

ENGAGEMENT FACTSHEET

Glencore

ENGAGEMENT RATIONALE

As one of the world's largest diversified resource companies, and one of the major coal producers Glencore has a key role to play in bringing its business in line with the Paris Agreement and enabling the transition to a low carbon economy.

BACKGROUND

In 2018 Kempen became co-lead investor on Glencore on behalf of the Carbon Action 100+ engagement. We spoke with the company on its approach to climate change.

THEME FOR ENGAGEMENT

- x Climate change strategy



ENGAGEMENT OBJECTIVES

- x Business model and future investment alignment with Paris Agreement.
- x For the company to set ambitious emissions reduction targets for scope 1, 2 and 3, and to link these targets to senior management remuneration.
- x For the company to review its climate change lobbying activities, as well as those of the trade associations it belongs to.

DEVELOPMENT



MILESTONE



ENGAGEMENT RESULTS

- x In a first for the mining industry, in February 2019, Glencore agreed to align its business and investments with the goals of the Paris Agreement, which are to limit warming to well below 2 °C and to achieve net zero emissions in the second half of the century. Importantly, Glencore has undertaken not to grow its coal production capacity, made commitments to set long-term targets to reduce Scope 1 and 2 emissions from 2020 and ensure its membership in relevant trade associations is consistent with its commitment to the Paris goals.
- x Glencore has announced its plans in a statement developed after engagement by institutional investors participating in Climate Action 100+, an initiative led by investors with more than US\$32 trillion in assets under management. Kempen was co-lead in this engagement together with the Church of England.
- x This is an important step and we will continue our dialogue to encourage the company to include indirect emissions (scope 3) in their emissions reduction target.

NEXT STEPS

- x Continue our engagement through the Climate Action 100+ initiative to work with the company on the implementation of the agreed commitment, specific target setting and ensure the methodology for determining the company's alignment with Paris is robust.

SDG



COMPANY

Glencore plc is an Anglo-Swiss multinational commodity trading and mining company. It has operations in metals and minerals, energy products, and agricultural products.

COUNTRY

United Kingdom & Switzerland

SECTOR

Materials

MARKET CAP

Large cap

ISSUE

Glencore's business lines include coal, oil, copper, zinc, and grains. Through its operations in over 50 countries, including the Democratic Republic of Congo, Zambia, Russia, and Peru, it is exposed to issues including bribery and corruption, environmental issues, and allegations of human rights violations.

MATERIALITY

The issues addressed in this engagement are material. The severity of the controversies is reflected in the very low UN Global Compact assessment (Watch List).

MSCI ESG RESEARCH

UN Global Compact: Watch List
ESG Rating: BB