IFC applied relevant requirements considering sources of information available at the time.

<sup>15</sup> IFC. 1992. *Internal Procedure for Environmental Review of International Finance Corporation Projects* [IFC/SecM92-189, December 11, 1992]. IFC. 1998. *Procedure for Environmental and Social Review of Projects (ESRP)* [December 1998]. IFC, 1998, *Safeguard Policies*, WBG, 1998, *Pollution Prevention and Abatement Handbook*, and IFC EHS Guidelines available at <https://goo.gl/BUUGTM>. IFC Sustainability Framework 2006 and 2012 available at <https://goo.gl/ALBk2f>.

## 2. Analysis and Findings

This section presents a (i) summary of applicable IFC policies, procedures and Company requirements; (ii) summary of IFC's pre-investment reviews and supervision as relevant to the issues raised in this case; and (iii) an analysis of IFC's actions in reference to applicable requirements and CAO's compliance findings.

### 2.1. Overview of IFC's Policy Framework and Company Requirements for Occupational Hygiene

#### *IFC Policy and Procedures*

IFC's equity and loan investments in 1993 and 1994 were made in the context of its 1992 *Internal Procedure for Environmental Review of IFC Projects* and its 1993 *Procedure for Environmental Analysis and Review of IFC Projects* ("1992 and 1993 Procedures"). These outline IFC's environmental review process which, at the time, was designed to ensure consistency with host country requirements and World Bank policies and guidelines.<sup>16</sup> The procedure includes provisions for IFC to review the proposed investment for occupational, health and safety risks and requires that all IFC projects comply with World Bank policies, environmental guidelines, and occupational health and safety guidelines.<sup>17</sup>

The 1992 and 1993 Procedures provide for IFC to include appropriate E&S requirements in its investment agreements.<sup>18</sup> The World Bank's 1988 *Environmental Guidelines* and 1988 *Occupational Health and Safety Guidelines* were in effect at the time of IFC's 1993 and 1994 investments.<sup>19</sup> In 1992, the World Bank released draft environmental, health and safety guidelines for open pit mining, which were also applied to the 1993 and 1994 investment.<sup>20</sup> (See Annex C for summary of World Bank Environmental Health Safety (EHS) and OHS standards.)

IFC's 1999 loan to support of the development of the La Quinoa deposit was made in the context of the IFC's 1998 *Procedures for Environmental and Social Review of Projects* (1998 Procedures). These procedures required IFC to assure itself of the Company's compliance with then applicable IFC E&S requirements: 1998 *WBG Pollution Prevention and Abatement Handbook*, 1998 *IFC EHS Guidelines* and the 1995 *WBG EHS for Guidelines - Open Pit Mining and Milling*.<sup>21</sup> The 1998 Procedures require IFC to incorporate these E&S requirements into its legal agreement with the Company for the activity being financed.

In 2006, IFC's E&S policies and procedures were fundamentally revised. IFC's 2006 Sustainability Policy included a commitment to "do no harm" principles and required a "a consistent approach to avoid adverse impacts on workers, communities, and the environment, or if avoidance is not

---

<sup>16</sup> IFC. 1992. *Internal Procedure for Environmental Review of International Finance Corporation Projects* [IFC/SecM92-189, December 11, 1992], para. 2.

<sup>17</sup> Ibid, paras. 2-4.

<sup>18</sup> IFC. 1992. *Internal Procedure for Environmental Review of International Finance Corporation Projects* [IFC/SecM92-189, December 11, 1992], para. 5.

<sup>19</sup> World Bank. 1988. *Environmental Guidelines*. Available at <https://goo.gl/KrDbKu>; World Bank. 1988. *Occupational Health and Safety Guidelines*. Available at <https://goo.gl/SBQnUk>.

<sup>20</sup> The 1992 draft *OHS Guidelines Mining and Milling - Open Pit* were finalized and adopted in 1995 as the *EHS Guidelines – Open Pit Mining and Milling*. Available at: <https://goo.gl/uvzesW>.

<sup>21</sup> IFC. 1998. *Procedure for Environmental and Social Review of Projects (ESRP)* [December 1998].; World Bank. 1995. *Environmental Health and Safety Guidelines: Mining and Milling – Open Pit*, 1995. Available at <https://goo.gl/uvzesW>.



possible, to reduce, mitigate, or compensate for the impacts, as appropriate. The 2006 Framework also included a new framework of client requirements in the form of the Performance Standards.”<sup>22</sup>

While the Company repaid its IFC loans in 2005, and IFC’s equity investment pre-dated the Performance Standards, the Company informally agreed that IFC would continue to monitor with reference to Performance Standard requirements. This understanding between IFC and the Company was not formalized in a legal agreement.

IFC’s E&S Review Procedures (ESRPs) for supervision have been amended several times during this investment. Broadly, under the ESRPs IFC is required to (i) develop and retain the information needed to assess the company’s the status of compliance with agreed IFC E&S requirements and (ii) assess a client’s compliance with agreed E&S requirements. The ESRPs also provide for an IFC client to submit to IFC an Annual Monitoring Report (AMR) summarizing its performance with agreed IFC E&S requirements. IFC prepares an AMR Review assessing (a) whether there is sufficient information to assess compliance and (b) the company’s compliance with IFC E&S requirements. IFC supplements its AMR Reviews with site supervision visits to the company.<sup>23</sup> From 2006, IFC’s ESRPs for supervision were enhanced. As revised from time to time during the period of IFC’s investment, the procedures provided for IFC staff to: (a) supervise projects against the requirements of the investment agreement and the IFC Performance Standards;<sup>24</sup> (b) respond to any inquiries and complaints;<sup>25</sup> (c) review other project related information that may become available for E&S compliance significance;<sup>26</sup> (d) review OHS statistics and trends over time;<sup>27</sup> and (e) conduct periodic internet searches on the project.<sup>28</sup>

Where there are any changed project circumstances that could result in adverse E&S risks and/or impacts, IFC works with the client to address them.<sup>29</sup>

#### *IFC E&S Requirements: Occupational Hygiene*

Since 1984, the World Bank Group (including IFC) has set OHS standards for the projects that it finances.<sup>30</sup> While these standards have evolved, broadly, they require clients to implement precautions to protect the health and safety of workers in accordance with good international industry practice. Preventive and protective measures should be introduced according to the following risk mitigation hierarchy:<sup>31</sup>

1. Eliminating the hazard by removing the activity from the work process. Examples include substitution with less hazardous chemicals, using different manufacturing processes, etc.;

---

<sup>22</sup> A similar approach was maintained when the IFC Sustainability Policy and Performance Standards were revised in 2012. IFC, 2006 and 2012 Sustainability Policies are available at <https://goo.gl/dd95Gn> and <https://goo.gl/sPjzEJ>.

<sup>23</sup> IFC’s Environmental and Social Review Procedures, as updated. IFC’s ESRPs since 1998 are available at <https://goo.gl/U88Ewm>.

<sup>24</sup> IFC ESRP 6 (2006), 6.2.4.

<sup>25</sup> IFC ESRP 6 (2006), 6.1.1 c.

<sup>26</sup> IFC ESRP 6 (2010), 6.2.1.

<sup>27</sup> IFC ESRP 6 (2010), 6.2.3.

<sup>28</sup> IFC ESRP 6 (2013), 6.2.1.

<sup>29</sup> IFC Sustainability Policy 2006 and ESRP 6 (2010 and 2013)

<sup>30</sup> World Bank. 1984. *Occupational Health and Safety Guidelines*. Available at: <https://goo.gl/zTtTSK>.

<sup>31</sup> IFC, 2007, *General EHS Guidelines: Occupational Health and Safety*. Available at <https://goo.gl/dPPgfE>.

2. Controlling the hazard at its source through use of engineering controls. Examples include local exhaust ventilation, isolation rooms, machine guarding, acoustic insulating, etc.;
3. Minimizing the hazard through design of safe work systems and administrative or institutional control measures. Examples include job rotation, training safe work procedures, lock-out and tag-out, workplace monitoring, limiting exposure or work duration, etc.;
4. Providing appropriate personal protective equipment (PPE) in conjunction with training, use, and maintenance of the PPE.

IFC's OHS standards require clients to prevent disease arising from, associated with, or occurring in the course of work.<sup>32</sup> Specifically for open pit mining, IFC has, since 1984, required: (a) pre-employment and periodic medical examinations to be conducted for all personnel; (b) workplace air quality for dust to meet defined TLVs; (c) workers to be provided with a dust respirator; (d) workers to be provided with very good sanitary and washing facilities; and (e) companies to retain records of all employee accidents and illnesses. The 1995 *EHS Guidelines for Open Pit Mining and Milling* additionally require: (a) specific medical examinations to be conducted on personnel potentially exposed to toxic or radioactive substances; (b) periodic monitoring of workplace air quality; (c) workplace air quality to meet additional defined TLVs; (d) implementation of workplace air quality and temperature controls (ventilation, monitoring equipment, PPE and sanitary facilities etc.); and, (e) occupational illness data to be reviewed and evaluated to improve environmental, health and safety program with a summary of the review provided to IFC.<sup>33</sup>

#### *IFC E&S Requirements: Right to Information*

IFC Performance Standard 2 requires clients to implement human resources policies and procedures consistent with the requirements of national law and PS2.<sup>34</sup> Where a client retains workers' data, IFC Guidance provides that the client should provide workers with access to their data.<sup>35</sup>

International Labour Organization guidelines and Peruvian law provide for workers' medical results to be clearly explained to them and for the results to be securely stored.<sup>36</sup>

---

<sup>32</sup> IFC 2012 PS2, para. 23.

<sup>33</sup> World Bank. 1995. EHS Guidelines: Mining and Milling – Open Pit, 1995. Available at <https://goo.gl/uvzesW>.

<sup>34</sup> IFC 2012 PS2, para. 8.

<sup>35</sup> IFC 2012 PS2 Guidance Notes, para GN18.

<sup>36</sup> ILO. 1998. *Technical and ethical guidelines for workers' health surveillance*. Available at: <https://goo.gl/5sLpNt>; ILO. 2018. *Safety and health in opencast mines*. Available at <https://goo.gl/jJUvCL>; Government of Peru, 2016, Supreme Decree 024-2016-EM. Available at: <https://goo.gl/4g8ruh>.



## 2.2. Summary of IFC's Review and Supervision of the Project

The following discussion considers IFC's review and supervision of the project across three phases. The first section addresses the period during which IFC invested in the Company and early supervision (1993-1999), the second section addresses the period of IFC's supervision until the Company repaid its loans (2000-2005), and the third section addresses the period after loan repayment until IFC's divestment of its equity stake (2006-2017). See Annex D for project timeline.

### 2.2.1. IFC Pre-Investment Reviews and Supervision (1993-1999)

#### IFC Pre-Investment Review: 1993

In April 1993, IFC approved a five percent equity investment and a US\$26m loan to the Company. The objective of this financing was to support the establishment of the Company and the development of the Carachugo deposit.<sup>37</sup> IFC noted that its support was an important element for the project to proceed given the political and economic conditions in Peru and their ramifications for access to long-term project finance. IFC anticipated that the main environmental impact would be land disturbance. IFC's environmental assessment of the project did not discuss specific workplace occupational hygiene risks and mitigation measures. IFC categorized the E&S project risk as Category A, indicating potential significant adverse environmental or social risks and/or impacts that are diverse, irreversible or unprecedented.

IFC noted that all facilities would be designed and operated in accordance with Government of Peru and US state of Nevada laws, and with World Bank environmental policy and guidelines. IFC's loan agreement required the Company to operate facilities in accordance with the 1988 OHS guidelines and the then-draft 1992 *OHS Guidelines: Mining and Milling - Open Pit*. IFC's equity agreement did not include E&S requirements.

#### IFC Pre-Investment Review: 1994

In May 1994, IFC approved US\$15m in loans to support the expansion of Company activities to the Maqui Maqui mine, 2.5km from its existing facilities.<sup>38</sup> IFC's pre-investment E&S review noted the main project risks were land disturbance, land acquisition and impacts to water. Regarding OHS risks, IFC noted that the Company had developed and implemented OHS plans. IFC required the Company to ensure that: (a) all employees received appropriated training; (b) workplace controls for exposure to toxic gases and dust were in place; and, (c) all employees obtained pre-employment and periodic medical examinations. Following a supervision visit to the Company's Carachugo facilities, IFC concluded that the Maqui Maqui mine would comply with all applicable World Bank environmental guidelines and policies. IFC categorized the E&S project risk as Category A.

IFC's 1994 loan agreement with the Company included requirements for the Company to design, construct, operate and maintain the Carachugo and Maqui Maqui facilities in accordance with the 1988 *OHS Guidelines* and the then-draft 1992 *OHS Guidelines: Mining and Milling - Open Pit*.

#### Company OHS Reporting: 1993-1999

In April 1996 and March 1997, IFC received annual reports from the Company summarizing its OHS systems and performance from 1993 through 1996. These annual reports noted occupational hygiene risks, including work place exposure to heavy metals and dust, and a series

---

<sup>37</sup> Latin Finance, October 1, 1993, *Pay Dirt*.

<sup>38</sup> IFC. 1994. Environmental and Social Review Summary. Available at <https://goo.gl/gCUqAx>.

of mitigation measures it had implemented to control risk to employees. In 1993, the Company detected that mercury was naturally occurring in the ore and this presented risks to worker health. In response, the Company reported that it immediately implemented measures to determine worker exposure. The Company further noted that in 1994, it installed two mercury retorts to recover all mercury in the ore prior to smelting and modified its workplace ventilation systems. As production at the mine increased, the Company reported additional infrastructure was installed to control risks to mercury exposure in the workplace. Specifically, the Company noted that all ventilation systems were designed to meet maximum mercury levels of 0.05mg/m<sup>3</sup>.

The Company reported workplace air quality monitoring data, including average monthly mercury air vapor levels of at-risk locations. The data for 1995 and the first half of 1996 indicated levels significantly above the World Bank TLVs. In the second half of 1996 the Company reported that it had significantly reduced mercury air vapor levels in all areas as a result of engineering improvements. Reported mercury air vapor levels for the second half of 1996 still exceeded the World Bank TLVs.

In order to mitigate employee occupational hygiene risks, in particular dust, mercury, and cyanide exposure, the Company reported that it provided workers with appropriate personal protective equipment, implemented an intensive monitoring system, and that the adequacy of system controls was continuously evaluated. The Company noted a permanent outdoor alarm was located near the cyanide mixing station and that employees wore personal monitoring devices to detect cyanide gases that could be released during handling and mixing. In 1995 and 1996, the Company reported that it did not reach alarm-level conditions at any cyanide monitoring station or personal monitoring device.

IFC reviews of the Company's reporting during this period were not available to CAO.

#### IFC Pre-Investment Review: 1999

In June 1999, IFC approved a US\$100m loan to the Company to support its development of the La Quinoa mine and the expansion of existing project facilities. In its E&S review of this investment, IFC recognized the following to be significant sources of project environmental, health and safety risks: a) dust and exhaust emissions; b) water resources and quality; c) water impoundments (process, storm water, and sediment ponds); d) natural ecosystems; e) handling of hazardous materials; f) occupational health and safety; g) emergency response; h) waste management; i) land acquisition; and, j) reclamation and closure. IFC noted that the Company was in compliance with IFC's E&S requirements and that it had taken specific mitigation measures to manage identified risks.<sup>39</sup> IFC noted that the Company's safety record was "consistent with international standards and has improved over time."<sup>40</sup> IFC also disclosed a Company-prepared summary of its OHS program (see Annex E). IFC assigned the investment E&S risk Category A.<sup>41</sup>

IFC's 1999 legal agreement required the Company to operate all facilities in accordance with WBG *Pollution Prevention and Abatement Handbook* and *IFC EHS Guidelines*. Relevant to this investigation, this included a commitment to operate in accordance with *World Bank EHS: Mining*

---

<sup>39</sup> IFC. 1999. "Summary of Proposed Investment: Yanacocha III." Available at <https://goo.gl/ErK3cG>.

<sup>40</sup> IFC. 1999. "Summary of Proposed Investment: Yanacocha III." Available at <https://goo.gl/ErK3cG>.

<sup>41</sup> IFC. 1999. "Summary of Project Information (SPI) [Project Number 9502]." *IFC Project Information Portal*. Available at: <https://goo.gl/AFSPUh>.; Also refer to: IFC. n.d. "Environmental and Social Categorization." Available at: <https://goo.gl/xKHKKY>.

*and Milling – Open Pit (August 1995) and Best Management Practices for Storage, Handling, and Transportation of Cyanide in Mining Operations (September 1998).*

### **2.2.2. IFC Supervision (2000-2005)**

During the period 2000-2005, IFC's E&S supervision focused on the Company's response to a June 2000 mercury spill and on the Company's plans to develop the Cerro Quillish deposit.

The Company's AMRs during this period were prepared by a third-party. AMRs covered all aspects of the Company's operations and provided a summary of its approach to each identified risk as well as a summary of actions taken to mitigate each risk. As relevant to this investigation, AMRs included a summary of the Company's occupational hygiene program and workplace air quality monitoring data.

In the period 2002-2005, the Company's AMRs reported compliance with most workplace air quality TLVs. However, the Company did report several workplace air quality TLVs exceedances for mercury, lead and silica dust. In some instances, these reported exceedances were significantly above prescribed TLVs.

For 2002-2004, the Company reported to IFC a summary of its worker medical surveillance program. With the exception of the first quarter of 2002, the Company reported that employee urine test results for exposure to mercury were below American Conference of Governmental Industrial Hygienists (ACGIH) biological exposure index of 35 µg/g creatinine.<sup>42</sup> Further, the Company reported on initiatives that it was implementing to improve occupational hygiene (e.g. reviewing and improving air ventilation, employee training on PPE, employee workplace occupational examinations, and implementing new controls).

Throughout this period, IFC's supervision documents provide limited comment on the client's occupational hygiene performance. Following site visits in January and December 2002, IFC noted that the Company had significantly improved worker protection in the gold refinery. Specifically, IFC noted that the Company had implemented new leak controls, provided better PPE and installed additional mercury detectors and exposure meters. IFC also observed that overall OHS statistics had continuously improved in recent years.

Neither IFC's AMR reviews for 2002-2005 nor its May 2004 site supervision report comment on the Company's occupational hygiene program.

#### Company Repayment of Loans: 2005

In December 2005, the Company completed repayment of all outstanding IFC loans. In February 2006, the Company sent a letter to IFC noting that IFC had played an important part in monitoring the Company's E&S performance and noting that this was performed as per IFC's loan agreements. The Company requested that IFC continue to monitor the Company's environmental performance in its role as an equity holder, and asked what, if any, formal agreements were necessary for this to occur.

IFC did not formally respond to the Company's request. IFC staff explained to CAO that a 'gentleman's agreement' was reached between IFC and the Company which provided for the Company to continue to report to IFC and permit site supervision visits. IFC's supervision documentation notes that the Company agreed to provide IFC with its public Sustainability Report,

---

<sup>42</sup> Further details on ACGIH biological monitoring and exposure limits is available at [ACGIH, 2005 TLVs and BEIs](#).

its Annual ISO 14001 report and monitoring data which the Company had reported to IFC previously.

### **2.2.3. IFC Supervision (2006-2017)**

#### *General supervision*

From 2006 until IFC's divestment in 2017, IFC's supervision of the Company focused on the Company's proposed development of the Conga mine and the Company's community programs. IFC supervision documents record that IFC reviewed the Company's E&S performance with reference to IFC's 2006 and 2012 Performance Standards.

The Company provided IFC with an AMR each year from 2006 to 2013. These AMRs were prepared by the Company. The format and depth of these AMRs were different from the Company's earlier E&S reports. AMRs from 2006 to 2010 presented environmental sampling and monitoring data, but did not contain any information on the Company's occupational hygiene performance. For 2011, 2012 and 2013, the AMRs summarized the Company's environmental, social and OHS performance and occupational hygiene program. While these AMRs did not provide workplace air quality monitoring data, the 2012 and 2013 reports did provide results of the Company's medical surveillance program. Specifically, the Company reported the number of medical tests planned and completed, and the number of test results which indicated a worker exceedance to lead, mercury or cadmium. Where an exceedance was recorded, the Company noted that it established a monitoring plan, provided guidance to workers on the health effects from exposure to heavy metal and retested within 24 hours. The Company's AMRs from 2006 to 2013, did not include workplace air quality monitoring data. The Company did not provide IFC with an AMR for 2014, 2015, 2016, or 2017. The Company did, however, release a public sustainability report for each of these years. These public reports summarize the Company's activities for each year and approach to environmental, social and occupational risks in general terms. The public reports provide limited monitoring data on the Company's occupational hygiene performance.

IFC's AMR reviews and site supervision documentation provide limited comments on the client's occupational hygiene performance. IFC's AMR Reviews for 2006, 2007, 2008, and 2010 noted that no OHS data was provided to IFC, while AMR Reviews for 2009, 2011, and 2012 made comments based on safety data. While IFC conducted site supervision visits to the Company in 2006, 2008, 2010, 2012, 2014 and 2015, only the 2010 and 2015 reports refer to the Company's occupational hygiene performance. In 2010, IFC noted that Company employees in the retorts and refinery were equipped with appropriate PPE and IFC observed during its visit that a measurement taken of mercury concentrations in the retort area was below TLVs. IFC's 2015 site supervision report discussed a complaint the company received regarding worker health impacts (see below). Further, this supervision report documented a positive review of the Company's safety performance.

#### *Mercury stack emissions*

In its review of the Company's 2008 AMR, IFC raised concerns regarding significant mercury stack emissions at one of the refineries. IFC was concerned that reported mercury stack emissions could have impacts to nearby communities and workers. IFC staff noted to CAO that while there was no IFC standard for mercury stack emissions in gold mining, the Company's air emissions were in excess of a similar IFC standards for lead and zinc smelting. IFC noted to CAO, in the absence of legal leverage, IFC worked with the Company to establish a standard for mercury stack emissions. This standard was subsequently adopted by the Company's parent across its corporation. In follow-up site visits in 2010 and 2012, IFC noted additional controls and

infrastructure improvements that the Company had implemented to meet the standard. Specifically, the Company installed dry scrubbers to the five retorts and a new emissions control system in the smelting area in the refinery area. IFC staff advised CAO that they recommended the Company to undertake an assessment of potential health impacts of historically high mercury stack emissions on nearby communities and workers. It is not clear from the project files if the Company conducted such an assessment, but IFC staff reported that no such assessment was provided to IFC for review.

#### *IFC response to worker health complaints*

During a site visit in April 2014, IFC discussed the CAO Yanacocha 06 and Yanacocha 07 complaints with the Company (see Annex B). As relevant to this investigation,<sup>43</sup> the Yanacocha 06 complaint was presented to CAO by one former worker alleging unfair dismissal and impacts to health due to work for the Company. The issues raised in the Yanacocha 06 complaint are similar to those raised by the complainants in this investigation. IFC summarized the complaint in relation to the unfair dismissal allegation but did not engage with the substance of the worker's health concerns.

During its 2015 site supervision visit, IFC discussed with the Company a complaint a worker had made to the Company regarding mercury poisoning. From information received from the Company, IFC noted that the worker worked outside the retort. The worker alleged that he inhaled mercury and found a ball of mercury in his mouth. IFC noted that his blood results registered a slight mercury exceedance and, as a result, he was removed from work in that area. IFC recorded that over the next several months the worker had follow-up medical tests, conducted at his own discretion, which indicated increasingly levels of mercury. IFC recorded the Company's view that that it was not possible for a ball of mercury to appear in a worker's mouth and, once removed from the area, it was not possible for the worker to have increased levels of mercury due to his work. Beyond the company's articulation of the complaint, IFC did not seek further information on the complaint.

Following a review of draft version of this investigation report,<sup>44</sup> in August 2019, IFC management sent a letter to the company to request that they ensure that all individual medical records be provided to former employees upon request. Where medical examinations were conducted as part of an employee's work and records are retained by a third party, IFC requested that the company ensure that former employees have full access to these records.

---

<sup>43</sup> The Yanacocha 07 complaint raised concerns regarding land disputes involving the Company. This is not relevant to this investigation.

<sup>44</sup> In accordance with CAO's Operational Guidelines, in March 2019 CAO provided IFC with a draft version of this investigation report for factual review and comment.

### **2.3. Whether IFC's pre-investment review of the client's approach to occupational health and safety issues was commensurate to risk**

#### **Summary of Findings**

For each of its investments, while identifying occupational hygiene as a potential area of project risk, and referring to appropriate standards, IFC did not document an adequate pre-investment review of the Company's occupational hygiene risk identification and mitigation framework, or its track record in the management of occupational hygiene risk.

While identifying occupational hygiene as a potential area of project risk, and referring to appropriate standards, IFC's pre-investment review of its investments in the Company presented limited analysis of occupational hygiene risks and mitigation measures. IFC's 1994 and 1999 pre-investments reviews made brief positive comments on the Company's OHS systems. IFC's pre-investment report to management in 1999 noted that the Company was operating in compliance with its existing E&S requirements and that the La Quinoa project was designed to operate in accordance with IFC and World Bank policies and guidelines. However, IFC's pre-investment reviews did not present relevant information on the Company's occupational hygiene performance, including reports of mercury vapor levels significantly above IFC's TLVs requirements in 1995 and 1996.

Considering the E&S review documents prepared by IFC in advance of its investments in the Company, CAO is concerned at the limited IFC analysis of the Company's occupational hygiene risk identification and mitigation framework, or track record. In this context, CAO finds that IFC's review was not commensurate to risk.

### **2.4. Whether IFC structured its supervision of the project in a manner that was sufficient to assess client compliance with IFC occupational health and safety requirements?**

#### **Summary of Findings**

IFC's 1993 and 1994 loan agreements required the Company to operate in accordance with more stringent 1992 requirements from the draft OHS *Guidelines Mining and Milling - Open Pit* in addition to the corresponding mining guidelines in the then-applicable 1988 World Bank OHS Guidelines.

The 1992 Procedure provided for IFC to include appropriate E&S requirements in its investment agreement. The lack of E&S requirements in IFC's equity agreement with the Company left IFC in a position where, once all loans were repaid, IFC did not have any formal right to supervise the project or require compliance with IFC's E&S requirements.

IFC's policies and procedures required IFC to supervise the Company to ensure compliance with its E&S conditions throughout the life of an investment. IFC's failure to agree E&S conditions and a formal process for ongoing monitoring during the period 2006-2017 (after loan repayment but while IFC held equity in the Company) although offered an opportunity to do so by the Company, represented a material failure of supervision. The lack of such an agreement had a negative impact on IFC's ability to supervise the Company's occupational hygiene performance.

IFC's 1992 and 1993 Procedures for appraising, structuring and supervising investments noted that "All IFC projects must also meet the environmental requirements of the host country [and] ... World Bank policies and guidelines apply to each project." All of IFC's loan agreements included E&S requirements. With regard to its 1993 and 1994 investments, IFC required the Company to operate in accordance with then-draft 1992 *World Bank OHS Guidelines: Mining and Milling – Open Pit* in addition to the corresponding mining guidelines in the then-applicable 1988 World Bank OHS Guidelines. Taken together, these are examples of the application of good practice.

IFC's E&S requirements were not incorporated into IFC's 1993 equity investment. IFC staff explained that it was not practice at the time to include E&S requirements in equity investments. Nevertheless, CAO notes that the 1992 Procedure required IFC to include appropriate E&S requirements in its investment agreements, without creating any exception for equity investments. The failure to include E&S requirements in the equity agreement in this instance left IFC in a position where, once all loans were repaid, IFC did not have any formal right to supervise the Company against its E&S requirements.

In December 2005, the Company completed repayment of all loans. In February 2006, the Company requested that IFC continue to monitor its E&S performance and asked IFC what, if any, formal agreements were necessary for this to occur. IFC did not respond or agree to formal arrangements to provide for ongoing supervision. As IFC's policies and procedures require IFC to supervise the Company to ensure compliance with its E&S conditions throughout the life of an investment, the failure to agree E&S conditions and a formal process for ongoing monitoring, when offered, represented a material failure of IFC's supervision. Once the loans were repaid, the Company no longer provided detailed information regarding its occupational hygiene program. As advised by IFC staff, the absence of formal E&S requirements hindered IFC staff in their ability to obtain information regarding the Company's E&S performance. Rather, IFC relied on voluntary cooperation of the Company to report and facilitate site visits from 2006 until it sold its equity investment in December 2017.

## **2.5. Whether IFC met its supervision duty in relation to the specific occupational health and safety concerns raised by the Complainants?**

### **Summary of Findings**

IFC has not adequately supervised the Company's occupational hygiene performance nor retained information necessary to assess the status of compliance with IFC's occupational hygiene requirements.

IFC did not take adequate action to respond to serious and specific allegations of occupational health impacts as necessary to assure itself of the Company's compliance with relevant IFC's occupational hygiene requirements.

Once IFC became aware of the complainants' allegations that the Company had not provided the complainants access to their medical records, there is no evidence that IFC took action necessary to assure itself that the Company had: (a) systems in place to provide and explain relevant medical information to workers; or (b) provided the complainants with their medical records.

CAO has insufficient evidence to verify the complainants' claims of adverse health impacts caused by the project. At the same time, CAO finds that shortcomings in IFC's supervision of the project contributed to this lack of evidence.

### *IFC's general supervision*

CAO has reviewed available (a) Company reports to IFC; (b) IFC's reviews; and, (c) IFC site supervision reports. Up until 2005, the Company provided IFC with summary of its occupational hygiene program and workplace air quality monitoring data through its AMRs. After the Company repaid its IFC loans, the Company reported limited details regarding its occupational hygiene program and did not provide IFC with workplace air quality monitoring data. IFC supplemented Company reporting with site supervision visits. Between 2000 and 2015, IFC conducted 10 E&S site supervision visits to the Company.

In 1996 and 1997, and between 2001 and 2005, the Company reported several exceedances of World Bank workplace air quality TLVs standards related to occupational hygiene. In some instances, the level of these exceedances raises concerns regarding potential health impacts on workers. At the same time, CAO notes Company reports that workers were provided with PPE sufficient to protect against risks to health. CAO also notes the Company reported that its medical surveillance program did not detect any occupational hygiene impacts.

Company reports to IFC present limited monitoring data on its medical surveillance program. Taken together, this necessitated additional IFC supervision to: (a) ascertain the cause of workplace air quality TLVs exceedances and possible mitigation measures; and (b) understand the effectiveness of the Company's medical surveillance program.

IFC's supervision documentation notes one substantive comment regarding the Company's occupational hygiene program. Following a site visit 2002, IFC noted that the Company had significantly improved worker protection through improved leak controls and PPE, additional mercury detectors and exposure meters. IFC did not comment on the effectiveness of the Company's medical surveillance program. CAO considers this omission relevant as Company workplace air quality monitoring data for 2001 and 2002 reported a number of significant TLVs exceedances.

After the Company repaid its loans in 2005, its E&S requirements and reporting obligations ceased. As noted above, IFC informally agreed to continue supervising the Company with reference to IFC's Performance Standards. While the Company continued to provide IFC with an annual report, the format and content changed. Relevantly, the Company did not report on its occupational hygiene program or provide IFC with workplace air quality monitoring data. While the client did provide some medical surveillance data for its 2012 and 2013 operations, this was not sufficient to accurately assess compliance against IFC standards. Further, none of IFC's site supervision reports comment on the Company's occupational hygiene program, indicating that this was not an area of focus for IFC.

At different points during IFC's supervision, information available to IFC warranted further inquiry regarding the Company's occupational hygiene program. In 2010, IFC engaged with the client to address mercury stack emissions at one refinery. IFC was concerned that mercury stack emissions could have impacts to nearby communities and workers. IFC site supervision visits in 2010 and 2012 report progress on some priority issues, such as setting a standard for mercury stack emissions, reducing emissions and improving mercury monitoring within operations. IFC's 2010 site supervision report noted that workers in the retorts and refineries had appropriate PPE, however, IFC did not comment on the biological monitoring program for workers in the refinery of concern. IFC staff acknowledged that the lack of legally binding E&S requirements post-2005 limited IFC's ability to ensure that the Company undertook additional measures to ensure compliance with IFC standards. In this context, CAO notes IFC staff reporting that they



recommended the Company to conduct a health impact assessment of mercury stack emissions, which they could not confirm was completed.

Taken together, through the period of IFC's investment (1993-2017) CAO finds that IFC's has not adequately supervised the Company's occupational hygiene performance nor retained information necessary to assess the status of compliance with IFC's occupational hygiene requirements. CAO makes this finding on the basis that: (a) where the Company reported gaps in compliance with IFC's workplace air quality standards (between 1996-1997, and 2001-2005), IFC's documentation does not evidence follow-up with the Company; (b) IFC did not take steps to ensure it had sufficient information in relation to the Company's medical surveillance program; (c) post 2006, IFC took insufficient action to retain workplace air quality data and aggregate biological monitoring data to assess the Company's compliance with relevant occupational hygiene standards; and (d) in the absence of AMR occupational hygiene data, IFC's site supervision visits did not document an adequate review of the Company's occupational hygiene performance.

#### *IFC's response to specific allegations of occupational health impacts*

In 2006, 2009, and 2011, there were negative public allegations relevant to the Company's occupational hygiene program. In 2006, it was reported that up to 800 Company workers went on strike seeking better pay and working conditions. In a communique, a union representing the workers alleged that many sick workers were dismissed because they contracted workplace illnesses.<sup>45</sup> In 2009, more than 30 former workers, including a complainant in the Yanacocha-10 complaint, led a protest to Lima alleging illness as a result of their work with the Company. The protest was covered in national media.<sup>46</sup> In 2011, a feature documentary was released on the Company's E&S performance, including interviews with former workers who alleged that they suffered from illnesses as a result of their work. The documentary also alleged that the Company was destroying medical records which indicated that workers had toxic levels of heavy metal in their blood.<sup>47</sup>

In February 2014, the Yanacocha-06 complaint was submitted to CAO. The complaint was from one former worker and made allegations of unfair dismissal and impacts to health as a result of exposure to heavy metals in the work place. While IFC's supervision documentation commented on the complainant's unfair dismissal allegations, there is no evidence that IFC considered the complainant's allegation of workplace health impacts. While IFC did review a complaint the Company received during a site visit in 2015, there is no evidence that this complaint nor the Yanacocha-06 complaint triggered IFC to undertake a review of the Company's occupational hygiene performance. This is significant as at the time the complaint was submitted, IFC supervision documentation had not discussed the Company's occupational hygiene program since 2002.

In January and May 2017, the Yanacocha 09 and 10 complaints were submitted to CAO. These complaints, from a group of current and former workers, raised systemic concerns regarding the Company's occupational hygiene program and access to medical information. Again, there is no

---

<sup>45</sup> Rodriguez, Ivan Salas, April 2, 2006, *Cajamarca, huelga minera: despertó el león dormido*. Available at <https://goo.gl/SKBi6V>.

<sup>46</sup> La Republica, October 27, 2009, *Ex trabajadores de Yanacocha denuncian que mina los botó enfermos*. Available at <https://goo.gl/SGRxi9>. Enlace Nacional, October 2009. Available at <https://goo.gl/CQE39X>.

<sup>47</sup> Converso, Gianni, 2011, *Open Pit*. Available at <https://goo.gl/v1Dccn>.

evidence that IFC reviewed the Company's occupational hygiene performance in light of these allegations.

The existence of these public allegations and the CAO complaints, combined with prior reporting of exceedances of workplace air quality standards were flags for potential adverse impacts to which IFC was required to respond in supervision under the Sustainability Policy (2006 and 2012). Since 2010, IFC's ESRPs have required IFC to review all project related information that may become available for E&S compliance significance and since 2013 this expressly includes internet searches related to the Company's E&S performance. CAO finds no evidence that IFC considered the public allegations reported in 2006, 2009 and 2011, or the CAO complaints, for compliance significance. In this context, CAO finds that IFC did not effectively supervise the Company in response to the specific allegations of occupational health impacts raised by the complainants.

#### *IFC response to allegations on workers' access to medical information*

As noted above, PS2, ILO guidance and Peruvian law provide for workers access to medical information retained by their employer. The Company informed CAO that it does provide medical records to workers upon written request. The Company also noted that, where records are held by third parties (for example an external doctor or clinic) the request needs to be made to the third party. The complainants note that they have made requests to the Company for their medical records, and that these requests have not been fulfilled. This is not an issue usually considered by IFC in the course of supervision. However, once presented with the complaints in January and May 2017, there is no evidence that IFC took any action to assure itself that the Company: (a) had systems in place to provide and explain to workers their medical records; or (b) provided the complainants with their medical records. In this context, CAO notes that, during the CAO site visit to the Company, Company staff demonstrated the adequacy of the Company's medical information systems by readily providing CAO with a sample of worker medical records.

#### *The extent to which the complainants' allegations regarding project impacts are verifiable*

As noted in section 1.4 above, CAO reviewed documentation from IFC, the Company, and complainants, and visited the project area as part of this investigation. The complainants provided extensive documentation, including post-employment medical records. The Company provided documentation related to the performance of their occupational hygiene program.

While the complainants allege that they have suffered health impacts as a result of exposure to heavy metals in the workplace, the evidence available to and reviewed by CAO in this investigation is insufficient for CAO to confirm the workers claims of adverse occupational health impacts. It is not disputed that the complainants worked for the Company. The complainants have presented personal medical documentation which they assert substantiates their medical conditions. The available evidence supports a conclusion that, at various times during the period of IFC's investment, work place air quality levels were above TLVs. However, this is not determinative of acute or chronic health impact. It is also noted that the Company asserts that all workers in risk groups are provided with adequate PPE, in addition to a biological monitoring program which was designed to detect and protected workers from health impacts arising from exposure to toxic substances.

A number of factors limit CAO's ability to reach a finding in relation to impact in this case. First, the medical assessments provided by the complainants were obtained after they ceased work, and thus document only their post-employment medical conditions. The complainants did not provide CAO with their occupational health records, as they assert they do not have access to

this information. The complainants' medical records during the period of their employment would provide important additional data in determining whether their health conditions are work related.

Second, a review of available medical information does not support a conclusion on causality. While the medical information presented by the complainants is extensive, there are multiple potential causes of the illnesses they report, and their symptoms are, in general, not those most closely associated with exposure to the toxins reported as present during the Company's mining process.

At the same time, CAO notes that defects in IFC supervision of the project, have contributed to the lack of information available to the complainants and to CAO in assessing the likelihood of adverse health impacts on workers. In this context, CAO notes in particular: (a) the lack of detailed reporting on the client's occupational hygiene program to IFC from 2006 to 2017, (b) the lack of an IFC requested study on mercury stack emissions, (c) IFC's lack of response to a series of public allegations regarding adverse health impacts of the Company's operations on workers during the period 2006-2017, and (d) IFC's lack of response to the complainant's concerns regarding access to occupational health records.

While CAO finds that there is insufficient evidence to verify the complainants' assertions of adverse impact, inadequate IFC supervision of the project contributed to this lack of evidence. This lack of access to information on project occupational hygiene performance and personal medical records, is an adverse outcome which can be verified, and which had not been addressed at the time of writing this report.

### 3. Conclusion

Mining presents a range of high-risk occupational hazards including workplace exposure to toxic gases and heavy metals. In this case, the complainants allege that they have suffered acute and chronic exposure to toxic gases and heavy metals in the workplace. As a result, they assert they have experienced negative impacts to their health, including loss of memory, heart conditions, tremors, hernias, neurological disorders, acute allergies, and several other issues. The complainants assert that legal and medical experts, they have consulted with, corroborate that their conditions are associated with exposure to heavy metals. The Company asserts that they take occupational hygiene very seriously and have advanced procedures to prevent worker endangerment. The Company disputes the allegations raised by the complainants and notes that their medical team reviewed the details of each case and found no medical basis for their claims.

Further, the complainants allege that the Company has not provided them with their medical records. The Company asserts that medical records are held by third parties and the Company does not have access to them due to the confidential nature of those records as established by Peruvian law.

Prior to each investment and during the course of IFC's supervision, IFC was required to assure itself that the Company had appropriate occupational health and safety systems in place. For a mine like Yanacocha this included implementing an occupational hygiene program to manage the types of risks and impacts raised by the complainants. IFC's pre-investment appraisals (1993, 1994, and 1999) identified occupational hygiene as a project risk. However, IFC did not document an adequate review of the Company's approach to managing occupational hygiene risks. Relevantly, prior to IFC's 1999 investment, the Company reported exceedances in workplace air quality standards to IFC. In mid-1996 the Company implemented controls to improve workplace air quality, however, IFC did not document an adequate review of the Company's occupational hygiene performance prior to approving its 1999 investment. In this context, IFC had limited assurance that the client was providing adequate occupational hygiene protection for workers.

CAO notes that all of IFC's loan agreements included appropriate E&S requirements. When negotiating its 1993 and 1994 loans, IFC required the Company to operate in accordance with then-draft 1992 *World Bank OHS Guidelines: Mining and Milling – Open Pit* in addition to corresponding mining guidelines in the then-applicable 1988 World Bank OHS Guidelines. This was an example of good practice.

IFC's E&S requirements were, however, not incorporated into IFC's 1993 equity investment. IFC staff explained that it was not practice at the time to include E&S requirements in equity investments, though this has since changed. This is a positive evolution of IFC's approach to equity investments. Nevertheless, CAO notes that the 1992 Procedure required IFC to include appropriate E&S requirements in its investment agreements without any exclusion for equity investments. The failure to include E&S requirements in this instance left IFC in a position where it did not have any formal right to supervise the Company nor leverage to compel the Company to operate in compliance with IFC's E&S requirements, during the period from 2005, when all loans were repaid, to 2017, when IFC sold its equity stake.

Following repayment of the IFC loans in 2005, the Company requested IFC to continue monitoring its E&S performance and asked what, if any, formal agreements were necessary for this to occur. IFC did not respond to this request. Nor did IFC agree on formal arrangements to provide for ongoing supervision. As IFC's policies and procedures require IFC to supervise the Company to ensure compliance with its E&S requirements, the failure to agree E&S conditions and a formal process for ongoing monitoring, when offered, represented a material failure of IFC's supervision.

In the absence of formal conditions, IFC relied on voluntary cooperation of the Company to report and facilitate site visits from 2006 until it sold its equity investment in December 2017.

Between 2001 and 2005, the Company reported gaps in compliance with IFC's workplace air quality standards. IFC's documentation does not evidence follow up. After repayment of the IFC loans in 2005, the Company ceased detailed reporting on its occupational hygiene program. IFC's subsequent site supervision reports (2006-2017) did not include information relevant to or evidence substantive supervision of the Company's occupational hygiene program.

In 2006, 2009 and 2011 there were public reports and protests from former workers alleging health impacts due to their work for the Company. In addition to the current complaint, in 2014 CAO received a complaint from one of the current complainants which included allegations regarding the Company's occupational hygiene performance. There is no evidence, however, that these events caused IFC to consider the limited Company reporting it was receiving on its occupational hygiene program or take action to assure itself of the Company's performance in this regard.

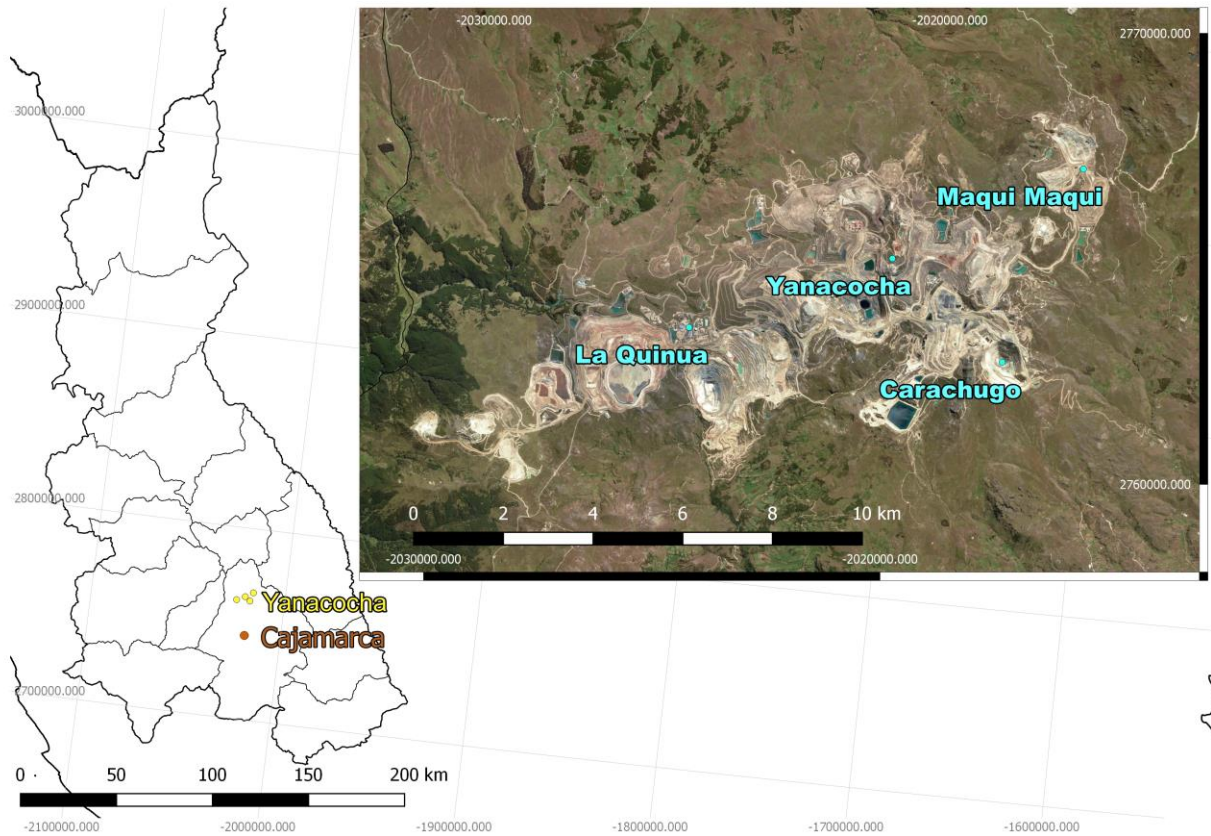
The 2017 complaint to CAO includes an allegation that the Company denied workers access to employment related medical records. While this is not an issue that would be considered by IFC in the normal course of supervision, once aware of these allegations, IFC was required to assure itself that the Company was not denying workers access to their medical records. CAO finds no evidence that IFC took steps to do this.

Taking the above into consideration, CAO finds material shortcomings in IFC's supervision of the Company's occupational hygiene performance throughout the period of its investment. Underlying these supervision findings, CAO notes that IFC did not possess or have access to occupational hygiene expertise sufficient to monitor the application of its requirements to a project of this scale and technical complexity.

On the question of impact, CAO has reviewed documentation shared by the complainants, the Company and IFC. The evidence available to CAO is insufficient to verify the complainants' claims of adverse health impact caused by the project. At the same time, CAO finds that shortcomings in IFC supervision of the project contributed to this lack of evidence. A lack of access to information on project occupational hygiene performance and personal medical records, represents an adverse outcome that can be verified. While raised during the course of IFC's supervision of the project, this issue had not been addressed when IFC exited its investment in the Company in 2017. Following a review of draft version of this investigation report, in August 2019, IFC management sent a letter to the company to request that they ensure that all individual medical records be provided to former employees upon request.

CAO will keep this case open. While the Company's ongoing occupational hygiene performance falls outside the scope of IFC's responsibility post divestment, CAO will monitor the effectiveness of measures taken by IFC to address adverse outcomes that arose during the period of its investment. In particular, CAO will monitor measures taken by IFC to ensure that the complainants are provided with their occupational medical records.

## Annex A: Yanacocha SRL Project Area



### Yanacocha Project Area

Image of project area in 2017 (above) and location of project area within the Department of Cajamarca (left), Peru, showing proximity to the City of Cajamarca (labeled). CAO mine labels are indicative.

**Data:** ESRI World Imagery (Low Resolution 15m). EPSG: 102033

## Annex B: Prior CAO Cases related to Yanacocha

CAO received the first complaint against the project in 2000 from local communities who were concerned by health impacts of a mercury spill along 41 kilometers of roadway between the project site and the town of Choropampa. CAO conducted meetings with relevant parties in an effort to instigate an Independent Health Evaluation. CAO closed the case in November 2003 after lack of institutional and social support.<sup>48</sup>

In 2001, CAO received a complaint from local farmers raising concerns regarding project impacts on water, air, and livelihoods in surrounding villages and inadequate community consultation. In response to these complaints CAO facilitated a multi-stakeholder dialogue (*Mesa de Dialogo y Consenso*) to address immediate community concerns as well issues that emerged over time. CAO also organized a study of the water quality. Once the Mesa mechanism was established, CAO exited its involvement in February 2006.<sup>49</sup>

In 2006, CAO received a complaint from 30 canal users who raised concern regarding water quality. In response CAO facilitated an information-sharing workshop.<sup>50</sup>

Between 2012 and 2014, CAO received three complaints raising distinct land disputes involving the Company. These cases were transferred from CAO's assessment process to the compliance function for an appraisal. While CAO's appraisal noted questions regarding IFC's due diligence and supervision of the land acquisition process, CAO did not find that investigation was the appropriate response under its Operational Guidelines.<sup>51</sup>

In 2014, CAO received a complaint from one former worker alleging unfair dismissal and impacts to health due to work for the Company. CAO's compliance appraisal acknowledged the seriousness of the issues raised at the individual level. However, on the basis of an individual complaint, CAO concluded that there was insufficient evidence of substantial concerns regarding the E&S outcomes of the project or issues of systemic importance for IFC to require a compliance investigation, and thus, closed the case.<sup>52</sup>

In December 2017, CAO received a complaint from a former employee on behalf of himself and a number of other former employees.<sup>53</sup> The complaint raised concerns regarding the Company's environmental performance and project impacts on workers' health.<sup>54</sup> In particular, the complaint raised concern regarding air and water pollution emissions from the Company's La Quinoa operations. CAO decided to not proceed with an investigation due to lack of evidence that the Company's operations have resulted in significant environmental outcomes for complainants as a result of air and water emissions.<sup>55</sup>

---

<sup>48</sup> CAO case: Yanacocha 1. See <https://goo.gl/C9nAQg>

<sup>49</sup> CAO case: Yanacocha 2. See <https://goo.gl/GVy5TH>

<sup>50</sup> CAO case: Yanacocha 3. See <https://goo.gl/CCxMjU>

<sup>51</sup> CAO case: Yanacocha 4,5, and 7. Refer to the joint appraisal report: <https://goo.gl/Z8F6Rj>

<sup>52</sup> CAO case: Yanacocha 6. This case was addressed jointly with Yanacocha 4,5, and 7.

<sup>53</sup> CAO case: Yanacocha 11. See <https://goo.gl/7nMUqv>.

<sup>54</sup> As concerns regarding workers' health were presented by the same complainants in the Yanacocha-09 complaint, the Yanacocha 11 compliance appraisal focused on potential environmental harms to complainants.

<sup>55</sup> Refer to the appraisal report: <https://goo.gl/1JTVkp>

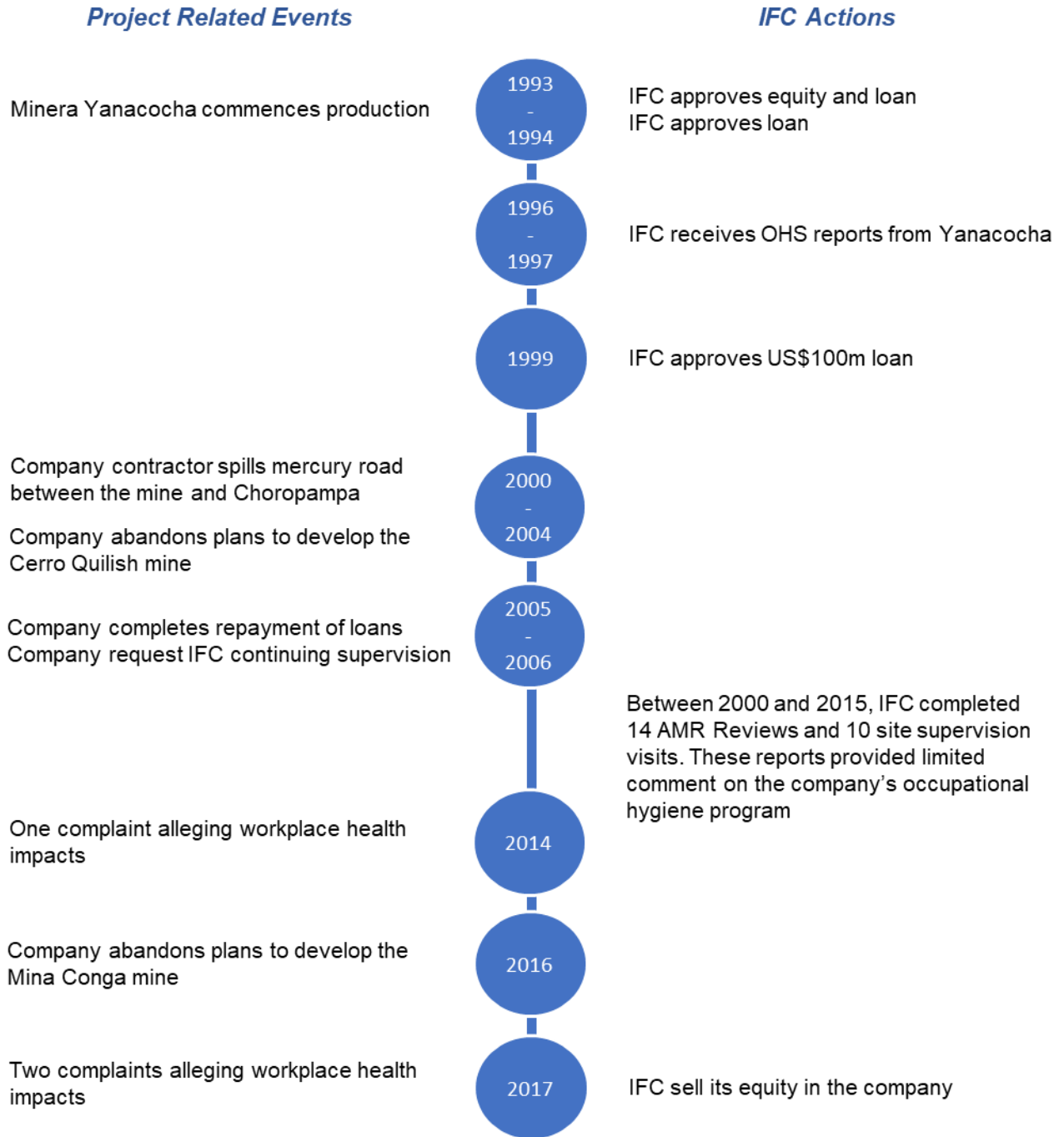


## Annex C: Summary of IFC Occupational Hygiene Standards

	1984: Open Pit Mining - OHS Guidelines	1992: Mining and Milling - Open Pit, Draft	1995 Mining and Milling - Open Pit	2007: EHS Guidelines: OHS and Mining
<b><u>Workplace Air Quality</u></b>				
Periodic monitoring of workplace air quality	Yes - dust levels	Yes	Yes	Yes
Ventilation of workplace and use of air contaminant control equipment	No provision	Yes	Yes	Yes
PPE for at risk employees	Yes - dust risk	Yes	Yes	Yes
<b><u>Air Quality Threshold Limit Values</u></b>				
	mg/m3	mg/m3	mg/m3	mg/m3
Arsenic	No provision	0.5	0.5	ACGIH TLVs
Carbon Monoxide	No provision	55	29	ACGIH TLVs
Copper	No provision	1	1	ACGIH TLVs
Free Silica	No provision	5	5	ACGIH TLVs
Hydrogen Cyanide	No provision	11	11	ACGIH TLVs
Hydrogen Sulphide	No provision	15	14	ACGIH TLVs
Lead, Dusts & Fumes	No provision	0.15	0.15	ACGIH TLVs
Nitrogen Dioxide	No provision	9	6	ACGIH TLVs
Particulate (Inert or Nuisance Dusts)	ACGIH TLVs	15	10	ACGIH TLVs
Sulphur Dioxide	No provision	13	5	ACGIH TLVs
<b><u>Temperature and Humidity</u></b>				
Adequate ventilation to reduce work area temperature and humidity	No provision	Yes	Yes	Yes
Procedures to provide at risk workers with frequent breaks	No provision	Yes	Yes	Yes
<b><u>Training</u></b>				
Training on handling and use of potentially harmful materials	Yes	Yes	Yes	Yes
Training on use of PPE	Yes	Yes	Yes	Yes
<b><u>Health - General</u></b>				
Sanitary and washing facilities	Yes	Yes	Yes	Yes
Policy of encouraging employees potentially exposed to chemicals or dust to wash frequently	Yes	Yes	Yes	Yes
Eating room separate from work areas	No provision	Yes	Yes	Yes
Medical surveillance: Pre-employment and periodic screening for all personnel	Yes	Yes	Yes	Yes
Medical surveillance: Specific surveillance for at risk employees	No provision	No provision	Yes	Yes
Medical surveillance: Post employment	No provision	No provision	No provision	Yes
<b><u>Record Keeping and Reporting</u></b>				
Company to retain records of monitoring data, occupational illnesses	Yes	Yes	Yes	Yes - 20 years
Data reviewed to improve EHS program	No provision	Yes	Yes	No provision
Annual summary should be presented to IFC	Yes	Yes	Yes	No provision



## Annex D: Project Timelines



## Annex E: Summary of Yanacocha OHS Program

*The following was prepared by Yanacocha as part of its Environmental Impact Assessment of the La Quinoa mine. IFC disclosed the Environmental Impact Assessment as part of its loan investment.<sup>56</sup>*

MYSA currently maintains and actively manages an extensive occupational health and safety program ("Loss Control") at the Cerro Yanacocha, Carachugo, and Maqui Maqui project sites. This program, including appropriate training and monitoring procedures, will also be implemented at La Quinoa to ensure that high standards of health and safety are maintained.

The Loss Control program is managed by on-site staff responsible for ensuring that health and safety policies and procedures are properly implemented and recorded. Policies and procedures are specified in the Manual de Control de Perdidas (MYSA, 1996), which is updated annually, or as necessary, based on site-specific requirements. The primary components of the manual are described below. Detailed descriptions are presented in the Manual de Control de Perdidas, which is provided to all employees and contractors prior to initiating work-related activities.

- **Policies:** Specifies MYSA health and safety policies and procedures associated with all aspects of occupational health and safety.
- **Prevention Programs:** Specifies the prevention programs, safety meetings, reporting procedures and contractor requirements associated with accident prevention measures to be implemented for all aspects of mine construction, operation and closure.
- **Procedures:** Specifies specific procedures that must be completed if, and when, an accident occurs involving any person working on MYSA property or associated projects.
- **Health and Hygiene Program:** Specifies the known hazards associated with MYSA operations, outlines programs for respiratory and auditory protection, and describes the monitoring programs utilized to assess exposures and determine required remedial actions, if necessary.
- **Required Authorizations:** Authorizations are specifically required for various activities that are deemed hazardous. These activities require prior notification and authorization to ensure proper safety precautions are implemented before commencing the activities. Activities subject to this requirement include confined space entry, heat exposure areas, high-voltage and exposed machinery, excavations/trenches, and borrow area excavations.

### Occupational Health and Safety Training

The Loss Control training program is provided to all new employees and contractors working on MYSA projects. The program involves training relative to worker responsibilities, unsafe working conditions, personal protective equipment (PPE), company policies, housekeeping, and basic safety rules.

---

<sup>56</sup> For further details see IFC's ESRS Disclosure, available at <https://goo.gl/ePdTmX>.

MYSA has developed and implemented specific training programs relative to the following areas in order to minimize employee exposure to potentially hazardous chemical substances or environments.

- Nature of hazardous materials;
- Selection of applicable PPE;
- Selection and use of a respirator;
- Respirator fit testing, maintenance, cleaning and storage; and,
- Respirator limitations.

In addition, MYSA has developed specific training programs for all employees relative to the type of work to be conducted. Specific training programs are targeted for the following employee groups.

- Management level;
- Supervisor level;
- New-hire;
- Refresher; and,
- Contractor.

### **Material Handling**

MYSA has developed a material handling program specific to chemicals and other materials located on MYSA properties. These specifications and handling procedures are provided in the Manual de Control de Perdidas, and include information regarding the following materials and activities:

- Cyanide transportation, storage, handling and mixing;
- Caustic soda transportation, storage, handling and mixing;
- Sodium hypochlorite transportation, storage, handling and mixing; and,
- Explosives and accessories handling, storage and use.

Specific procedures outlined in the Manual de Control de Perdidas, with regard to material handling, include the following:

- Spill response actions;
- Disposal of shipment containers;
- Emergency evacuations;
- Mixing and usage precautions;
- PPE requirements; and,
- First Aid procedures.

### **Work Station Monitoring**

MYSA has developed a work station monitoring program intended to evaluate, document and monitor potential physical and chemical stresses in the workplace. Monitoring programs have been developed for employees with respect to applicable environmental parameters. The main components of the monitoring program are listed below. Specific details are provided in the Manual de Control de Perdidas.

- Periodic monitoring of employees potentially exposed to hazardous workplace stresses, incorporating both short-term and long-term exposure levels. Workers are monitored primarily for metals.
- Periodic monitoring of exposure control methods to assess effectiveness in reducing or eliminating worker exposures.
- Sample collection and analysis including air quality, blood samples, and observational data.

- Observation of worker behavior during normal activities.
- Worker interviews to determine whether exposures are common characteristics of the specific work environment.
- A quality assurance/quality control (QA/QC) program to ensure proper data collection.

MYSA maintains a professional on-site staff, in addition to consultants and other technical professionals, to ensure all monitoring programs, data collection techniques and data interpretation are properly implemented.

### **Emergency Response and Contingency Planning**

MYSA has developed contingency plans and emergency response plans for activities that could potentially impact health and safety or the environment. Emergency response and contingency plans will be implemented on a site-specific, as-needed basis, depending upon specific working conditions.

Emergency response and contingency procedures will be clearly established such that proper notifications and corrective actions are implemented in the event an accident occurs. MYSA has also established appropriate contacts with local officials in Cajamarca for notification of events that may affect persons or environments outside the project area.

An example of an emergency response procedure established for accidental cyanide spills or exposure is presented below. This example is representative of typical emergency response and contingency procedures developed by MYSA. These procedures are capable of providing corrective actions for all chemical spills and are not exclusively limited to cyanide.

### **Typical Contingency Plan for Cyanide Spills**

The emergency response procedure for a cyanide spill is to neutralize the cyanide with a sodium hypochlorite bleach (which has an available chlorine contents of 3 to 6 percent which oxidizes the cyanide). Approximately 18 gallons of a 1 percent available chlorine product neutralizes 1 pound of cyanide and NaCN (sodium cyanide). A spill area will be sprayed with undiluted bleach and allowed to stand for 30 minutes before being disturbed. Soils contaminated with concentrated levels of acid or caustic may require special precautions and should be handled on a case-by-case basis.

This emergency response procedure will be in place prior to delivery of any potentially hazardous volumes of cyanide at the plant location and will be implemented in the event a spill occurs. The plan will be documented and all mine personnel will be trained to perform appropriate actions to mitigate a spill.

## Annex F: CAO Compliance Findings

CAO FINDING	CAO MONITORING FRAMEWORK <i>Findings to be Monitored (See Note)</i>
<b>IFC's Pre-Investment Review and Risk Mitigation Measures</b>	<b>Project Level Response</b>
For each of its investments, while identifying occupational hygiene as a potential area of project risk, and referring to appropriate standards, IFC did not document an adequate pre-investment review of the Company's occupational hygiene risk identification and mitigation framework, or track record.	
<b>IFC Investment Structure</b>	<b>Project Level Response</b>
IFC's 1993 and 1994 loan agreements required the Company to operate in accordance with more stringent 1992 requirements from the draft OHS <i>Guidelines Mining and Milling - Open Pit</i> in addition to the corresponding mining guidelines in the then-applicable 1988 World Bank OHS Guidelines.	
The 1992 Procedure provided for IFC to include appropriate E&S requirements in its investment agreement. The lack of E&S requirements in IFC's equity agreement with the Company left IFC in a position where, once all loans were repaid, IFC did not have any formal right to supervise the project or require compliance with IFC's E&S requirements.	
IFC policies and procedures required IFC to supervise the Company to ensure compliance with its E&S conditions throughout the life of an investment. IFC's failure to agree E&S conditions and a formal process for ongoing monitoring during the period 2006-2017 (after loan repayment but while IFC held equity in the Company) although offered an opportunity to do so by the Company, represents a material failure of supervision. The lack of such an agreement had a negative impact on IFC's ability to supervise the Company's occupational hygiene performance.	
<b>IFC Supervision</b>	<b>Project Level Response</b>
IFC has not adequately supervised the Company's occupational hygiene performance nor retained information necessary to assess the status of compliance with IFC's occupational hygiene requirements.	

<p>IFC did not take any action to respond to serious and specific allegations of occupational health impacts as necessary to assure itself of the Company's compliance with relevant IFC's occupational hygiene requirements.</p>	
<p>Once IFC became aware of the complainants' allegations that the Company had not provided the complainants access to their medical records, there is no evidence that IFC took action to assure itself that the Company had: (a) systems in place to provide and explain relevant medical information to workers; or (b) provided the complainants with their medical records.</p>	<p><b>MONITORING</b></p>
<p>CAO has insufficient evidence to verify the complainants' claims of adverse health impacts caused by the project. At the same time, CAO finds that shortcomings in IFC's supervision of the project contributed to this lack of evidence.</p>	<p><b>MONITORING</b></p>
<p><b>IFC Systemic Level Response (See Note)</b></p>	
<p style="background-color: #cccccc; height: 100px;"></p>	
<p><b>Note:</b> This table details CAO's compliance findings and indicates where CAO will monitor IFC in response to these findings. CAO acknowledges that in some instances it is not possible for IFC commit to project actions in response to some findings. For example, where CAO has found IFC to be non-compliant in regard to past events (e.g. IFC's pre-investment due diligence), it may not be possible for IFC to take actions to bring itself back into compliance. Nevertheless, while some CAO findings do not anticipate a project level response, where relevant, CAO will monitor IFC's response with regard to systemic improvements.</p>	