

Glencore Plc (LSE: GLEN | JSE: GLN)

This brief provides information on ESG risks to investors. The CWC encourages labour-appointed trustees to:

- I. Raise at their Board the **fund's exposure to Glencore**; and if there is exposure
- II. Request that investment managers **engage with Glencore** to discuss whether the company is upholding its responsibility to avoid adverse human rights impacts, as per its responsibility under the OECD Guidelines for Multinational Enterprises.

1. Corporate profile

Glencore is a multinational producer and marketer of commodities headquartered in Switzerland. One of the world's largest globally diversified natural resource conglomerates, its operations include 150 mining and metallurgical sites, oil production assets and agricultural facilities. Glencore operates in 50 countries, with 146,000 employees and contractors in 90 offices.

2. Ownership

Glencore is traded on the London Stock Exchange and the Johannesburg Stock Exchange. It is a constituent of the FTSE 100 index. Pension funds may have direct exposure to Glencore; they may also have exposure through contractual relationships with the highlighted asset managers, who all manage institutional holdings:

Major Holders	Ownership stake	Country (HQ)
Qatar Holding	8.47 %	Qatar
Ivan Glasenberg	8.40 %	Switzerland
BlackRock Inc.	5.69 %	USA
Harris Associates	7.0%	USA
Daniel Maté	3.15%	Spain
Aristotelis Mistakidis	3.12%	Greece

Other significant shareholders include the Vanguard Group, Inc., Aberdeen Asset Management PLC, J.P. Morgan Asset Management, Inc., State Street Global Advisors, Inc. and Legal & General Investment Management Limited.

3. ESG Risks

Glencore's environmental, social and governance (ESG) practices may expose investors to reputational and operational risks that could impact the company's long term performance. Furthermore, under the OECD Guidelines for MNEs, investors have a responsibility to conduct due diligence to ensure that Glencore does not violate workers' human rights at its global mining sites.

The company's operations in various countries have raised a host of concerns of relevance to investors. The following list underlies some principal concerns at this time:

a. Human rights of workers

Workers in Glencore's cobalt mines in Kolwezi, Democratic Republic of Congo, have reported human rights abuses including severe health, safety and occupational disease incidents; racial discrimination; job misclassification; threats of retaliatory dismissal linked to union participation and large differences in remuneration and salaries between local and expatriate workers. Glencore has disregarded the collective bargaining agreement reached with the unions and is refusing to bargain on its upcoming renegotiation.

The Australian Fair Work Commission condemned Glencore for unfair or capricious conduct that is undermining the collective bargaining process and the freedom of association of employees at the Oakey North Mine. Glencore locked workers out of the mine until the Fair Work Commission Commissioner ordered that the lockout at the mine be suspended after over 230 days.

In Colombia, Glencore has established differentiated hiring practices in its subsidiary company with wages, compensations, guarantees and workloads differing in a manner that contravenes national labour laws.

b. Supply chain due diligence

On Glencore's Corporate Human Rights Benchmark 2017 Scoresheet, the company scored a 1.3/15 on Human Rights Due Diligence. It scored a zero in all areas in section B.2 *Human Rights Due Diligence* as it provides no information on how it assesses risks and impacts, integrates findings and takes appropriate action, or tracks, monitors and evaluates the effectiveness of its responses.

Other sources, however, have reported extensively on Glencore's ESG practices. Shadow Network of Glencore Observers, for example, has extensively documented the company's poor ESG practices and negative impacts with primary research in four Latin American countries. The discrepancies in reporting suggest that investors are not receiving an adequate and accurate portrayal of ESG practices by Glencore.

The significant information gaps in the company's human rights supply chain due diligence are of particular concern given the human rights-related risks associated with the extraction of cobalt from the Democratic Republic of Congo (DRC). The disclosure of precise measures taken to ensure sourcing is not associated with human rights violations must be provided.

c. Corporate governance

Glencore's corporate governance practices are receiving increased scrutiny at present in the wake of information contained in the [Paradise Papers](#). Among the practices in question are a [loan of \\$45m](#) in pledged shares that Glencore attributed to businessman [Dan Gertler](#) on the condition that he secure crucial agreements on mining licences and royalties in the DRC.

The company is also currently [under investigation](#) by the Ontario Securities Commission (OSC) in Canada for its corporate governance and accounting practices at its Katanga operation. An internal review found "material weaknesses" in the company's financial reporting controls amid the OSC regulatory probe.

4. Resources

[IndustriALL Report of the Fact-Finding Mission to the Democratic Republic of Congo Testimonies of Mineworkers from Kamoto copper-cobalt \(KCC\) and Mutanda copper mine \(MUMI\): March 2018](#)

[ABC News: Locked-out Glencore coal miners vow to continue 6-month picket line](#)

[Shadow Report on Glencore's Operations in Latin America](#)

[Glencore's Role in Paradise Papers: What You Need to Know](#)

[Glencore directors step down from Congo mining unit amid accounting probe](#)