19 May 2023

PIRC opposes Glencore's climate report and backs shareholder resolution calling for greater disclosure

Ahead of Glencore's AGM (Friday 26 May 2023) PIRC has recommended investors oppose Glencore's climate progress report and back a shareholder resolution calling for greater disclosure of climate reporting.

In opposing the company's climate progress report, the proxy adviser noted concerns about both the adequacy of the company's targets and the implementation of existing plans.

PIRC is instead supporting a shareholder resolution which requests that company disclosure include explanation of how Glencore's projected thermal coal production and capital expenditure aligns with the Paris Agreement's 1.5°C target, and the extent of any inconsistency between the company's projected coal production and the IEA Net Zero Scenario's timeline for phasing out unabated coal.

As the proxy adviser steps up its scrutiny of climate plans and targets, PIRC also recommends investors oppose the company's chair and annual report for failing to address climate risks by setting adequate targets. While the company has a commitment to net zero by 2050 the proxy adviser is concerned that the short- and medium-term targets are not aligned to a realistic 1.5°C pathway.

These targets are considered essential for companies that are strategically important for the transition to net zero. Short-term emission reductions are required to keep alive the ambition of holding global warming to 1. 5°C degrees and important for accountability purposes.

The report follows similar recommendations made ahead of the BP and Shell AGMs, drawing on additional analysis through PIRC's new *Carbon 1.5* service focused on companies where climate-related risks are greatest. The new enhanced service applies to PIRC's standard voting recommendations rather than siloed into a separate climate service and seeks to hold directors to account for climate inaction.

Paul Hunter, Head of Policy, PIRC:

"Time is running out to avoid the worst impacts of climate change and reduce the climate-related risks facing investors. This means that those companies in high-emitting sectors, including mining, urgently need to be setting adequate short-term targets as part of climate credible action plans".

ENDS

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A copy of the proxy report is available on request.

Notes to editors

About PIRC

Pensions & Investment Research Consultants Ltd (PIRC) is Europe’s largest independent corporate governance and shareholder advisory consultancy with over 30 years’ experience in providing stewardship and proxy research services to institutional investors on environmental, social and governance issues.

PIRC currently provides its services to over 100 clients globally. In total, PIRC’s clients are stewards over a trillion pounds of beneficiary capital.

Adequate targets

PIRC assesses companies according to whether they have a commitment to net zero GHG emissions by 2050 at the latest and have short-, medium-, and long-targets. For targets to be deemed adequate they must cover relevant Scope 1, 2 and 3 emissions and company clearly states that the target is aligned with an appropriate 1.5°C scenario (IPPC SR15 Pathway 1; SBTi; IEA Net Zero).

Carbon 1.5: Climate voting designed for responsible investors

Time is running out to tackle climate change and mitigate your investment risks. Despite consistent investor calls for Paris aligned targets and plans, company progress has been patchy and slow. Even when faced with the urgency of the crisis and scale of the investment risks, standard climate proxy advice remains middle of the road. PIRC is changing this by providing responsible investors with a new Carbon 1.5 proxy voting service that makes your voice heard on climate.

The new service provides: Specific focus on the world’s largest emitters where investment risks are greatest; Trusted proxy research into 1.5°C degrees aligned company targets covering all their emissions; Proxy voting recommendations that hold directors to account for climate inaction; and Proxy voting recommendations that escalate action according to how short a company is of investor expectations on 1.5°C targets.