

GLENCORE

Glencore plc
Baar, Switzerland
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Glencore's commitment to the transition to a low-carbon economy Review of 2019 performance and Scope 3 emissions projection

In February 2019, Glencore published its climate change position statement (position statement), [Furthering our commitment to the transition to a low-carbon economy](#), which is available on our website.

Today we update our performance against our position statement and for the first time disclose a Scope 3 emissions projection for our business.

Key highlights include:

- **Paris-consistent strategy/capital discipline**
 - We project a c.30% reduction in Absolute Scope 3 emissions by 2035. This includes natural depletion of our oil and coal resource base over time.
 - Our 2019 capital expenditure was weighted towards energy transition materials, including African copper and cobalt and nickel in Canada.
- **New Scope 1 and 2 targets**
 - We are on track to achieve a near doubling our first GHG reduction target of reducing emissions intensity by at least 5% by 2020 compared to a 2016 base line. We expect to achieve a c.10% reduction.
 - New longer-term Scope 1 and 2 targets that support the Paris goals will be announced during 2020.
- **Alignment with TCFD**
 - We continue to implement the recommendations of the TCFD in our annual reporting. Details of our performance will be published in our *Annual Report 2019* in late February 2020.
 - We are incorporating climate change into operational planning, most recently in our new Tailings Storage Facility protocol.

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Update of our performance against our 2019 position statement

1. Paris consistent strategy/capital discipline

Extract from Position Statement

As we rebalance our portfolio towards commodities supporting the transition to a low-carbon economy, we expect the intensity of our Scope 3 emissions to decrease. Starting in 2020, we will start disclosing our longer-term projections for the intensity reduction of Scope 3 emissions, including mitigation efforts.

We recognise the importance of disclosing to investors how we ensure our material capital expenditure and investments align with the Paris Goals. This includes each material investment in the exploration, acquisition or development of fossil fuel (including thermal and coking coal) production, resources and reserves, as well as in resources, reserves and technologies associated with the transition to a low carbon economy.

Starting in 2020, we intend to report publicly on the extent to which, in the Board's opinion, this was achieved in the prior year and the methodology and core assumptions for this assessment. These disclosures will be made in our Annual Report.

Performance during 2019:

Our portfolio is well positioned to support the transition to a lower carbon economy, while also meeting the need for universal access to reliable energy. Our business will continue to evolve over time as we look to deliver on our climate objectives as part of a Paris consistent strategy. At present, our projection indicates a reduction of our Scope 3 emissions – those arising from the sale and use of our own products, notably oil and coal - of approximately 30% by 2035¹.

We expect the depletion of our coal resource base in Colombia, and to a lesser extent, South Africa and Australia to contribute to this reduction. Our Australian operations are expected to maintain a longer and flatter production profile and will continue to produce high quality coal, which will be required to meet expected levels of global steel production and energy demand in Asia.

Our capital expenditure reflects significant current investment towards growth in production of battery and conductive metals required for the transition to a lower carbon economy. During 2019, our capital expenditure was predominantly spent on our key metals' growth projects, including the development of Katanga (copper/cobalt) in the DRC, Mopani (copper) in Zambia, the Zhairam project (zinc) in Kazakhstan and new nickel mines in Canada, one of which will be the one of the first fully electric mines in the world. When complete, Katanga is expected to produce approximately 30,000 tonnes of cobalt per annum, helping supply a market that is expected to grow substantially to more than 200,000 tonnes by 2025.

¹ When assessing the long-term projections for our Scope 3 emissions arising from the use of some of our products, we found an intensity metric is a less useful measure than absolute emissions. On this basis, and to support greater transparency, we report a projection of our absolute Scope 3 emissions.

Global energy demand has grown at 1.4% p.a.² from 2010 to 2018 and scenarios reflecting stated policy objectives indicate energy demand shall continue to grow through 2035. We believe that coal, as a reliable and cost competitive form of energy, will continue to have a role in meeting future energy demand, particularly in developing countries, with Carbon Capture Utilisation and Storage (CCUS) adoption playing an increasingly important role in achieving emissions abatement³. In 2019, our capital expenditure on coal-related projects was mainly for maintaining existing assets, including the required accounting for capitalisation of mine development costs (both surface and underground operations), where benefits are expected to be realised beyond 12 months.

When identifying, assessing and ranking coal projects for development, we consider a range of indicators including the financial payback period, based on a range of future coal price assumptions. We prioritise shorter payback investment periods.

During the year, the New South Wales state government approved brownfield extensions for Mt Owen and the United Wambo joint venture project.

The Mt Owen and United Wambo approvals will provide continued employment for more than 750 people, additional employment for 370 people, create additional important State and Federal tax and royalty sources, and increase the Gross Regional Product in the respective regions by an estimated A\$ 2.4 billion and Gross State Product by an estimated A\$ 3.3 billion, through supporting local businesses and employment opportunities.

We remain committed to our coal production cap of approximately 150 million tonnes.

2. Scope 1 and 2 Targets

Extract from Position Statement

In 2017, we announced our first target of reducing our greenhouse gas emissions intensity by 5% by 2020 compared to a 2016 baseline. We are currently on track to meet this target.

Glencore recognises the importance of continued reductions of greenhouse gas emissions from our operations. We are developing new, longer-term targets based on policy and technological developments that support the Paris Goals, and intend to make these public in our annual report in 2020. We will report annually on our progress.

² IEA WEO 2019

³ See IPCC SR1.5 sect 2.4. In addition, more information about Glencore's CCUS project is available at <http://ctsco.com.au/>

Performance during 2019

We are on track to exceed our target. To date, we have reduced our Scope 1 and 2 emissions intensity by 9.7% compared to the 2016 baseline, achieved by a range of measures including abatement, use of renewable energy sources and production changes at our operations.

As our 2020 target ends, we have committed to establish a new, longer-term target that supports the Paris Goals. During 2019, we furthered our work on developing this target by identifying and quantifying our operations' carbon reduction opportunities through marginal abatement cost curves (MACCs).

Through this work, we are identifying opportunities to deliver substantial emissions reductions by sourcing more power from low-carbon sources and delivering operational improvements that enhance efficiency.

We will communicate our longer-term target in 2020.

3. Review of progress

Extract from Position Statement

We are committed to transparency and report annually on our progress in meeting our climate change objectives. We include this disclosure in our annual report and provide further details in our sustainability report. In addition, we publish data on our performance on our website, including disclosure of our Scope 3 emissions.

We will give consideration to how our climate change objectives can be reflected in the design of the relevant schemes for executive management.

Every three years, we review changes to the Nationally Determined Contributions (NDCs) in line with the Paris Goals mechanism, and other relevant policy, economic and technology developments to assess societal progress in energy transition and to update our scenario-based portfolio assessment.

Performance during 2019

Details of our approach to climate change are included on our website, in our annual report and in our sustainability report. We disclose our performance annually, including data on our Scope 1, 2 and 3 emissions⁴. We were pleased to receive the ranking of 4 by the Transition Pathway Initiative for our approach to the management and disclosure of climate-related risks.

We continuously monitor the policy landscapes and steps countries are taking to support achievement of the goals of the Paris Agreement. We are expecting the

⁴ Our Scope 3 emissions are disclosed in our annual Sustainability Report.

Nationally Determined Contributions (NDCs) to be updated in the course of 2020, and will use these to update our own scenarios.

4. Alignment with the Task force on Climate-related Financial Disclosures (TCFD) recommendations

Extract from Position Statement

We were an early supporter of the voluntary guidance on consistent climate related financial disclosures produced by the TCFD. We are pleased to support the TCFD guidance and have started to implement its recommendations in our annual reporting.

Consistent with TCFD recommendations, as appropriate, Glencore will continue to disclose the metrics, targets and scenarios we use to assess and manage relevant climate-related risks and opportunities.

Performance during 2019

We continue to implement the recommendations of the TCFD in our annual reporting. Details of our performance, including our Scope 1 and 2 emissions are in our *Annual Report 2019* and we will publish our Scope 3 emissions in our *Sustainability Report 2019*, which we expect to make available in April 2020.

We monitor risks and opportunities related to climate change and, going forward, will be taking further steps to roll out site-specific risk assessments. We also continue to incorporate climate change into operational planning: for instance, our new tailings storage facilities (TSF) protocol, adopted in 2019, requires operations to assess the impact of climate change on the design, operation, maintenance and closure of TSFs.

Further details on the risks we have identified in relation to climate change are included in the Principal Risks and Uncertainties section of our *Annual Report 2019*.

Our scenarios regarding global responses to climate change were developed in 2017 and took into account energy market projections developed by organisations such as the IEA and World Energy Council (WEC), leading climate science projections from the IPCC and likely shifts in policy and other conditions corresponding to scientific technology and economic changes.

We believe that national policies play a critical role in shaping the response to climate change. National commitments and climate pledges are required to be updated in 2020 and we will use these to update our scenarios for achieving the goals of the Paris Agreement and test the resilience of our business.

5. Corporate climate change lobbying

Extract from Position Statement

We believe that it is appropriate that we take an active and constructive role in public policy development and participate in relevant trade associations. We acknowledge the IIGCC Investor Expectations on Corporate Climate Lobbying and recognise the importance of ensuring that our membership in relevant trade associations does not undermine our support for the Paris Goals.

Performance during 2019

During 2019, we undertook our first review of our membership in relevant trade associations to ensure their activities and statements align with those of Glencore and do not undermine our support for the Paris Goals.

We reported on our approach to the review, and its findings, in our report *Review of our industry organisations' positions on climate change*. We will review annually the activities and positioning of our relevant trade associations on the topic of climate change, acknowledging that trade associations represent industry across multiple policy areas.

Stakeholder engagement

We hold regular meetings with our investors, banks, governments and customers on topics related to climate change. We engage constructively with the Climate Action 100+ initiative and the Transition Pathway Initiative. These conversations help us continue to update our approach to climate change to reflect evolving stakeholder expectations, changing policy landscape and developments in low emission technologies.

ENDS

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Notes for Editors

Glencore is one of the world's largest global diversified natural resource companies and a major producer and marketer of more than 60 commodities. The Group's operations comprise around 150 mining and metallurgical sites and oil production assets.

With a strong footprint in over 35 countries in both established and emerging regions for natural resources, Glencore's industrial activities are supported by its global marketing network.

Glencore's customers are industrial consumers, such as those in the automotive, steel, power generation, battery manufacturing and oil sectors. We also provide financing, logistics and other services to producers and consumers of commodities. Glencore's companies employ around 160,000 people, including contractors.

Glencore is proud to be a member of the Voluntary Principles on Security and Human Rights and the International Council on Mining and Metals. We are an active participant in the Extractive Industries Transparency Initiative.



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