ACCR

April 2024

Analysis: Glencore's 2024-2026 Climate Action Transition Plan

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1. Executive Summary

Introduction

Despite escalating investor concerns around the company's exposure to climate risk, Glencore's 2024-2026 Climate Action Transition Plan (CATP) moves the company further from aligning to a net zero emissions pathway.

ACCR has undertaken a detailed assessment of this highly anticipated report and finds that Glencore has failed to improve transparency around its thermal coal production and Paris alignment. Worse than stagnating or failing to improve the plan based on detailed investor feedback, Glencore's climate disclosures have gone backwards overall.

After 30% of its shareholders voted against its previous climate plan in 2023, this CATP was an opportunity for Glencore to put forward a more credible strategy to navigate the risks of the energy transition.

Glencore has a policy of running its current mines to the end of their economic life,[1] is actively pursuing significant mine expansions and is acquiring Teck Resources' Elk Valley Resources (EVR) coal mines, which are forecast to produce coal until the early 2060s. This strategy is inconsistent with the actions required for the world's seventh highest emitting investor-owned company[2] to reduce its emissions in line with the goals of the Paris Agreement.

Despite the enormity of Glencore's energy transition challenge, the new CATP fails to give a full and accurate account to investors of their risk exposure, owing to the vast emissions from Glencore's coal business. For example, the CATP fails to disclose expected forward production for coal between now and 2030, fails to detail how coal-related capital expenditure (capex) will be allocated, and provides limited insight into future emission levels. This makes it near impossible for investors to test Glencore against acceptable benchmarks for Paris alignment.

Significantly, as the world's largest thermal coal exporter, Glencore is now stepping back from a previous commitment to decarbonise in line with the International Energy Agency's (IEA) only Paris-aligned scenario, the Net Zero Emissions by 2050 (NZE) scenario. While it states it still supports the goals of the Paris Agreement, there is no evidence this sentiment is supported by strategy.

Glencore's highly selective and inconsistent approach to setting climate targets, and measuring progress against those targets, is increasingly incongruous with investors' expectations of a coal-producing company that genuinely supports the goals of the Paris Agreement.

[1] Glencore, 2022 Climate Plan, p34. "we plan to continue to operate our mines to the end of their economic life". No change of plan is mentioned in the 2024-2026 CATP.
[2] Influence Map, Carbon Majors report, Apr 2024, p16, Top 10 investor owned companies by emissions (2016-2022).

Key Findings

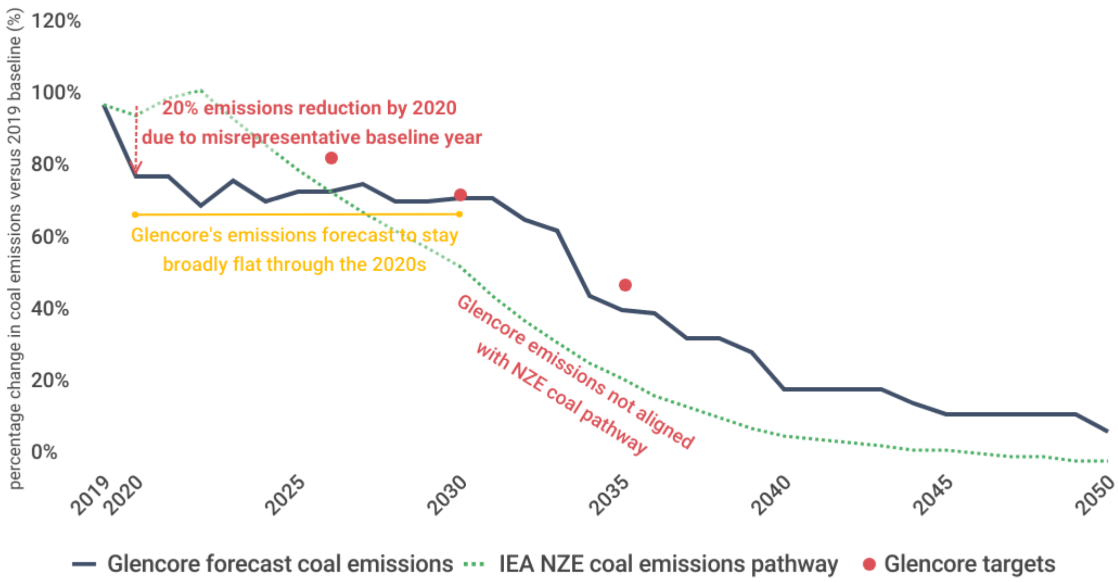
- Glencore's 2024-26 CATP continues a trend of failing to provide transparency and higher quality disclosures on its forward thermal coal production volumes and emissions. This inhibits the ability of investors to better understand their financial exposure to transition risk.

- In response to Glencore's lack of disclosure, ACCR has independently modelled the company's forward coal production, including the acquisition of Teck's EVR metallurgical coal mines. It finds Glencore's coal production is estimated to increase by about 3% from 2023 to 2030, contrary to the latest science.

- Glencore attempts to portray itself as Paris-aligned by relying on an inflated baseline year which is not representative of its business, creating an impression of emissions already having dropped by 22% since 2019.

- From an inflated 2019 baseline year, Glencore reported a ~20% reduction in emissions by 2020. This allows Glencore's coal emissions to stay broadly flat through the 2020s while meeting its 15% reduction by 2026 target. Glencore's coal emissions significantly deviate from the NZE pathway for coal emissions.

Chart 1: Glencore's coal emissions are forecast to remain broadly flat through the 2020s, which significantly deviates from the NZE coal emissions pathway



Source: *Glencore, IEA World Energy Outlook extended datasets,* ACCR *estimates*

- Glencore's 2024-26 CATP steps back from a previous commitment to decarbonise in line with the IEA's only Paris-aligned scenario, the NZE scenario. This abrupt change serves to undermine transparent, consistent and credible communication with investors.

- ACCR modelling shows Glencore's coal emissions forecast is not aligned with the NZE scenario or the Announced Pledges Scenario (APS). While Glencore's CATP repeatedly and explicitly states a commitment to the goals of the Paris Agreement, the gap between this high-level commitment and a concrete strategy to achieve it is growing.

- Glencore's new target of a 25% emissions reduction by 2030, set from its 2019 baseline, falls well short of a Paris-aligned coal pathway. It drags ambition backwards and pushes the vast majority of emissions reduction work to after 2030.
- Despite investors' calls for improved coal-related capex disclosure from Glencore, the new CATP provides less detailed capex guidance for coal spending than in previous years. Glencore no longer delineates between 'sustaining' and 'expansionary' coal capex, making it very challenging for investors to credibly assess Paris alignment.
- Glencore fails to commit to assessing the emissions and climate transition implications of the Teck EVR coal mine acquisition as part of a further updated climate plan. In fact, it intends to exclude EVR coal mines from its group climate strategy and baseline from the period of initial ownership through to the potential demerger. This defies standard climate reporting and the GHG protocol.
- The CATP gives the impression Glencore will cease to provide annual climate plan updates, giving investors less climate transition risk information right when decisions around the future ownership of the coal business are under scrutiny.

Recommendations

In ACCR's view, the substantial deficiencies of Glencore's CATP, following three years of escalating shareholder interventions over its transition strategy, demonstrates insufficient regard for the concerns of shareholders. It further shows Glencore does not believe it is required to act consistently with the prior commitments it has made to investors to address their concerns, nor the previous disclosures it has made regarding its climate ambition.

This lack of transparency is most starkly represented by:

- the failure of the CATP to include forward-projected coal production data
- the change in coal capex guidance to be more opaque
- the walkback from seeking to align with the IEA's NZE pathway
- the disregard for the GHG protocol for setting a representative baseline year
- the lack of commitment to provide shareholders with a fully integrated climate plan after the EVR coal acquisition is completed.

In our view, the persistent unresponsiveness to shareholder concerns over the past three years demonstrates a governance failure attributable to the Glencore board, chaired by Kalidas Madhavpeddi. The chair bears ultimate responsibility for the company's direction, and so in our view is accountable for Glencore's ongoing disregard of shareholder expectations on climate.

In taking the firm view that a vote against the Chair is warranted at this time, ACCR has also considered a range of other persistent governance challenges, legal cases and controversies that continue to plague Glencore's board.

Two key points of timing have also informed our view that a vote against the chair at the upcoming AGM is warranted:

1. Glencore is at a crucial juncture as it weighs up its potential coal spin out, grappling with the biggest company decision since it listed in 2011. This is a time when, more than ever, Chairman Kalidas Madhavpeddi should demonstrate genuine responsiveness to investor feedback and requests for enhanced disclosure.

2. The 2024-26 CATP makes it clear that Glencore does not plan to offer an annual vote on a climate plan after this coming AGM, increasing the significance of this year's vote. This AGM presents an opportunity for investors to demonstrate their expectations for meaningful disclosures and accountability to shareholders over the coming years.

A 'No' vote against the Chair, combined with a 'No' vote against the CATP, would send a strong signal that improvement is required. It would also continue a trend of escalating 'No' votes against the Chair since the beginning of his tenure in 2021, which have also coincided with significant and growing 'No' votes against Glencore's climate disclosures.

As such, ACCR intends to vote:

- against the CATP
- against the Chair of the Board, Kalidas Madhavpeddi.

2. Glencore fails to disclose forward coal production guidance

Why investors have been seeking better disclosure from Glencore

Glencore's thermal coal business is exposed to significant risk in the energy transition. Investors expect the company to be upfront about its level of exposure, and have been requesting greater transparency and higher quality disclosures to enable them to better understand their financial exposure to transition risk.[3]

However, Glencore's 2024-26 CATP continues a trend where it only provides a collection of high-level statements relating to its coal production, referencing an insubstantial number of coal mines and only providing clarity that no new greenfield mines will be pursued.

More significantly, the CATP:

- offers no information about brownfield coal sites or expected increases in coal production volumes
- does not allow investors to ascertain whether coal production will increase in the coming years
- fails to give a comprehensive overview of Glencore's coal assets
- does not provide emissions estimates from the large expansionary thermal coal mines in Glencore's portfolio
- fails to demonstrate how Glencore will responsibly wind down its thermal coal production.

Investors have been requesting more detail at the coal asset level over the past two years, seeking concrete dates or plans to phase out specific mines.[4] It is difficult for investors relying on this climate plan to get a clear forward picture of Glencore's coal production and emissions profile.

Forward coal production estimates based on publicly available data

In response to the lack of information contained in Glencore's climate plan, ACCR has undertaken independent research, based on publicly available disclosures, to provide some insights into the expected coal production trend in the coming years. We have been able to incorporate projected data for mines currently seeking approval, mines Glencore has previously mentioned, and the available data related to the EVR metallurgical coal mines.

Combining these public data sources shows that Glencore is acquiring significant additional coal assets and pursuing major coal expansion projects. Assuming the EVR deal concludes in Q3 2024,

[3] Allianz, Urging Glencore to disclose transition risk, May 2023.
[4] Blackrock, Vote Bulletin: Glencore plc, Apr 2022.

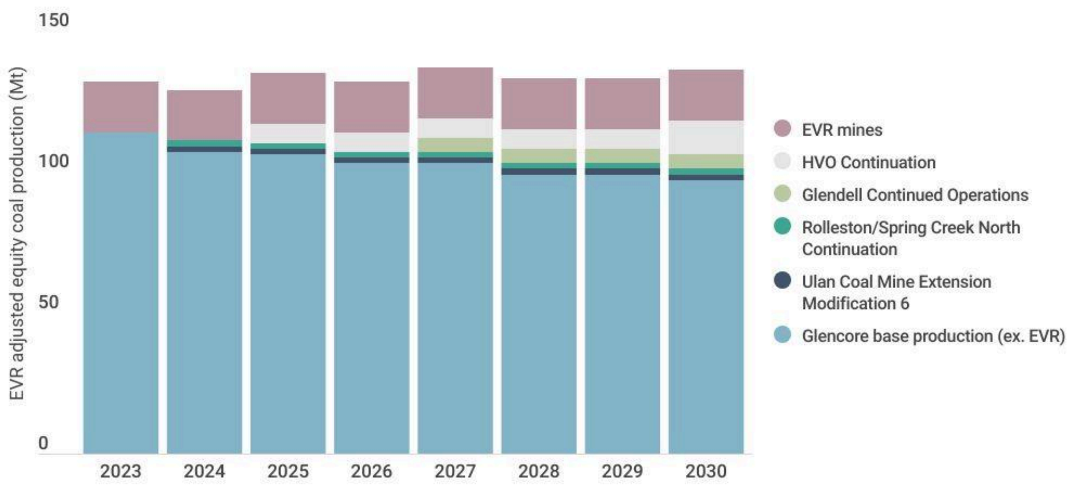
with necessary approvals for expansion projects being obtained and Glencore commencing production as scheduled, ACCR's analysis shows that:

- coal production is forecast to increase by 3% from 2023 to 2030 (Chart 2)
- Glencore is estimated to increase its reported coal production (excluding EVR production in 2023 and H1 2024) by 20% from 2023 to 2030
- excluding the EVR mines, coal production will still likely increase later this decade due to the scale of the HVO Continuation expansion project, which is currently under regulatory assessment in New South Wales, Australia.[5]

We also note that despite the Glendell Continued Operations coal expansion project being rejected by the NSW Independent Planning Commission (IPC) on heritage grounds[6], Glencore:

- has stated publicly it intends to forge ahead with a plan to "relocate" the impacted historic homestead and pursue new plans to extend its Glendell open-cut mine to access the 135 Mt of coal estimated to lie beneath the property[7]
- is now seeking an interim modification approval at the site to allow for two years of additional coal mining.[8]

Chart 2: Estimated coal production adjusted for EVR acquisition between 2023 and 2030



Source: *Glencore, ACCR estimates*

The CATP drops Glencore's previous 150 Mt coal production cap, citing a concern that it may 'cause confusion'.[9]

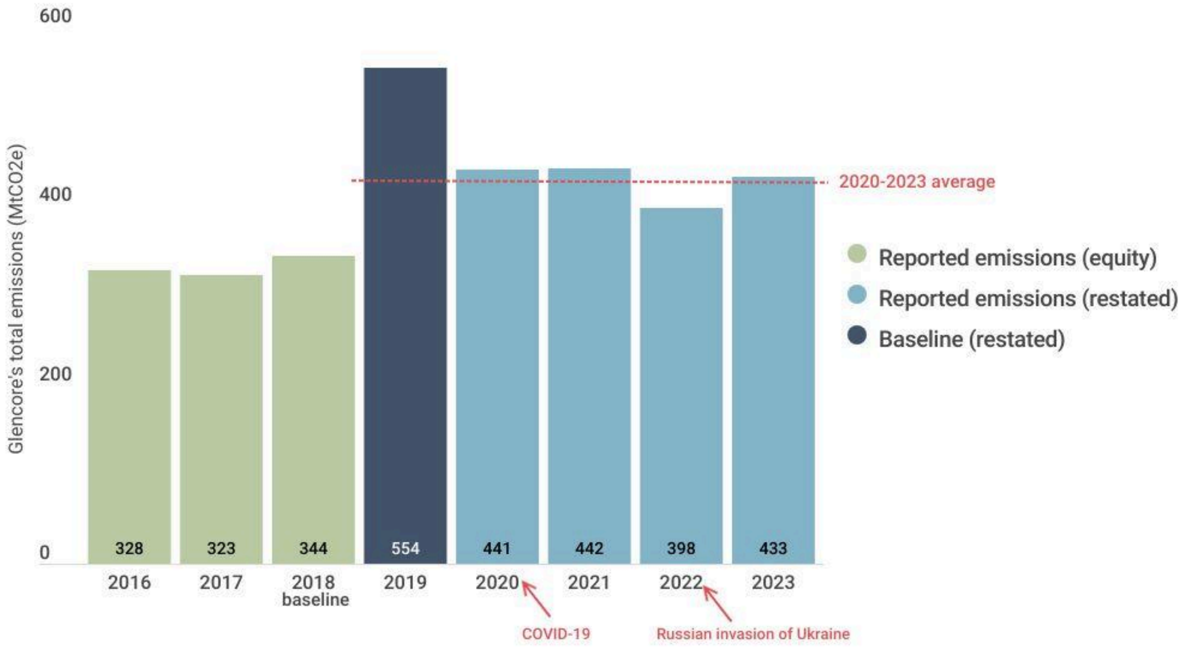
[5] NSW Planning Portal, HVO South Open Cut Coal Continuation Project & HVO North Open Cut Coal Continuation Project.
[6] NSW IPC, Glendell Continued Operations Statement of Reasons for Decision, Oct 2022.
[7] Sydney Morning Herald, Coal miner to 'relocate' historic homestead and Indigenous site for mine, March 2023.
[8] NSW Planning Portal, Glendell Mine Modification 5 - Life Extension.
[9] Glencore, 2024-2026 CATP, p9.

3. Glencore continues to rely on an inflated baseline year

Baseline year not representative and inflated

Glencore selected 2019 as its base year for emissions, a year where emissions were nearly 30% above the average of the subsequent four years (Chart 3).

Chart 3: The 2019 baseline year is unrepresentative



Source: *Glencore,* ACCR *estimates*

The 2019 baseline does not accurately reflect Glencore's usual emissions footprint and lacks justification, especially since Glencore retroactively shifted from an original 2016 baseline to a 2019 baseline in December 2020 without explanation.[10]

This choice of baseline results in a ~20% emissions reduction by 2020 (Chart 4), demonstrating the lack of forward looking ambition in the company's target of a 15% reduction by 2026. Glencore's choice of baseline year is not in accordance with the:

- **Greenhouse Gas (GHG) Protocol**, which requires companies to specify the reasons for choosing a particular base year. If a single year's data is unrepresentative of the company's typical emissions profile, it advises using an average from multiple years to provide a more consistent and representative measure.[11]

[10] Glencore, [2020 Investor Update](), p8.
[11] GHG Protocol, [Corporate Standard](), 2004, p35.

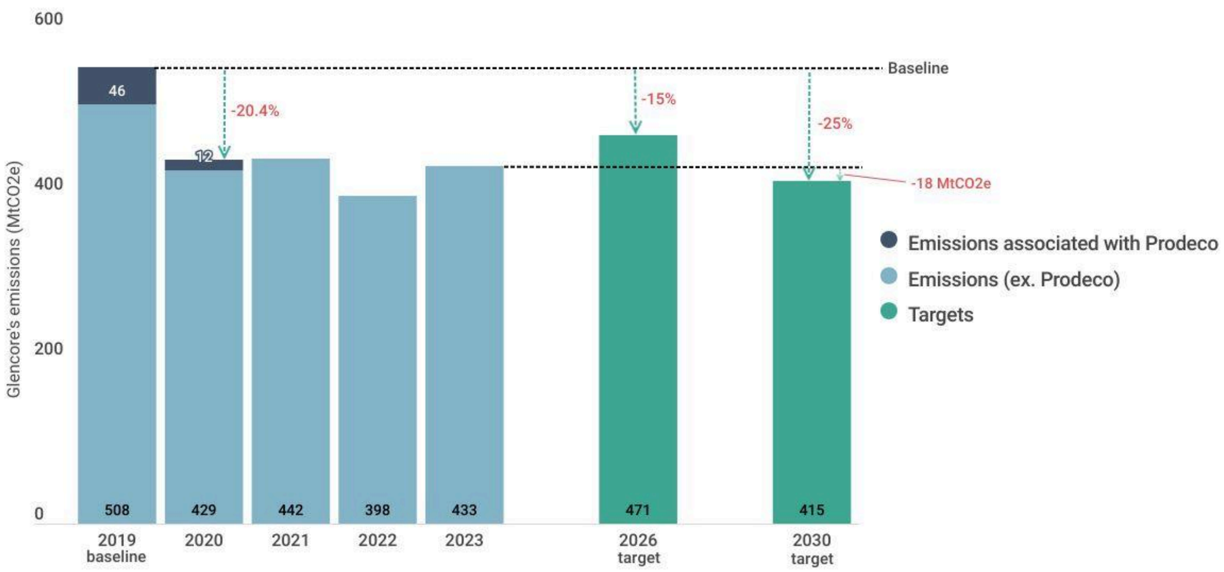
- **Science Based Targets initiative (SBTi),**[12] which insists that the chosen baseline must accurately reflect a company's typical GHG emissions profile. SBTi stresses that the base year chosen should ensure that targets have sufficient forward looking ambition.[13]

- **European Sustainability Reporting Standards (ESRS),**[14] which requires companies to explain how the selected base year is representative of the activities covered and the influences from external factors. It suggests normalisation of the baseline can provide a more faithful representation.[15]

Using an unrepresentative baseline gives Glencore headroom for coal production to stay broadly flat through the 2020s. It allows Glencore to:

- achieve its emissions reduction targets, predominantly by reverting from the peak of 2019 to normalised operating conditions in 2023
  - the 15% reduction target for 2026 was already achieved in 2020 (20.4%), as shown in Chart 4.
  - only a further 4% reduction (18 $MtCO_2e$) from 2023 is required to meet the newly introduced 25% reduction target for 2030.

Chart 4: Using the 2019 baseline allows Glencore to achieve the 2026 target early and remain a broadly flat emissions level until 2030



Source: *Glencore, ACCR analysis*

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[12] Although it is probable that Glencore currently cannot obtain SBTi accreditation due to the scale of its coal mining revenue, SBTi is a global target setting standard and it is currently updating its methodologies for fossil fuel producers. It is therefore still appropriate to consider the SBTi's approach to baseline year requirements.
[13] SBTi, SBTi Corporate Net-Zero Standard, 2024, p21, 29.
[14] The newly developed ESRS are applicable to all companies under the Corporate Sustainability Reporting Directive (CSRD), including Swiss-based corporations and those in the Channel Islands with significant EU business operations.
[15] ESRS, [Draft] ESRS E1 Climate change, 2022, p26.

Glencore's selectivity in recalculating baseline year is not consistent with the GHG Protocol

Glencore's handling of the following major structural changes demonstrates a clear inconsistency with the GHG Protocol[16] and Global Reporting Initiative (GRI) Standards:[17]

- Glencore revised its base year emissions to account for the full acquisition of the Cerrejón coal mine, yet has not revised its base year emissions to account for the transfer of ownership to the Colombian National Mining Agency (ANM) of the Prodeco coal mines.

- The Prodeco transfer accounted for close to 10% of Glencore's total coal emissions in 2019. Despite earlier promises to revise its base year to reflect the relinquishment of licences at Prodeco,[18] Glencore is now framing Prodeco as a closure of its two mining sites,[19] bypassing a baseline recalculation.

While the relinquishment of contracts, in some circumstances, can be characterised as part of the mine closure process, this is not the case for the Prodeco sites because:

- no evidence has come to light to show Glencore will rehabilitate the mine sites and address other environmental and social impacts from historical mining activities

- there is still potential to recommence operations at a later date, given the mines:
    - have only been put on "care and maintenance" since March 2020[20]
    - will be handed over in "operational condition" as part of the liquidation process required by the Colombian government[21]

- the Colombian government or the new owner, if the government issues new contracts, will assume operational control and decision making authority in regards to the resumption of mining operations at the Prodeco mine sites.

Glencore intends to omit the EVR coal mines from its group climate targets and baseline from the period of initial ownership to the potential demerger (see section 6). This defies standard climate reporting. The inclusion of the EVR mines in Glencore's climate reporting from the beginning of ownership is essential, irrespective of any possible future demergers. Just as events such as future demergers do not influence financial reporting, they should similarly not impact climate reporting.

[16] GHG Protocol, Corporate Standard, 2004, pp.35-39.
[17] GRI, GRI 305: Emissions, section 2.9.1. "When compiling the information specified in Disclosure 305-5, the reporting organization shall exclude [emissions] reductions resulting from reduced production capacity or outsourcing"
[18] Glencore, 2021 Climate Change Report, p5, footnote 1. "Due to the decision by Prodeco to cease operations and relinquish its licenses and pending the outcome of the relinquishment process, the baseline has not been restated to exclude Prodeco. Our 2019 emission data is unchanged but will be restated for acquisitions and disposals following completion of the transactions during 2022."
[19] Glencore, 2024-2026 CATP, p14.
[20] Glencore, Update on COVID-19, Mar 2020.
[21] Group Prodeco, About Us.

4. Glencore abandons Paris-aligned pathway

Glencore's communication of its climate targets and emissions reduction pathway to investors further exacerbates its transparency deficit.

Glencore's 2024-26 CATP steps back from a previous commitment to decarbonise in line with the IEA's only Paris-aligned scenario, the NZE scenario. It says, "Our targets are not aligned with the IEA's Net Zero Emissions (NZE) Scenarios", dismissing it as "an increasingly unrealistic scenario".[22]

Glencore's retreat from the NZE pathway raises questions on commitment to net-zero by 2050

Glencore's sudden departure from the NZE pathway raises significant transparency concerns for investors. Until now, Glencore has indicated to investors its alignment with the IEA NZE gross pathway, with specific assertions in recent years that its:

- "2026 target coincides with the IEA's NZE gross pathway"[23]
- "2035 target is aligned to the IEA NZE 2050 scenario"[24]
- "net zero Scope 1, 2 and 3 emissions ambition in 2050 is ... well below the IEA's NZE 2050".[25]

This abrupt change serves to undermine transparent, consistent and credible communication with investors, by:

- marking a sudden reversal from a pathway the company once indicated it would follow
- dismissing the previously endorsed scenario as "increasingly unrealistic"
- failing to present any feasible alternative.

Glencore's narrative for unchanged targets goes from NZE-aligned to misaligned going forward

Despite shifting away from NZE alignment, Glencore has kept its 2026, 2035 and 2050 targets the same. To shift the goal posts, but not the target, is incongruous.

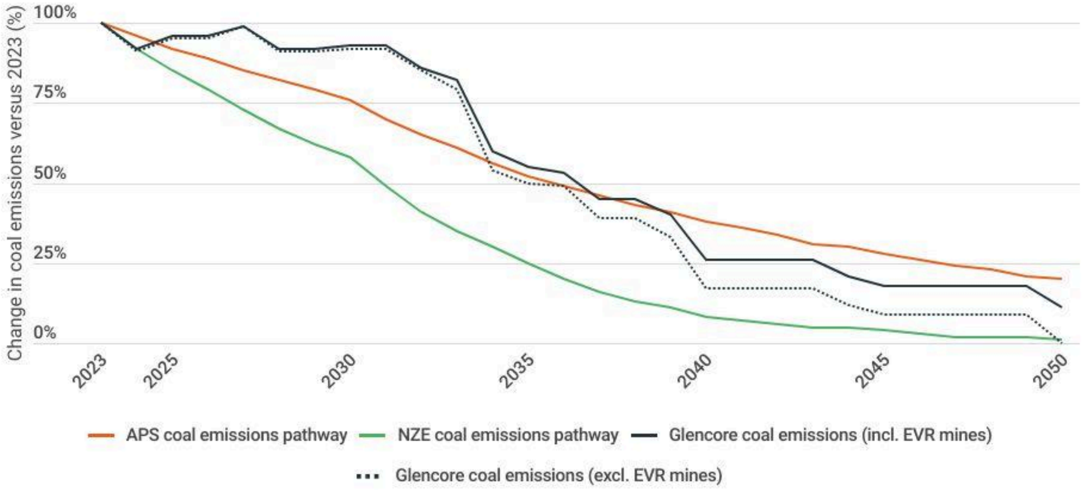
Further, Glencore now says it recognises the IEA's Announced Pledges Scenario (APS) as a "real-world starting point from which to work towards a 'supportive policy environment' in our net zero ambition". It says its targets are "currently ahead" of the APS.[26]

[22] Glencore, 2024-2026 CATP, p8.
[23] Glencore, 2022 Climate Report, p10.
[24] Glencore, 2021 Climate Report, p5.
[25] Glencore, 2020 Climate Report, p38.
[26] Glencore, 2024-2026 CATP, p8.

The APS is not a Paris-aligned scenario.[27] It results in 1.7°C of warming by 2100, which is not aligned with the goal of the Paris Agreement to pursue "efforts to limit the increase to 1.5 degrees".[28]

ACCR modelling shows Glencore's coal emissions forecast is not even aligned with the APS.

Chart 5: Glencore's coal emissions forecast is not aligned with the APS



Source: *Glencore, IEA, ACCR analysis*

Glencore's misalignment with both the NZE and APS pathways suggests its strategy does not reinforce the company's stated support for the goals of the Paris Agreement

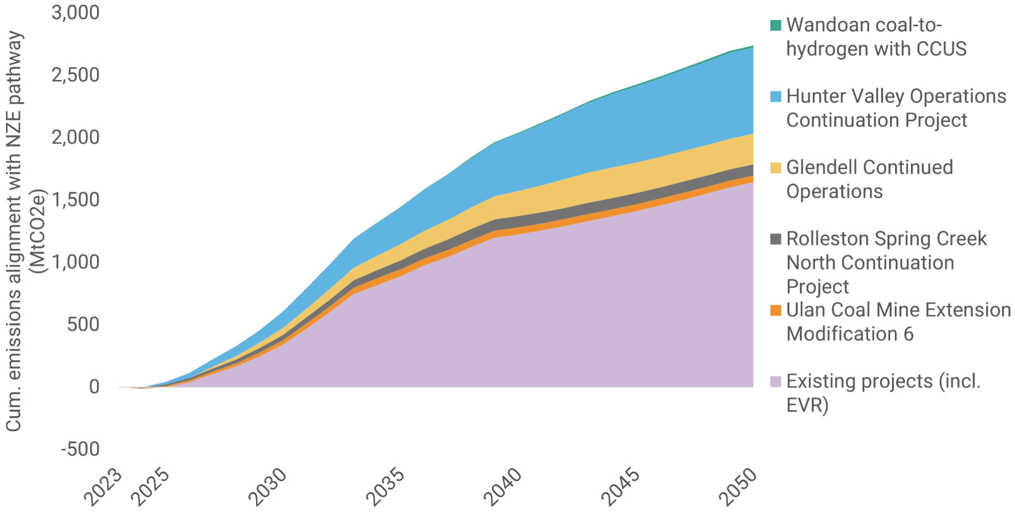
Glencore's CATP repeatedly and explicitly states a commitment to the goals of the Paris Agreement.[29] Yet the gap between these high-level rhetorical commitments and a concrete strategy to achieve them only appears to be growing larger.

Glencore's claim that its targets are more ambitious than the APS[30] is founded on a misrepresented and inflated baseline. Forward-looking ACCR analysis finds a significant misalignment between Glencore's emissions pathway and the APS in the short- and medium-term. From a 2023 baseline,[31] Glencore is forecast to reduce emissions by ~15% by 2032. This reduction falls significantly short of the requisite ~60% decline outlined in the NZE, and even the 35% decline in the APS (Chart 5).

Chart 6 shows that Glencore's current coal operations are on track to emit about 1.6 billion tonnes more CO_2e than the NZE coal pathway allows by 2050. This gap widens to roughly 2.7 billion tonnes when factoring in Glencore's potential expansions.

[27] IEA, World Energy Outlook 2022, p64.
[28] UNFCCC, Key aspects of the Paris Agreement.
[29] Glencore, 2024-2026 CATP, p6. 'this plan reaffirms our commitment to contributing to the global efforts to achieve the goals of the Paris Agreement.'.
[30] Glencore, 2024-2026 CATP, p8.
[31] 2023 baseline was chosen because it is the latest available company data from and representative of a three year average.

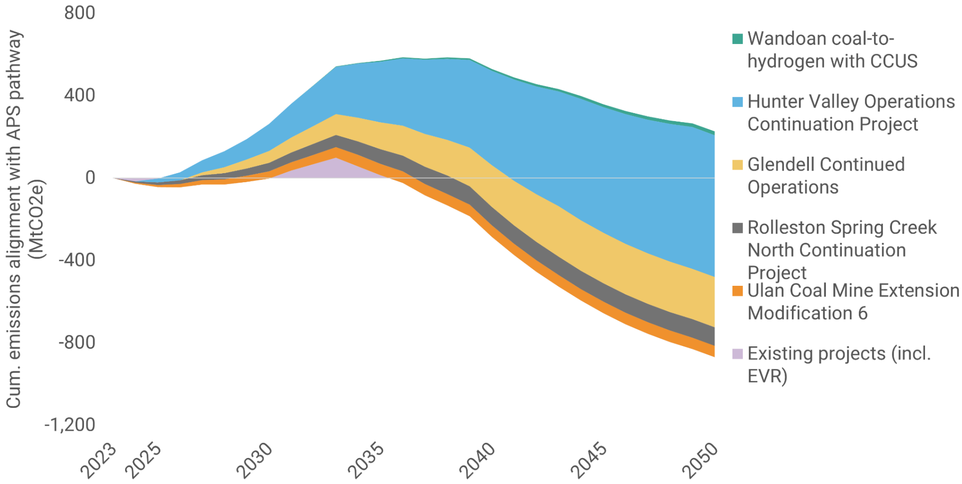
Chart 6: Glencore's coal emissions forecast is significantly misaligned with the NZE coal pathway[32]



Source: *Glencore, IEA, ACCR analysis*

Chart 7 shows that Glencore's coal emissions forecast is not even aligned with the APS coal pathway on a cumulative basis if it continues to pursue expansion projects. The Hunter Valley Operations Continuation Project and the Glendell Continued Operations Project are the key contributors to this misalignment with the APS.

Chart 7: Glencore's coal emissions forecast is misaligned with the APS coal pathway[33]



Source: *Glencore, IEA, ACCR analysis*

[32] This chart represents cumulative alignment with the NZE pathway. A chart area exceeding zero in any given year indicates non-alignment with the NZE, taking into account both current and past emissions on a cumulative basis. The definitive measure of NZE alignment is whether the area is above or below zero in 2050. For Glencore, there is significant misalignment from 2025 onwards, resulting in a cumulative excess of 2.7 billion tonnes of CO_2 equivalent by 2050. This chart includes Glencore's interest in the EVR assets.

[33] This chart represents cumulative alignment with the APS pathway. A chart area exceeding zero in any given year indicates non-alignment with APS, taking into account both current and past emissions on a cumulative basis. The definitive measure of APS alignment is whether the area is above or below zero in 2050. Glencore overshoots the APS by a cumulative excess of 250 million tonnes of CO_2 equivalent by 2050. This chart includes Glencore's interest in the EVR assets.

Glencore's failure to align with the NZE and APS coal pathways raises serious questions about the credibility of the company's stated support for the goals of the Paris Agreement, and its goal of net-zero emissions by 2050. A strategy to achieve these goals is not apparent, nor is the role Glencore sees for itself in the energy transition. This lack of clarity makes it difficult for Glencore's investors to understand the risks to which they are exposed as the energy transition continues.

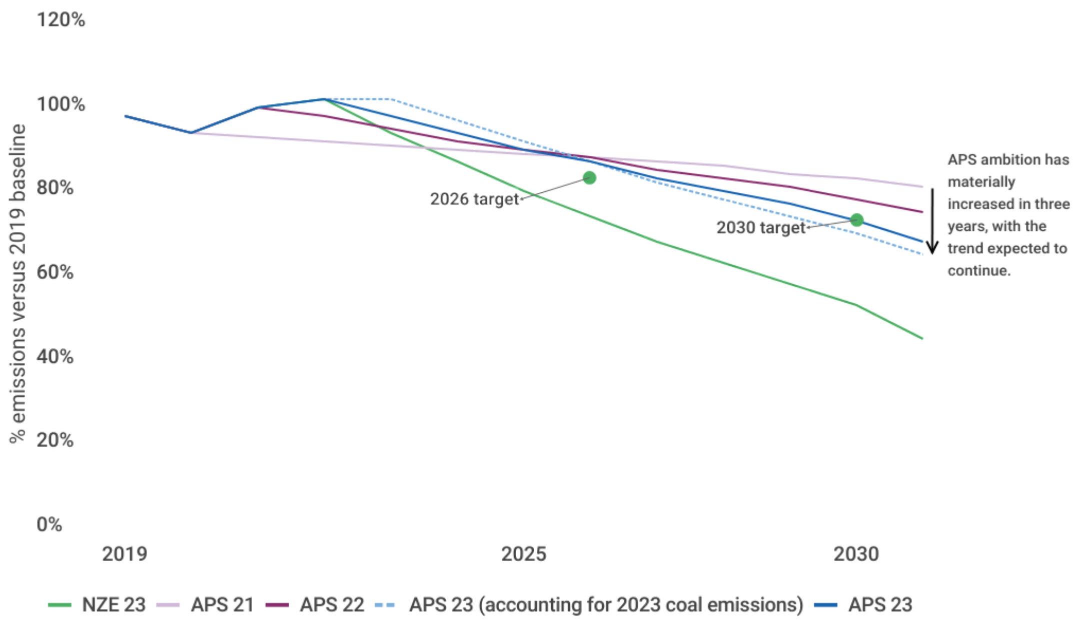
Emissions reduction targets not sufficient

While a new 2030 emissions target would usually be welcomed, Glencore's new target of a 25% reduction in emissions from its 2019 baseline falls well short of a Paris-aligned coal pathway. It drags ambition backwards and pushes back the vast majority of emissions reduction work to after 2030.

The company suggests its 2030 target is "currently ahead" of what the APS requires, which is problematic. The APS is a dynamic pathway that increases in ambition in line with the ratcheting levels of policy ambition from governments, whereas Glencore's goals are static. The Paris Agreement incorporates a mechanism for increasing ambition, wherein nations commit to submitting progressively more ambitious Nationally Determined Contributions (NDCs) over time. Chart 8 illustrates this dynamic, showcasing a progressive decline in coal emissions relative to 2019 levels with each APS update—a trend expected to continue.

Over time, Glencore's targets will inevitably appear less ambitious as the APS evolves to reflect stronger commitments.

Chart 8: The APS is dynamic and increasing in ambition due to the ratcheting mechanism, whereas Glencore's targets are not



Source: *Glencore, Global Carbon Project, IEA, ACCR analysis*

This dynamic raises questions about the validity of Glencore's targets, presenting a concern for investors who are evaluating the company's long-term sustainability and alignment with global climate goals.

ACCR's analysis of Glencore's estimated 2023 coal emissions[34] shows they are already higher than the APS forecasts, and that in order to meet the goals of the current APS, a faster decline in coal emissions is required. Glencore's 2030 emissions target also falls substantially short of the NZE scenario, requiring a further 20% reduction in emissions.

[34] Based on data from the Global Carbon Project. (2023). Supplemental data of Global Carbon Budget 2023 (Version 1.1) [Data set]. Global Carbon Project. https://doi.org/10.18160/gcp-2023 and estimates from Global Carbon Budget 2023 Pierre Friedlingstein et al. https://doi.org/10.5194/essd-15-5301-2023. A 1.1% increase in 2022 carbon emissions from coal (4.153 GtC or 15.23 $GtCO_2$) results in 15.4Gt CO_2 in 2023.

5. Less coal capex transparency

Glencore's coal capex disclosures have become less transparent despite it implementing a new reporting categorisation for its historical capex.[35, 36] This change is at odds with investors' calls for improved coal-related capital expenditure disclosure from Glencore.

In 2023, 29% of Glencore's shareholders supported a proposal urging the company to disclose how the capex it allocated to thermal coal production will align with the Paris Agreement.[37] However, in this climate plan, Glencore fails to disclose:

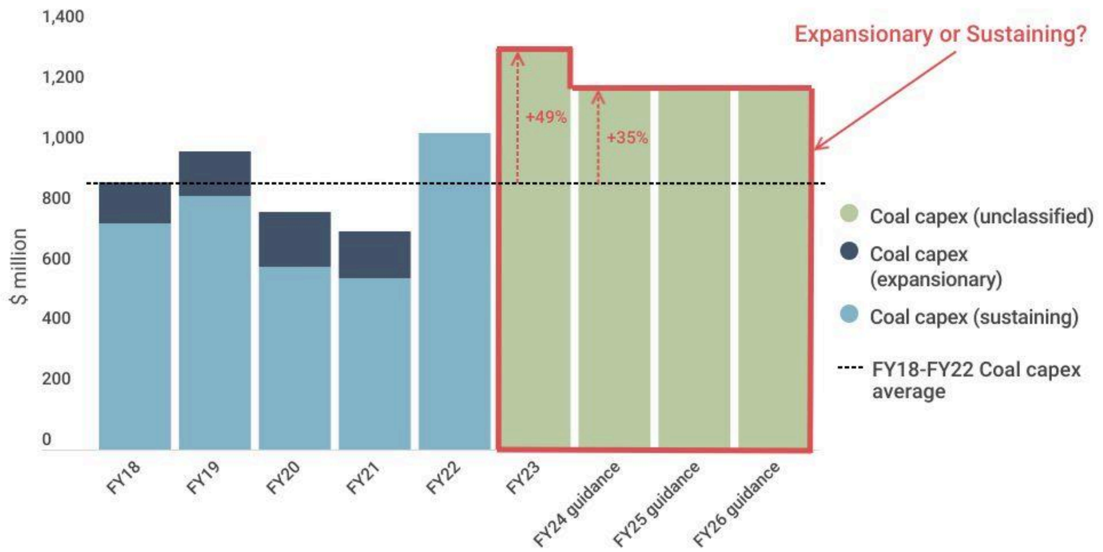
- the distinction between expansionary and sustaining capex[38]
- whether expansionary capex includes brownfield expansion investments
- the reasons for the substantial increases of coal capex in FY23 and the FY24-FY26 guidance, when compared to historical levels
- the alignment between the increase of coal capex and its commitment to phase-down thermal coal production responsibly, in accordance with the goals of the Paris Agreement.[39]

Furthermore, coal capex appears to be increasing, despite Glencore stating in 2022 that "the overall trend and trajectory is expected to be significantly down over time".[40] ACCR analysis shows that:

- coal capex in FY23 was 49% higher than the historical five-year average (FY18-FY22)[41]
- coal capex guidance for FY24-FY26 is 35% higher than the historical five-year average (FY18-FY22).

[35] Glencore, 2024-2026 CATP, p25.
[36] Glencore, 2023 Preliminary Results, p29.
[37] Glencore, Results of 2023 AGM, May 2023.
[38] Glencore previously distinguished between expansionary and sustaining capex for its Industrial historical capex in the 2022 Annual Report (p82) and Industrial capex guidance (metal portfolio only) in the 2022 Investor Update (p21). Glencore no longer distinguishes its historical capex between expansionary and sustaining capex in the 2023 Annual Report (p94) and capex guidance in the 2023 Preliminary Results Presentation (p15).
[39] Glencore, 2024-2026 CATP, p14, 25.
[40] Glencore, Climate Report 2022, p37.
[41] According to the new categorisation disclosure, the largest contributors are "Major Equipment Overhaul", "Infrastructure" and "Mining & Processing Equipment - Mobile". However, the rationale behind allocating capital to these categories remains unclear.

Chart 9: Unclear amount of expansionary capex on coal in FY23 and FY24-26 (forecast)



Source: *Glencore, ACCR analysis*

Investors are unable to determine the Paris alignment of Glencore's coal capex

Glencore states it aims to align its investments with the Paris Agreement and its own climate commitments.[42] However, in the absence of a clear distinction between expansionary and sustaining capex, as well as the lack of clarity regarding the allocation of capital to brownfield expansion projects, investors are unable to assess this alignment.

A distinction between expansionary and sustaining capex would have allowed investors to:

- gain valuable insights into Glencore's strategic orientation
- analyse the proportion of expansionary capex for coal, and assess Glencore's exposure to climate-related risks
- develop tailored performance metrics that reflect Glencore's progress towards the Paris Agreement's goals.

Glencore also does not meet any CA100+ assessment criteria for capital allocation.[43]

[42] Glencore, 2024-2026 CATP, p9.
[43] CA100+, Company Assessment: Glencore Plc.

6. No clear commitment to integrate EVR information post-acquisition

Following the 30% vote against the previous climate plan, Glencore was required under the UK Governance Code to engage with investors on the reasons for the result and to formally report back. In December 2023, Glencore:

- acknowledged a principal area of interest for shareholders was the "integration of the recently announced acquisition of 77% of Teck's Elk Valley Resources (EVR) steelmaking coal assets into the climate strategy"
- committed to "address the climate-related aspects of the proposed acquisition of EVR".[44]

However, these elements were not included in the 2024-26 CATP. Glencore instead stated that "we do not currently intend to incorporate the EVR assets," and will "report separately" on EVR's performance from the period of initial ownership through to the potential demerger.[45]

EVR mines should be included in Glencore's group climate reporting from acquisition

Glencore needs to incorporate the EVR coal mines into its group climate reporting from the date it completes the acquisition transaction – expected to be in Q3 2024 – so it can meet investor expectations and comply with the GHG Protocol guidance.

However, Glencore has said it will exclude the EVR coal mines from its group emissions baseline and climate targets. It will only assess how best to integrate the EVR coal mines in the event the demerger does not proceed.[46] Should the demerger occur, Glencore states the spun-off coal business will align with a net-zero by 2050 ambition.

Consistency between the integration of EVR's financial and climate-related information is expected, and it should not depend upon the outcome of a potential demerger. Investors would reasonably expect climate-related information relevant to the EVR business to be incorporated into Glencore's group climate strategy from the date it obtains control of the EVR coal mines, similar to the disclosure of financial information for acquired assets.[47]

Incorporating the EVR coal mines into Glencore's group climate reporting following the deal closure allows investors to:

- have a current understanding of the climate-related risks and opportunities associated with the integrated business

[44] Glencore, AGM climate vote shareholder consultation update, Dec 2023.
[45] Glencore, 2024-2026 CATP, p4.
[46] Glencore, 2024-2026 CATP, p4.
[47] According to IFRS 3 Business Combinations, the acquirer is required to disclose financial information of the acquired assets at the acquisition date (i.e. the date on which the acquirer obtains control of the acquiree).

- be adequately informed when Glencore seeks shareholder approval for the spin-off of the combined coal business within 24 months.

Concerns with representation of metallurgical coal and ignoring forward transition risks

Glencore's view on the significance of metallurgical coal in steelmaking does not reflect the current reality and it ignores the forward transition risks. Glencore states that; "...steelmaking coal is an important transition-enabling commodity as it is an essential input into much of the world's steelmaking in its current form."

Although steel is a critical material for constructing transportation and infrastructure, our recently published research on green steel[48] indicates:

- the steel sector, long viewed as "hard-to-abate", can transition into a "fast-to-abate" sector, as evidenced by :
    - a surge in market demand for green-produced steel, with significant investments and advancements in green steel technology
    - customers currently demonstrating a willingness to bear higher prices to ensure low-emissions steel
    - a recent study suggesting a net-zero steel sector and metallurgical coal phase-out in steelmaking is technically feasible by the early 2040s[49]

- green steel will be commercially produced without the use of fossil fuels as early as 2025-26,[50] [51] and there will be more "green potential" technology solutions available in the short- to medium-term, including:
    - renewable-powered Electric Arc Furnaces (EAF)
    - green hydrogen produced with renewable energy
    - electrolysis (e.g. Molten Oxide Electrolysis (MOE)) using renewable electricity.[52]

Despite the transition away from metallurgical coal occurring more slowly than thermal coal in the IEA's NZE scenario (Chart 10), the production trajectory of the EVR coal mines is:

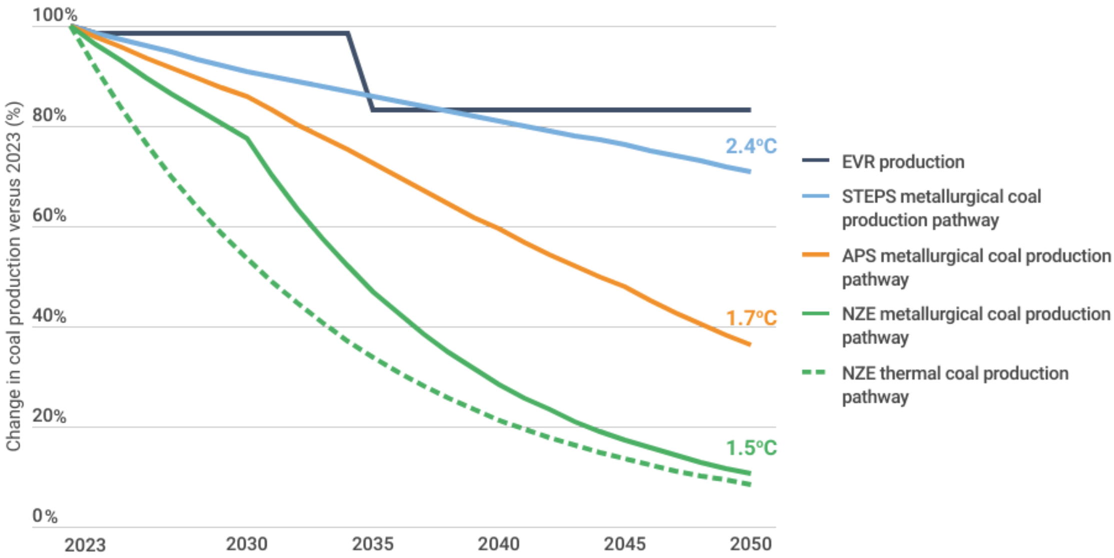
- declining significantly slower than the ~90% decline required in the NZE pathway for metallurgical coal

- also not in line with either the APS or the Stated Policies Scenario (STEPS), which result in 1.7°C and 2.4°C of warming by 2100, respectively.

[48] ACCR, Forging pathways: insights for the green steel transformation, Mar 2024.
[49] Witecka, W.K., Somers, J. & Reimann, K., "15 Insights on the Global Steel Transformation", Agora Industry and Wuppertal Institute, Jun 2023.
[50] HYBRIT, SSAB, LKAB and Vattenfall to begin industrialization of future fossil-free steelmaking by establishing the world's first production plant for fossil-free sponge iron in Gällivare, Mar 2021.
[51] EUROMETAL, H2Green steel on schedule to produce low-carbon steel by early 2026, Dec 2023.
[52] Boston Metal's MOE technology is on track to reach commercialization by 2026.

This discrepancy raises doubts about why Glencore is not transparent about the climate implications of the EVR acquisition, why it continues to overstate the importance of metallurgical coal in the energy transition, and how EVR will meet its net-zero commitment by 2050.

Chart 10: The EVR coal production pathway is higher than the IEA's NZE, APS and STEPS metallurgical coal production pathways



Source: *Teck Resources, IEA WEO 2023, ACCR analysis*

7. Governance failure due to overall disregard for investor feedback

Taken in its entirety, Glencore's 2024-26 CATP persistently fails to listen to and address shareholder concerns. The overall trend towards decreasing transparency is impeding informed decision-making and is in stark contrast to Glencore's broad pledges in 2023, when it committed to "report on progress against our targets and ambition" and "update our assessment of the resilience of our portfolio".[53] It also undermines investor trust in the consistency and veracity of Glencore's climate disclosures, raising serious questions about the ability of the board to successfully navigate the energy transition while protecting shareholder value.

Climate governance issues

Elements of the 2024-26 CATP contradict Glencore's previous climate disclosures, disregard shareholder wishes, and reduce transparency. It walks back on a significant number of statements and commitments made over the past three years. For example, Glencore:

- acknowledged as recently as February 2024 that the integration of the EVR assets into its climate strategy was a "principal area of shareholder interest,"[54]

  → yet the 2024-26 CATP states, "In the event the demerger does not proceed, we will assess how best to integrate the EVR assets into our climate transition strategy."[55]

- made several statements indicating a commitment to the aims of the Paris Agreement
  - in 2021, Glencore stated its "targets and ambition reflect our commitment to align our business strategy with the goals of the Paris Agreement"
  - it also stated in 2022 that its "2026 target coincides with the IEA's NZE gross pathway" and that "our 2035 target of a 50% reduction in our emissions based on a 2019 baseline approximates the 53% reduction (versus 2019) estimated by the IEA's NZE gross emissions pathway"

  → yet the 2024-26 CATP states that "Our targets are not aligned with the IEA NZE scenario".[56]

- distinguished between expansionary and sustaining coal capex in the 2022 Annual Report, published in March 2023,[57] and was called upon at the 2023 AGM by 29% of shareholders to provide "Details of how the Company's capital expenditure allocated to thermal coal production will align with [the goals of the Paris Agreement]"[58],

[53] Glencore, AGM climate vote shareholder consultation update, Dec 2023.
[54] Glencore, Preliminary Results 2023, Feb 2024, p2.
[55] Glencore, 2024-2026 CATP, p4.
[56] Glencore, 2024-2026 CATP, p8.
[57] Glencore, 2022 Annual Report, p82-83.
[58] Glencore, Results of 2023 AGM, May 2023.

> *→ yet the 2024-26 CATP does not provide any distinction between expansionary and sustaining capex.*[59]

- characterised the relinquishment of the Prodeco contracts as a structural change that would trigger re-baselining in the 2021 Climate Report (published in April 2022),[60]

> *→ yet the 2024-26 CATP characterises the Prodeco sites as mine closures and Glencore has not rebased for the relinquishment.*[61]

- stated in the 2022 Annual Report, published in March 2023, that "we plan to continue to operate our mines to the end of their economic life and in accordance with our climate commitments, which include not exceeding our 150 million tonnes per annum consolidated production cap,"[62]

> *→ yet the 2024-26 CATP states "...we determined that this previously stated production cap may now only serve to cause confusion. We have therefore decided to remove the production cap."*

- quoted the Chair in April 2022, who stated , "It is not just that simply passing carbon-intensive assets to others will not get the world to net zero - it is likely to be less effective in doing so while increasing other ESG risks and reducing transparency. Our Board believes that the ESG responsibilities for these assets are best managed by Glencore as a responsible operator rather than leaving these to be someone else's problem,"[63]

> *→ yet the 2024-26 CATP notes the acquisition of the ERV metallurgical coal mines as an opportunity to "unlock the potential, subject to shareholder approval, for a value-accretive demerger of our combined coal and carbon steel materials* business".*[64]

It is deeply concerning the 2024-26 CATP contains these u-turns and inconsistencies, suggesting Glencore has not listened despite three years of growing shareholder dissatisfaction, including:

- Escalating 'no' votes against its climate plan:
  - 2021: 5.64%
  - 2022: 23.72%
  - 2023: 30.25%.[65]

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[59] Glencore, 2024-2026 CATP, p25.
[60] 'Due to the decision by Prodeco to cease operations and relinquish its licenses and pending the outcome of the relinquishment process, the baseline has not been restated to exclude Prodeco. Our 2019 emission data is unchanged but will be restated for acquisitions and disposals following completion of the transactions during 2022.' Glencore, 2021 Climate Report, p5, footnote 1.
[61] 'Between 2019 and 2023, we reduced our Scope 3 emissions by 22% and closed five coal mines ... La Jagua and Calenturitas [Prodeco mines].' Glencore, 2024-2026 CATP, p14.
[62] Glencore, 2022 Annual Report, p168.
[63] Glencore, Glencore publishes 2021 Sustainability Report, Apr 2022.
* Based on the context provided, "carbon steel materials" appears to describe metallurgical coal.
[64] Glencore, 2024-2026 CATP, p4.
[65] An outcome dismissed by CEO Gary Nagle as the mere result of "some ESG person in the basement in office number 27," rather than a credible expression of shareholder discontent over its climate planning and transition risk disclosures. ACCR, Investor Bulletin: Glencore's Door Open for Engagement, Sep 2023.

- ‘No’ votes against the Chair during his first two years of tenure, at consecutive AGMs:
    - 10.70% in 2022
    - 11.19% in 2023

- 29.20% support for a co-filed resolution at the 2023 AGM, requesting the board include greater disclosures of the emissions and capex alignment with the Paris Agreement of its thermal coal business.

In our view, the persistent unresponsiveness to shareholder concerns demonstrates a governance failure attributable to the Glencore board, chaired by Kalidas Madhavpeddi. While failings in climate governance would usually be the responsibility of the chair of the HSEC committee, in this case Peter Coates, the HSEC Chair is stepping down at the upcoming AGM. As company Chair, Mr Madhavpeddi bears ultimate responsibility for the company’s direction, and so in our view must be held accountable for Glencore’s current approach, particularly in light of its other ongoing governance issues, as outlined below.

Broader interrelated governance issues for Glencore

Glencore’s broader governance track record provides insights into the degree of sustained pressure and scrutiny required to bring about change at this company, and offers context for investors frustrated by another consecutive CATP that fails to meet expectations.

The recent environmental, labour rights, human rights and corruption controversies linked to Glencore’s mining and trading operations across a number of countries (see box 1), occurred despite years of adverse media and NGO coverage, regulatory scrutiny and legal action, and growing shareholder concern. While the company has tried to draw a line under its systemic corruption in particular[66], the ramifications of Glencore’s widespread financial misconduct continues to unfold.[67]

The company has made senior management changes (including the appointment of new CEO Gary Nagle in 2021, whose compensation is tied to ESG performance),[68] and has been legally compelled to implement new processes, policies and safeguards to improve compliance in the future, in addition to paying billions of dollars in penalties.

In our view, Glencore’s persistently poor operational governance points to two key insights relevant to investors wanting better from Glencore on climate:

[66] For example, the Chair stated in May 2022 that ‘Glencore today is not the company it was when the unacceptable practices behind this misconduct occurred’ - Glencore Reaches Coordinated Resolutions with US, UK and Brazilian Authorities
[67] For example, (a) Ongoing investigations by Swiss and Dutch authorities for failure to implement organisational measures to prevent alleged corruption (Glencore 2023 Annual Report, p. 110), (b) Civil proceedings initiated in August 2023 by 197 investors for losses allegedly incurred due to ‘untrue and misleading statements’ in Glencore prospectuses that covered up corrupt practices (Big investors seek damages from Glencore over ‘untrue statements’ in prospectuses) and (c) The risk of further group actions and civil claims following on from the UK/US/Brazil corruption investigations, flagged by the company in its 2023 Annual Report (p.110).
[68] Reuters, Glencore enters new era under Gary Nagle's stewardship, Jul 2021.

1) The board may struggle to introduce the meaningful change required at the operational level to ensure ESG risk is addressed in an integrated way. This may imply an underlying governance weakness that the board is responsible for, and if left unaddressed, could also undermine meaningful improvement on climate transition risk management.

2) This may be a company that is, on the whole, resistant to systemic change, and requires years of sustained and escalating scrutiny from a broad range of stakeholders so it can begin acknowledging the need for, and making, improvements.

Our review of Glencore's broader operational and governance track record has helped inform our position that not only is a vote against the CATP justified, but that a vote against the Chair is also warranted.

In our view, a vote against the Chair would send a strong message that years of unheeded climate concerns, like Glencore's broader range of labour rights, human rights and corruption controversies, have now escalated to the point of posing serious questions about the company's governance. It would also continue to apply the high level of scrutiny and accountability required for Glencore to acknowledge the need to make leadership and systemic changes to better integrate climate risk management into its operations.

Glencore's recent controversies

Environmental and social:

- Adverse health impacts experienced by local communities following pollution from mining operations in Colombia (2022), the Democratic Republic of Congo (2022) and Peru (2020, 2022).[69] Industrial disputes with workers in Colombia (2022) and Canada (2022).[70]
- Improper community resettlement leading to inadequate living conditions and lost livelihoods in Colombia (2022).[71]
- Water contamination due to industrial accidents and improper wastewater treatment in Kazakhstan (2024), Peru (2022) and Australia (2019).[72]
- Human rights violations of the First Nations Wayuu and Yukpa people impacted by the Cerrejón mine, documented from prior to 2017 until the present day.[73]

Governance:

- In coordinated resolutions with the UK, US and Brazilian authorities in March 2022, Glencore pleaded guilty to various charges of bribery and market manipulation, and agreed to pay:
  - £276 million (US$310 million) to UK authorities, for conduct described by prosecutors as the result of a "deliberate and endemic culture of bribery at Glencore."[74]
  - US$1.1 billion to US authorities[75]
  - US$39 million to Brazilian authorities.[76]
- In December 2022, Glencore announced it would pay the Congolese government US$180 million to cover present and future claims arising from its alleged corrupt practices in the DRC from 2007-2018.[77]

[69] Delegation of Parliamentarians to Colombia 2022, p27; S&P Global, 'Cobalt miners seeking to expand in Congo face human rights accusations' (Feb 2022); Heavy metal contamination in Peru: implications on children's health; UN OCHR, September 2020, 'UN expert calls for halt to mining at controversial Colombia site'.
[70] Colombian communities demand mine closure plan from Glencore - London Mining Network; Financial Post, 'Steelworkers Stand up and Refuse to Be Bullied by Glencore'.
[71] Cerrejon Communities Relocated - London Mining Network
[72] Peru: Accident with Volcan's truck causes zinc spill polluting River Chillón and surrounding fish farms - Business & Human Rights Resource Centre; In Eastern Kazakhstan, Kazzinc was punished for river pollution - MINEX Forum; Our last investigation in Cerro de Pasco; Heavy metal contamination in Peru: implications on children's health | Scientific Reports; Glenore's Bulga Coal penalised $15,000 for polluting Nine Mile Creek in September this year | Hunter Valley News.
[73] Business and Human Rights Resource Centre, 2017, 'Colombia: Constitutional Court suspends Cerrejon's permit to divert stream over lack of consultations with local indigenous groups; incl. company statement', ; Environmental Law Alliance Worldwide, Sentence T-614/19 (Cerrejón), https://elaw.org/CO_T614-19; UN OCHR, September 2020, 'UN expert calls for halt to mining at controversial Colombia site',; 'Digging Deeper David Boyd UN Special Rapporteur's video Statement: El Cerrejón & need for TNC Treaty' (Youtube); IPS-DC, September 2022, 'Summary of Amicus Curiae to the Constitutional Court of Colombia urging implementation of decision in favour of the Wayúu Indigenous people and protection of the Bruno River affected by the Cerrejón open-pit thermal coal mine', Delegation of Parliamentarians to Columbia, 2022, 'Delegation of Parliamentarians to Colombia 2022', p27
[74] Serious Fraud Office, Glencore to pay £280 million for 'highly corrosive' and 'endemic' corruption - Serious Fraud Office, Nov 2022.
[75] Office of Public Affairs, Glencore Entered Guilty Pleas to Foreign Bribery and Market Manipulation Schemes, May 2022.
[76] Glencore, Glencore Reaches Coordinated Resolutions with US, UK and Brazilian Authorities, May 2022.
[77] Glencore, Glencore reaches agreement with the Democratic Republic of Congo over past conduct, Dec 2022.

Despite Glencore's efforts to draw a line under this conduct, with the Chair stating in May 2022 that Glencore is "not the company it was when the unacceptable practices behind this misconduct occurred," the ramifications of Glencore's systemic corruption continue to unfold. This includes:

- ongoing investigations by the Swiss and Dutch authorities for failure to implement organisational measures to prevent alleged corruption.[78]
- civil proceedings, initiated in August 2023 by 197 investors, for losses allegedly incurred due to "untrue and misleading statements" in Glencore prospectuses that covered up corrupt practices. [79]
- the risk of further group actions and civil claims following on from the UK/US/Brazil corruption investigations, as flagged by the company in its 2023 Annual Report.[80]

It remains to be seen whether new anti-corruption safeguards and compliance mechanisms implemented by Glencore in the wake of these scandals will be effective in deterring future misconduct. The US Department of Justice noted in May 2022 that:

> "Although Glencore has taken remedial measures, some of the compliance enhancements are new and have not been fully implemented or tested to demonstrate that they would prevent and detect similar misconduct in the future, necessitating the imposition of an independent compliance monitor for a term of three years."[81]

Because of ongoing "corruption controversies", Glencore remains "red flagged" as of April 2024 under Sustainalytics' ESG risk rating methodology, with Sustainalytics noting "gaps between management practices at the group level and their implementation at subsidiaries and sites in high-risk contexts."[82]

It is noteworthy Glencore's record of recent controversies is not contained to a particular business unit, geography or period of time. The list of alleged and proven misconduct cuts across its mining operations and trading divisions; across numerous countries in the global north and south; and through its subsidiaries, joint ventures and head office.

[78] Glencore, 2023 Annual Report, p110.
[79] Financial Times, Big investors seek damages from Glencore over 'untrue statements' in prospectuses, Aug 2023.
[80] Glencore, 2023 Annual Report, p110.
[81] Office of Public Affairs, Glencore Entered Guilty Pleas to Foreign Bribery and Market Manipulation Schemes, May 2022.
[82] Responsible Investor, Investors tentatively welcome Glencore and BHP progress as MSCI drops red flags, Apr 2024.

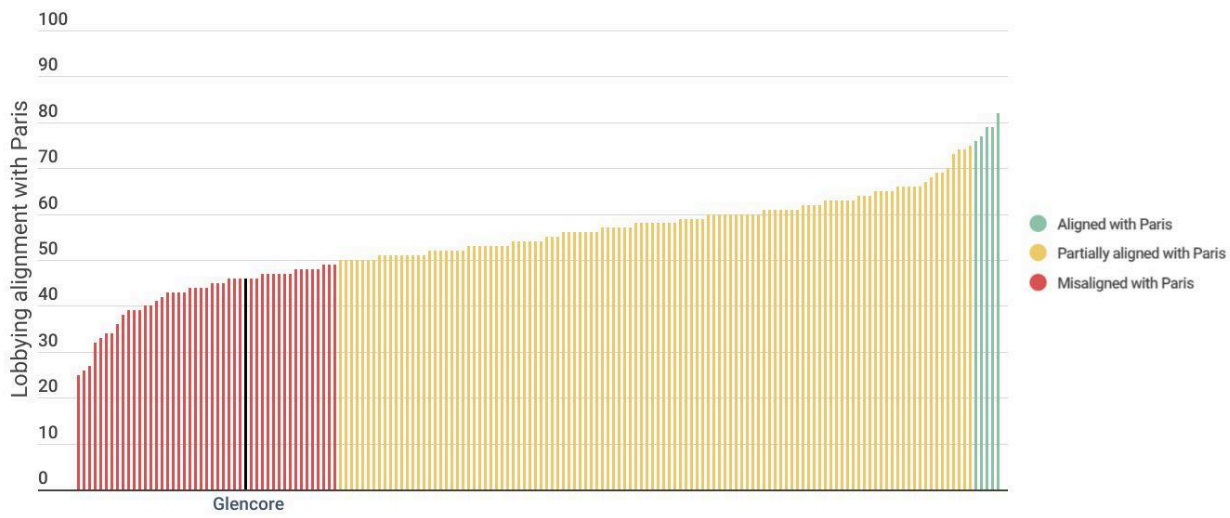
8. Other notable climate-related issues

Climate-related lobbying and political influence

Glencore falls well short of investor expectations for good lobbying governance, as set out by CA100+ and the Global Standard on Responsible Climate Lobbying.[83]

Since CA100+ began assessments, Glencore's lobbying has been consistently scored as misaligned with the goals of the Paris Agreement. Glencore's lobbying is more negative than over 80% of CA100+ companies (see Chart 11), and is the worst of the private-sector miners included in the CA100+. This is despite Glencore noting in its latest CATP its "2050 net zero ambition is subject to a supportive policy environment."[84]

Chart 11: Glencore's lobbying is misaligned with Paris and worse than over 80% of the CA100+



Source: *CA100+ (Feb 2024)*

Glencore's annual lobbying disclosures have failed to recognise or address this persistent misalignment, indicating the company does not have credible governance processes for its climate lobbying. Key failings in its lobbying review and governance approach include:

A selective review process that excludes material lobbying

- Glencore's lobbying reviews have focused solely on lobbying in Australia, South Africa and Europe, on the grounds that "climate change continues to be a key driver in regulatory development" in these jurisdictions.[85]
    - Glencore's disclosures show it is a member of numerous associations across the Americas, Asia and other countries in Africa and Europe. Many lobby actively on climate and energy issues that have material impacts on the regulatory environment.

[83] Global Standard on Responsible Climate Lobbying, Home page.
[84] Glencore, 2024-2026 CATP, p4.
[85] Glencore, 2023 Review of our Direct and Indirect Advocacy, p10.

    - The omission of lobbying in Canada is particularly striking given Glencore's recent, major acquisition of the Canada-based Teck Resources, whose decarbonisation Glencore says is also "subject to a supportive policy environment".[86] Glencore already has memberships in at least 12 industry associations in Canada and will gain more through Teck.

- This means Glencore only reviews a fraction of its lobbying activities and provides no transparency on its lobbying in Asia or the Americas, where 63% of its revenue came from in 2023.[87] The company does not review over two-thirds of the associations it pays US$100,000 or more to in annual fees, which together total almost US$8.4 million.

No demonstrated commitment to address Paris misalignment

- Glencore emphasises that the purpose of its lobbying is to "represent, promote and protect the interests of our business".[88] It does not have an overarching commitment to align all of its lobbying with the Paris goals,[89] though it does say it will "take appropriate action" to address its associations' misalignment with Paris.[90]
    - However, Glencore has no credible escalation process for addressing lobbying misalignments with the Paris goals. It does not detail specific steps or timelines for addressing misalignments, and does not have a track record of taking action:
- Glencore reviews industry associations assessed as Paris-misaligned by the think tank InfluenceMap. Yet its 2023 review did not find misalignment with any of the associations InfluenceMap has consistently assessed as misaligned, and did not explain this discrepancy.[91]
    - Glencore left the World Coal Association (WCA, now FutureCoal) in 2022[92] following investor pressure to review climate alignment.[93] Yet the company did not identify "serious" misalignment with the WCA, or clearly explain why it left the association.[94] It also retains an indirect relationship with the WCA through memberships at multiple industry associations that are members of the WCA.[95]

Repeated use of investor-state dispute settlements against sovereign states

In addition to its Paris-misaligned lobbying, Glencore also seeks to shape government policy as a repeat user of investor-state dispute settlements (ISDS), having filed four ISDS claims against the government of Colombia (in 2016, 2019, 2021 and 2023) and one against the government of Bolivia

[86] Glencore, 2024-2026 CATP, p4.
[87] Glencore, 2023 Annual Report, p211.
[88] Glencore, 2023 Advocacy Review, p6-8.
[89] Climate Action 100+, Disclosure framework - Climate Policy Engagement
[90] Glencore, 2023 Advocacy Review, p8.
[91] Glencore, 2023 Advocacy Review, p12.
[92] Glencore, 2021 Climate Change Report, p33.
[93] UNPRI, PRI Awards 2019 case study, Sep 2019.
[94] 2019 Industry Association Review (p6), 2020 Industry Association Review (p9-10), 2021 Climate Change Report (p33).
[95] FutureCoal, Global Alliance members.

(in 2016).[96] ISDS is an international legal regime that allows companies to sue governments for breaches of investment protections that were granted mostly by international investment treaties.

It has been described by the UN Special Rapporteur on Human Rights and the Environment as having "catastrophic consequences for the environment and human rights."[97] The IPCC also flagged that ISDS, and the large financial liabilities it entails for governments, poses the risk of governments "refraining from or delaying the adoption of mitigation policies, such as phasing out fossil fuels".[98]

The ISDS claim filed by Glencore in 2021 against the Colombian state sought an undisclosed amount of compensation for a decision by the constitutional court to suspend the Cerrejón mine's permit to divert Bruno Creek.[99] The constitutional court's order was made to preserve the water rights of marginalised indigenous communities.[100]

Glencore filed a further ISDS claim in relation to a mining project against the Colombian government in November 2023, but the details of the underlying dispute remain confidential.[101] Glencore provides no transparency to investors on its financial expenditure for ISDS claims.

Methane

Glencore has been in the spotlight in recent years over the veracity of its methane measurement standards and reporting, especially in relation to its Hail Creek coal mine in Australia, which was found to be a methane "super emitter" in 2021.[102] While the 2024-26 CATP provides a high level statement on methane emissions and measurement, it does not provide any disclosures regarding methane-related emissions, site-based reporting, or examples of reductions in methane emissions at any of its coal mining sites.

The Hail Creek site continues to be relevant to investors who monitor methane emissions. Glencore notes in its CATP it is continuing to invest in the Hail Creek coal mine. Regulators are currently assessing the proposed coal extension, which will involve expanding the mine disturbance footprint,[103] an action that will likely result in an increase of methane emissions at what is already known to be a gaseous mine.[104]

The mine has also attracted significant public scrutiny – in June 2023, The SRON Netherlands Institute for Space, using the TROPOMI space instrument onboard Sentinel-5P[105], observed four

96 United Nations Conference on Trade & Development 'Investment Dispute Settlement Navigator'.
97 United Nations, Investor-State dispute settlements have catastrophic consequences for the environment and human rights: UN expert, Oct 2023.
98 IPCC, 6th Assessment Report, chapter 14, p1499.
99 UN Trade & Development, Glencore International A.G. v. Republic of Colombia (III) (ICSID Case No. ARB/21/30)
100 Oxfam, Major European banks back mining giant Glencore's toxic legacy in Colombia and Peru, Nov 2023.
101 UN Trade & Development, Glencore International A.G., C.I. Prodeco S.A., Consorcio Minero Unido S.A. and Carbones de la Jagua S.A. v. Republic of Colombia (IV).
102 Australian Financial Review, These Australian coal mines are methane super-emitters, Nov 2021.
103 SLR, Environment Assessment Report Hail Creek Eastern Margin Extension Project, Jan 2024.
104 Bloomberg, Glencore Expands Coal Mining in an Australian Methane Hotspot, Jul 2022.
105 SRON Netherlands Institute for Space Research, Methane Plume Maps.

significant methane plumes above the Hail Creek mine, which it suggested was indicative of an "extended super-emitting event".[106]

These recent satellite measurements over Hail Creek provide further evidence to suggest Glencore could be materially underestimating fugitive methane emissions from at least some of its coal operations. Instead of engaging constructively to understand and remedy any potential methane leaks, media reports stated that Glencore "continued to note questions raised about the accuracy of satellite imagery for measuring emissions without ground based or low-level aerial monitoring".[107]

However, it does not appear that Glencore has undertaken such monitoring itself, despite being aware of the site's potential issues for a number of years.

The global significance of Glencore's emissions and coal production

Glencore portrays itself as a minor participant in the coal industry – it holds a modest 1.3% market share in the context of global coal production.[108] However, when assessing Glencore's role in the coal industry, it is crucial to compare its performance with the relevant industry sector and regions in which it operates.

Glencore's emissions are globally significant. According to a recent Carbon Majors report, from when the Paris Agreement was signed in 2016 through to 2022, Glencore was the 7th highest emitting investor-owned company globally.[109]

ACCR assessed Glencore's share of the thermal coal export markets it operates in,[110] as it exports approximately 85% of its coal,[111] and 90% of the coal it produced in 2023 was thermal coal.[112] Glencore plays an important role in the global energy transition and holds significant market shares in global thermal coal export markets:

- 9% of global thermal coal exports[113]
- 27% of Australian thermal coal exports[114]
- 36% of Colombian thermal coal exports[115]
- 23% of South African thermal coal exports.[116]

[106] The National Tribune, Queensland coal mine suspected of emitting a year's worth of methane in 16 days, Apr 2024.
[107] Canberra Times, Holy cow: coal, gas giants on notice over methane plume, Apr 2024.
[108] Glencore, 2024-2026 CATP, p9.
[109] Influence Map, Carbon Majors report, Apr 2024.
[110] Amongst the 113.6 Mt of coal that Glencore produced in 2023, 65% was attributable to Australia, 19% to Columbia, and 16% to South Africa.
[111] Glencore, What we do: Energy (Coal).
[112] Glencore, Full Year 2023 Production Report, p8.
[113] Reuters, Global coal exports and power generation hit new highs in 2023, Jan 2024.
[114] Office of the Chief Economist, Resources and energy quarterly: March 2024.
[115] Departamento Administrativo Nacional de Estadística (DANE), Colombia, exportaciones de café, carbón, petróleo y sus derivados, ferroníquel y no tradicionales. 1992 - 2024p (enero).
[116] S&P Global, THERMAL COAL SERIES: South Africa's logistics hurdles turn boon for growing Indian appetite, Feb 2024.

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