

18 April 2024

Re: Glencore

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Summary

This section provides members with relevant details of forthcoming transition plan votes and summarises the Company's scoring against NZIF criteria and sector specific metrics. Please note that this Member Memo ('Memo') is based on publicly available information at the time of publication.

Name: Glencore PLC ('Glencore' or 'the Company')

Headquarters: Switzerland, Europe

Sector: Diversified Mining

AGM date: 29th May 2024 (confirmed)

Reason for update: Advisory shareholder vote on 2024–2026 Climate Action Transition Plan (CATP) update

Vote details: The AGM Notice will be provided [here](#). Based on previous years, IIGCC expects an advisory shareholder vote on the 2024–2026 CATP.

Relevant materials: [2024–2026 Climate Action Transition Plan](#); [2023 Annual Report](#).

Publication of updated transition plan materials: Glencore published its 2024–2026 CATP and 2023 Annual Report on 20th March 2024. These materials have been evaluated for this memo.

Summary of transition plan scores	
Overall score against NZIF alignment criteria¹	10/11
Overall score against sector related criteria²	1/7
CBD³ score, sector rank, European rank	20%, 7/9, 19/35
Relevant context	<p>In Q4 2023 Glencore made a binding agreement with Teck to acquire a 77% interest in Elk Valley Resources. This would increase its metallurgical coal production to c. 30 Mt/yr but it has not yet developed a climate strategy for these assets. Additionally, Glencore announced plans to spin-off all its coal assets in a new entity, subject to shareholder approval (for further details see p. 4, 2024–2026 CATP).</p> <p>Glencore has a 2050 net zero ambition and supporting interim targets that cover scope 1, 2 and 3 of its industrial segment but exclude its marketing activities. The company quantifies how it intends to achieve these targets through different levers and discloses capex in coal and other energy products. Its commitment to halt capex in new carbon-intensive assets only covers thermal coal (not metallurgical) and the company has not disclosed coal production targets. It discloses revenue for two of the three key transition materials (KTMs) it produces (copper and nickel – 34% of 2023 industrial revenue combined) but not cobalt. It discloses relevant capex for its KTMs.</p>

¹ For more details on these NZIF criteria see Section 1, page 2

² For more details on the sector related criteria see Section 2, page 3

³ Cumulative Benchmark Divergence Metric methodology [here](#). Sector rank is the CBD score relative to all the CA100+ companies within that sector globally (1/9 would be best) and European rank is the CBD score relative to all European CA100+ companies (1/35 would be best).

Section 1: Net Zero Investment Framework (NZIF) scores

IIGCC members helped develop the Net Zero Investment Framework (NZIF) with the aim of assisting them in measuring the alignment of their individual assets, overall portfolio trajectory, and increasing investment in climate solutions consistent with the Paris Agreement. NZIF provides six criteria to assess listed equity and corporate fixed income alignment and recognises the CA100+ disclosure framework (CA100+ DF) as a relevant data source for this scoring. The box below summarises the Company’s alignment with those six criteria based on information that is publicly available at the date of publication of this Member Memo (full results available [here](#)). Where scoring differs from the CA100+ DF results, please consider this memo as a provisional independent assessment based on updated disclosure.

NZIF alignment

NZIF alignment criteria			
	CA100+ DF metric / sub-indicator / indicator summary	Score	Description
1. Ambition	1: A net zero Ambition for 2050 or sooner covering all relevant emissions	2/2	The company has a target to achieve net zero industrial emissions by 2050, “subject to a supportive policy environment”, covering scope 1, 2, and 3 emissions (2024-2026 CATP , p. 7). The target covers disclosed scope 3 emissions (categories 1, 2, 3, 4, 9, 10, 11, 15) and therefore all the most relevant categories for a diversified mining company (2023 AR , p. 53). Glencore thus meets the criteria for metrics 1.1a and 1.1b. Note that Glencore’s targets do not cover Scope 3 emissions from its marketed products, which include oil and coal (2024-2026 CATP , p. 2, 2023 AR , p. 86).
	1.1.a Qualitative net zero GHG emissions ambition statement that includes at least 95% of Scope 1 and 2 emissions.	✓	
	1.1.b Net zero GHG emissions ambition that covers the most relevant Scope 3 GHG emissions categories for the company’s sector	✓	
2. Targets	2.2, 3.2 and 4.2: The company has set Long-, Medium- and Short-term emissions targets that covers at least 95% of its Scope 1 and 2 emissions and the most relevant Scope 3 emissions (where applicable)	3/3	The company has set short-, medium-, and long-term emissions targets that cover scope 1, 2, and 3 emissions, and therefore meets all criteria for this metric. Relative to a restated 2019 baseline, these targets are a 15% cut by 2026, 25% by 2030, 50% by 2035 and net zero by 2050 “subject to a supportive policy environment” (2024-2026 CATP , p. 7).
	2.2.a and b. Long-term target that covers at least 95% of its total Scope 1 and 2 and at least the most relevant Scope 3 emissions	✓	
	3.2.a and b. Medium-term target that covers at least 95% of its total Scope 1 and 2 and at least the most relevant Scope 3 emissions	✓	
	4.2.a and b. Short-term target that covers at least 95% of its total Scope 1 and 2 and at least the most relevant Scope 3 emissions	✓	
3. Emissions performance	11.1: Emissions intensity is reducing at a faster rate than that of the relevant 1.5°C pathway	N/A	Indicator 11 was in beta mode last year and therefore CA100+ results are not publicly available.

	CA100+ DF metric / sub-indicator / indicator summary	Score	Description
4. Disclosure	10.1 and 10.2: The company is implementing TCFD and discloses scenario planning consistent 1.5°C	2/2	<p>The company provides clear TCFD-aligned disclosures within its annual report (2023 AR, pp. 29-61), sufficient to meet metrics 10.1a and b.</p> <p>The company conducts climate-related scenario analysis covering both its industrial and marketing segments (i.e. the whole company) with reference to the IEA's NZE (1.5°C) scenario (2023 AR, p. 44) amongst others. Quantitative elements are included in the analysis (2023 AR, p. 43) with results and key risks disclosed in the TCFD report (2023 AR, pp. 29-61) and note 1 to the Financial Statements (2023 AR, pp. 186-206). Impairments under these different scenarios are provided on pp. 189-193 of the 2023 Annual Report. The company's disclosures are thus sufficient to meet 10.2a and b.</p>
	10.1.a and b: Commitment to align disclosures with the TCFD recommendations OR it is listed as a supporter on the TCFD website AND explicitly signposts the disclosure in its annual reporting or publishes them in a TCFD report.	✓	
	10.2a and b: The company has conducted a climate-related scenario analysis including quantitative elements and disclosed its results AND the scenario analysis explicitly includes a 1.5°C scenario which covers the entire company, discloses key assumptions and variables used, and reports on the key risks and opportunities identified	✓	
5. Decarbonisation strategy	5.1: The company has set out and quantified the actions it intends to take to decarbonise	2/2	<p>Glencore sets out the contribution of portfolio depletion (scopes 1, 2 and 3) and measures taken from its scope 1 and 2 marginal abatement cost curve (MACC) to each of its emission targets (2024-2026 CATP, p. 7). Beyond 2035, actions additionally include "EE and fuel switch", "asset investments" and "offsets and efficiencies". The underlying MACC measures are defined for 2026 and 2035 (2024-2026 CATP, p. 12), and consist of "operating efficiency", "diesel fuel switch", "renewables", and "process technology".</p> <p>While the "portfolio depletion" lever is not described explicitly, Glencore states: "Our Scope 3 emissions contribute more than 90% of our reported industrial emissions footprint, predominantly driven by our customers' unabated use of thermal coal ... We are committed to the responsible phase-down of thermal coal" (2024-2026 CATP, p. 14).</p> <p>The identification of actions enables Glencore to meet 5.1.a, while the quantification of these levers enables it to meet 5.1.b.</p> <p><i>*This score differs from that provided in the 2023 CA100+ Net Zero Company Benchmark. It is based on a review of Glencore's updated disclosures by IIGCC for this memo.</i></p>
	5.1.a The company identifies the set of actions it intends to take to achieve its GHG reduction targets over the targeted timeframes. These actions clearly refer to the main sources of the company's GHG emissions, including Scope 3 emissions (where applicable).	✓	
	5.1.b The company quantifies the contribution of individual decarbonisation levers to achieving its medium- and long-term GHG reduction targets; including Scope 3 GHG reduction targets where applicable (e.g., changing technology or product mix, supply chain measures).	✓*	

	CA100+ DF metric / sub-indicator / indicator summary	Score	Description
6. Capital allocation	6.1: The company discloses unabated carbon intensive capex and is phasing out new spending	1/2	<p>The company states that it aligns its capital expenditure with its decarbonisation goals (see 2024-2026 CATP, p. 25). Additionally it states that it is not progressing thermal coal greenfield investments (2023 AR, p. 30, p. 190; 2024-2026 CATP, p. 9). However as it does not include carbon-intensive metallurgical coal assets in this statement it does not score on 6.1.a.</p> <p>Glencore plans to continue to progress selective brownfield coal extensions or expansions at existing mines (2023 AR, p. 190; 2024-2026 CATP, p. 14).</p> <p>The company has disclosed the stated value of its capital expenditure within its industrial segment towards coal and other fossil energy products in 2022 and 2023 (2023 AR, p. 42) and therefore meets the requirement for metric 6.1.b.</p> <p><i>*This score differs from that provided in the 2023 CA100+ Net Zero Company Benchmark. It is based on a review of Glencore's updated disclosures by IIGCC for this memo.</i></p>
	6.1.a The company explicitly states that it has phased out or is planning to phase out capital expenditure in new unabated carbon-intensive assets or products by a specified year.	x	
	6.1.b The company discloses the stated value of its capital expenditure that is going towards unabated carbon-intensive assets or products.	✓*	
Total score		10/11	

Section 2: Sector specific metrics

IIGCC and its members, through their contribution to Net Zero Standards or their sector working groups, have contributed to the development of sector-specific criteria to aid the assessment of transition plans in certain sectors. The box below summarises the Company’s alignment with those criteria based on information that is publicly available at the date of publication of this Memo.

Criteria for helping to analyse the transition plans of Diversified Mining

Engagement Topic	NZS DM Indicator/Metric(s)	Score	Relevant supplemental information and public data source used
1. Operational decarbonisation	Does the company have targets to reduce its operational emissions and are they aligned with a 1.5 °C pathway?	0/1	Glencore’s emissions targets (see NZIF alignment criterion 2 above) aggregate its scopes 1, 2 and 3 emissions (see waterfall chart on page 7 of 2024-2026 CATP). As these emissions targets are grouped across all scopes and the “portfolio depletion” lever encompasses all scopes, it is not possible to determine the reduction applying to its operational emissions and therefore it does not score “yes” on this metric.
	5.iii.a Does the company disclose a target to reduce its operational emissions (scopes 1 & 2) to net zero by 2050 or earlier, including short- and medium-term targets	x	
	5.iii.b [Not currently operational] Is the operational emissions target aligned with a 1.5 °C pathway (where alignment is determined using cumulative benchmark divergence over 2019-2050)	N/A	
2. Scope 3 category 10	Does the company have a target to reduce its scope 3 cat. 10 emissions and is it aligned with a 1.5 °C pathway? If not, does it have an engagement target?	Not relevant	Glencore discloses no iron ore or alumina/bauxite production in 2023 (2023 AR , p. 94). As such, metrics testing for the presence of scope 3 cat. 10 targets on these commodities (5.viii.a and b) and the alignment of these targets (5.iviii.d and e) are not relevant. In Dec 2023 Glencore took a non-controlling equity stake in alumina and bauxite-producing operations in Brazil (2023 AR , p. 225). It also markets significant volumes of alumina/aluminium and iron ore (10.2 Mt and 78.4 Mt in 2023 respectively). However, emissions from marketing products are excluded from its reporting (2024-2026 CATP , p. 2), and are not the focus of these metrics (which remain “not relevant”). We were unable to find 2023 scope 3 category 10 emissions in Glencore’s 2023 annual reporting. In its restated 2019 emissions, category 10 is just 20.3 MtCO ₂ e, or 3.9% of the total 520.7 MtCO ₂ e scope 3 emissions (2023 AR , p. 60), driven by copper, cobalt, nickel, zinc, lead and chrome ores. Given that Glencore did not produce alumina/bauxite or iron ore in 2023 and the category 10 materiality is relatively low (<5% of scope 3), 5.viii.g is also “not relevant”.
	5.viii.a: Does the company have a target to reduce its scope 3 cat. 10 emissions from iron ore	Not relevant	
	5.viii.b: Does the company have a target to reduce its scope 3 cat. 10 emissions from bauxite/alumina	Not relevant	
	5.viii.d: Is the scope 3 cat. 10 emissions target for iron ore aligned with a 1.5 °C pathway (where alignment is determined using cumulative benchmark divergence over 2019-2050)	Not relevant	
	5.viii.e: Is the scope 3 cat. 10 emissions target for bauxite/alumina aligned with a 1.5 °C pathway (where alignment is determined using cumulative benchmark divergence over 2019-2050)	Not relevant	
	5.viii.g: In the interests of enhancing the broader adoption of net zero, has the company disclosed a target for the number of customers it has engaged with regarding making net zero commitments and/or would expect to make new net-zero commitments consistent with 1.5 °C over the next financial year and the proportion of its production (in Mt) these commitments might cover	Not relevant	

Engagement Topic	NZS DM Indicator/Metric(s)	Score	Relevant supplemental information and public data source used
3. Coal production pathways	Does the company disclose planned coal production pathways for thermal and met coal, as relevant, and are the medium term targets consistent with a 1.5 °C pathway?	0/4	Glencore does not disclose planned production pathways for either thermal or metallurgical coal, thus cannot score “yes” on these metrics (2023 AR , pp. 30-31). However given that over 80% of total scope 1, 2 and 3 emissions are from the use of sold products (scope 3 category 11), and these emissions largely reflect its coal activities (2023 AR , p. 48, 60), its emissions targets could be taken as a proxy for coal production and compared against the IEA coal production pathways. Glencore’s 2030 target is a 25% reduction against its 2019 restated base year. This compares to a 43% cut required in total global coal over the same period in the IEA NZE (24% for metallurgical coal and 45% for thermal). As 93% of Glencore’s 2023 coal production was thermal (2023 AR , p. 99) its overall emissions targets cannot be considered aligned with the IEA NZE.
	5.v.c: Does the company disclose planned thermal coal production on short, medium and long-term time horizons (expressed in units [Mt or TJ] and either a % or absolute change from a stated base year value)	x	Glencore expects its 77% interest in Elk Valley Resources to increase its annual metallurgical coal production from 7.5 Mt to c. 30 Mt (2023 AR , p. 9, 92). These new metallurgical coal assets have not yet been integrated into Glencore’s transition plan. If the planned demerger of the coal and metals business goes ahead, Glencore expects the coal business to require its own standalone plan (2024-2026 CATP , p. 4).
	5.v.e: Are the MT production plans for thermal coal consistent with the IEA NZE (-50% between 2022-30)	x	
	5.vi.c: Does the company disclose planned metallurgical coal production on short, medium and long-term time horizons (expressed in units [Mt or TJ] and either a % or absolute change from a stated base year value)	x	
	5.vi.e: Are the MT production plans for met coal consistent with the IEA NZE (-30% between 2022-30)	x	
4. Key transition materials (KTMs)	Does the company disclose revenue and capex in the last reporting year for all of the key transition materials it produces, on a per-commodity basis?	1/2	Glencore discloses production of three KTMs: copper, 1,010 kt; cobalt, 41.3 kt; nickel, 97.6 kt (2023 AR , p. 93). Glencore discloses revenue from its copper and nickel departments (US\$ 18.1 bn and US\$ 2.5 bn respectively, 2023 AR , p. 94). However, it does not separately disclose cobalt revenue, which is produced as a byproduct, primarily in its copper department (mostly at Mutanda, DRC). Consequently, it does not score “yes” on 5.ii.c.
	5.ii.c: Has the company disclosed revenue for each KTM it produced in the last reporting year	x	As a proportion of its revenue from total industrial activities (US\$ 60.4 bn), copper represents 29.9% and nickel is 4.2% (2023 AR , p. 94). Glencore discloses capex of its copper and nickel departments (US\$ 2.9 bn and US\$ 0.5 bn respectively, 2023 AR , p. 94). It scores “yes” on 6.iv.a, as the metric does not require capex to be stated for byproducts, and cobalt is a byproduct of copper and nickel operations. This is in recognition that investment is primarily dictated by the main product, rather than the byproduct.
	6.iv.a: Has the company disclosed total investment (organic capex plus acquisitions) in production of KTMs in the last reporting year (on a per-commodity basis)	✓	As a proportion of its capex across all industrial activities (US\$ 6.1 bn), copper represents 47.7%, nickel is 8.7% (2023 AR , p. 94).
5. Total score:		1/7	