Review of industry organisations
2021 review of our industry organisations

We annually review our direct lobbying activities and the positions on climate change taken by our industry organisations to assess alignment with our commitment to the goals of the Paris Agreement.

Annual review process
Our annual review considers the degree to which Glencore’s and our industry organisations’ positions and activities relating to climate change and energy align with our climate change position and the goals of the Paris Agreement. We also seek to ensure that these positions express support for the United Nations Sustainable Development Goals (UN SDGs).

For our activities we assess our communication materials developed during the year that reference climate change, energy and related topics. This includes materials relating to our direct advocacy activities with government representatives, made either as Glencore or on behalf of one of our industry organisations.

For our industry organisations, we have first confirmed those in which we hold membership and the key Glencore contact, as well as the membership fees paid.

The full list of identified organisations is set out in Appendix Three - Industry Organisations.

We then identified the organisations with formal positions on climate change and energy and/or undertaking related advocacy activities, and whether these align with our policy positions.

Membership fees
For each of our industry organisations, we pay annual fees. Organisations calculate their fees as a fixed amount for all members or as a proportion of annual revenue or production volumes. Generally, organisations do not assign membership fees to a particular purpose or activity. On some occasions, we may pay additional fees for one-off projects.

During 2021, the organisations to which we paid fees in excess of US$200,000 were:

<table>
<thead>
<tr>
<th>Organisation</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Copper Association</td>
<td>2,620,000</td>
</tr>
<tr>
<td>Minerals Council of Australia</td>
<td>2,345,128</td>
</tr>
<tr>
<td>Nickel Institute</td>
<td>1,468,445</td>
</tr>
<tr>
<td>Cobalt Institute</td>
<td>1,464,690</td>
</tr>
<tr>
<td>ICMM</td>
<td>803,228</td>
</tr>
<tr>
<td>Queensland Resources Council</td>
<td>680,637</td>
</tr>
<tr>
<td>NSW Minerals Council</td>
<td>660,846</td>
</tr>
<tr>
<td>International Zinc Association</td>
<td>560,000</td>
</tr>
<tr>
<td>Sociedad Nacional de Mineria, Petróleo y Energía - (Perú)</td>
<td>377,275</td>
</tr>
<tr>
<td>Minerals Council South Africa</td>
<td>323,975</td>
</tr>
<tr>
<td>International Lead Association</td>
<td>286,500</td>
</tr>
</tbody>
</table>

Key findings
Our 2021 review found that of the nearly 100 organisations in which we hold a membership, the vast majority do not have a climate change statement and do not undertake climate-related advocacy, instead focusing on regional- and/or commodity-specific activities.

In line with last year’s review, our assessment this year identified three regions/countries, where there has been significant discussion on climate policies: Australia, Europe and South Africa.

Within these jurisdictions, we are members of a number of active industry organisations and our findings focus on their climate-related positions and advocacy activities.

Following our review, which included an in-depth review of the advocacy activities of the Minerals Council of South Africa and the World Coal Association, we have signalled our intent to exit from the World Coal Association. We anticipate this process to complete early next year.
Key policy developments

In 2021, prior to the COP26 meetings in Glasgow, the Australian government released its Long-Term Emissions Reduction Plan, which has the stated aim of achieving net zero emissions by 2050. This marks an increase in Australia’s climate ambition having previously committed to a 26-28% reduction of GHG emissions by 2030 on 2005 levels under the Paris Agreement. The government has forecast that it is on track to reduce emissions by up to 35% by 2030, well above the current target of 26-28%.

The centrepiece of this latest policy announcement is a technology-led approach outlined in the Technology Investment Roadmap which commits the Government to invest AUD$20 billion in low emissions technologies by 2030. The technologies prioritised for government, research and private sector collaboration are hydrogen, energy storage, low-cost solar, green steel and aluminium, soil carbon, carbon capture, use and storage, and future fuels and vehicles.

Australia continues to apply the Safeguard Mechanism policy which acts like a baseline and credit scheme. Covered facilities are required to manage their emissions profile in line with set baselines and when these are exceeded, these incur a penalty or a requirement to make good by purchasing Australian Carbon Credit Units corresponding to the baseline over run.

The safeguard mechanism is administered through the National Greenhouse and Energy Reporting (NGER) scheme and the Government’s Clean Energy Regulator. The Safeguard Mechanism will transition to new baseline setting arrangements for the 2021-22 compliance period.

Our activities

During 2021, in Australia, our direct climate-related advocacy activities have primarily related to our wholly-owned subsidiary, the Carbon Transport and Storage Company Pty Ltd (CTSCo), which aims to demonstrate Carbon Capture Use and Storage (CCUS) technology on an industrial scale in Queensland.

Further information on CTSCo is available on page 28.

Active industry organisations

Minerals Council of Australia

The Minerals Council of Australia (MCA) is the leading advocate for the minerals industry in Australia across a range of public policy topics including, but not limited to, climate change, indigenous relations, sustainability and economic reform.

The MCA recognises that it cannot have a ‘one size fits all’ approach to climate change matters due to the diversity of its membership. However, through its Energy and Climate Committee, which Glencore co-chairs, MCA has developed and published a Climate Action Plan (CAP).

The CAP clearly states MCA’s commitment to the Paris Agreement and its goal of net zero emissions and focuses on technology, transparency in reporting and knowledge sharing. The CAP notes the transition to a lower emissions future is a global undertaking of major technological, economic and social challenge in which Australia and the minerals sector must play their part. The CAP calls for a stable national policy framework to support rapid action to achieve the ambition of net zero emissions in Australia.

The CAP informs the MCA’s engagement with the Australian government on climate change topics and has identified a series of actions focused on three key themes:

1. Supporting developing technology pathways to achieve significant reductions in Australia’s greenhouse emissions;
2. Increasing transparency of climate change related reporting and informed advocacy; and
3. Knowledge sharing of the sector’s responses to addressing climate change.

In 2021, MCA members committed to an ambition of achieving net zero by 2050.

Europe

Our activities

Glencore’s advocacy in the EU and its member states is mostly through industry organisations, in particular Eurometaux, the International Copper Association and the Nickel Institute. Particularly on EC policy development, our engagement is through participating in relevant organisations’ working groups. We also hold memberships in a number of organisations that focus on achieving product compliance with the EC’s REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) standards.

Active industry organisations

Eurometaux

Eurometaux represents the interests of the non-ferrous metals industry (producers and recyclers) with EU policy makers. It advocates on European policies and regulation, with a focus on energy and climate change, chemicals management, international trade and sustainability.

Eurometaux recognises the need for a global approach to limit climate change to below two degrees, and notes the role of metals in enabling the transition and the steps the European metals sector is taking by reducing greenhouse gas emissions in production processes. It also expresses concern that the global imbalances in climate regulations...
threaten European producers’ competitiveness.

In Eurometaux, we are involved in a number of task forces and working groups. Directly, through our European-based zinc and nickel assets, and indirectly through Eurometaux, we are endorsing the development of the European Raw Materials Alliance (ERMA), which is a response to the European Union’s 2020 Critical Raw Materials list, which aims to develop more resilient European value chains. ERMA supports the implementation of Europe’s circular economy and recognises that raw materials are key to achieving Europe’s ambition of climate neutrality in 2050. Eurometaux recognises that the European Union’s Green Deal will provide both challenges and opportunities for its members. While the Green Deal is likely to significantly increase demand for metals, Eurometaux is highlighting the need for a level playing field through adequate carbon leakage measures delivered by a globally-focused competition policy and an assertive EU trade policy.

Currently, non-ferrous metals producers are subject to the EU Emissions Trading System and are recognised on the carbon leakage list, receiving carbon leakage protection in the form of free allowances (for direct CO₂ emissions) and compensation for indirect CO₂ emissions costs (embedded in electricity bills). Eurometaux has engaged with the EC on its planned Carbon Border Adjustment Mechanism, proposing alternative carbon leakage provisions that protect power-intensive industries and raising awareness of the complexity of costs arising from indirect emissions.

**International Copper Association**

The International Copper Association (ICA) brings together the copper industry to support markets for copper while making a positive contribution to the delivery of UN SDGs. ICA’s strategy focuses on industry reputation building, material stewardship, clean energy transition and climate change mitigation and green and healthy buildings. ICA works to ensure its industry-leading members maintain their license to operate and achieve fair market access for their products through proactive advocacy toward government and regulators.

ICA leads United for Efficiency (U4E), along with the United Nations Environment Programme, a global effort that supports developing countries and emerging economies to move their markets to energy-efficient appliances and equipment, in support of the Paris Climate Change Agreement. ICA also recently founded the Cornerstone of Rural Electrification (CORE), which operates at the nexus of energy access and energy efficiency, to ensure the principles of sustainability, safety and reliability are embedded in efforts to realize the goal of universal access to energy by 2030.

In Europe, the ICA is active in promoting the role of copper in the EU’s Green Deal.

**The Nickel Institute**

The Nickel Institute (NI) is the global association of leading primary nickel producers. It encourages markets for new and existing nickel applications and undertakes scientific research relevant to human health and the environment. It promotes the long-term use of nickel to contribute to a sustainable future. NI supports the aims of the Paris Agreement and UN SDGs. It promotes nickel’s role in addressing climate change as part of the solution for a low carbon economy and in delivering the UN SDGs through nickel’s contribution to economic development. It reflects this position in its lobbying activities.

While nickel production is energy intensive, its use in a wide range of applications that significantly reduce generation of greenhouse gases during their use outweighs this intensive energy use. For example, nickel is a major cathode material in lithium ion batteries used in electrical vehicles. It is also widely used in different renewable energy technologies, such as hydropower, wind, geothermal, solar, biomass and ocean wave energy.

The NI advocates for full lifecycle thinking when assessing materials and technologies and makes data and technical information available. It works with decision makers and key actors in the value chain to ensure that they understand the importance and benefits of nickel-containing materials and make informed public policy and materials choices from a sustainability perspective.
South Africa

Key policy developments

The National Treasury and the Department of Fisheries, Forestry and the Environment (DFFE) have driven South African climate change legislation. In 2017, DEFF mandated compulsory greenhouse gas (GHG) reporting and mitigation planning and in 2019, the National Treasury implemented a carbon tax for emitters above a certain threshold. DFFE is currently preparing general climate change legislation to bring associated regulations under a single act that also includes carbon budgeting and sectoral targeting.

The National Climate Change Response Policy (NCCRP) sets out a plan for an effective national climate change response that ensures a long-term just transition to a climate resilient and lower carbon economy and society. The National Climate Change Adaptation Strategy (NCCAS) underpins the delivery of the NCCRP through establishing a common vision of climate change adaptation and resilience as well as outlining priority areas for achieving the vision. The NCCAS aligns with South Africa’s commitment to the goals of the Paris Agreement.

In line with the NCCRP, South Africa has also implemented a mitigation system with various mitigation policy instruments such as pollution prevention plans and carbon budgets (voluntary until 2023), which are referenced as mitigation plans in the government’s climate change bill, which is in development.

The Carbon Tax Act, ratified in 2019, supports the ambitions of the Policy through a tax on CO₂ equivalent of scope 1 greenhouse gas emissions. The government will implement the tax in two phases, which will use South Africa’s polluter-pays principle that incentivises firms to adopt cleaner technologies. During its first phase, which runs until 31 December 2022, carbon tax for electricity and diesel fuel are passed through to the consumer, while companies pay an environmental levy on electricity and diesel, which is set at the cost of carbon tax. As such, carbon tax is also applied to scope 2 emissions. Its second phase will reflect the findings of a review of progress in reducing GHG emissions in line with South Africa’s Nationally Determined Contribution (NDC) commitments.

South Africa’s Integrated Resource Plan (IRP), updated in 2019, specifies how the nation transitions to a lower-carbon economy by changing its electricity generation technology mix through an increase in renewables and retiring coal assets. The IRP is an important factor for grid stability and reducing emissions. The IRP projects the electricity tariff, as well as long-term emission projections.

Our activities

We have directly inputted into the work of the Energy Intensive Users Group (EIUG), Ferro Alloys Producers Association (FAPA), Minerals Council of South Africa (MCSA), South African Petroleum Industry Association (SAPIA) and Business Unity of South Africa (BUSA) on the quality and affordability of energy, which has received ministerial and industry recognition. Glencore is an active and engaged member of various advocacy groups on the security of supply and affordable electricity tariffs.

While we are supportive of the South African government’s efforts to address climate change, we are calling for clarity and certainty on the mechanisms used in key legislation, such as the second phase of carbon tax and carbon budgets. We are an active member in the forums that provide constructive input to the South African government in developing enabling legislation and implementation tools to address climate change.

Through our membership in the EIUG and FAPA we have participated in several multilateral engagements on the IRP-related industry energy tariff pricing with Department of Mineral Resources and Energy (DMRE), the state-energy provider (Eskom), National Energy Regulator of South Africa (NERSA) and MCSA.

Glencore participates in the environmental policy committees of MCSA, FAPA and BUSA. The members of these organisations’ environmental policy committees regularly collaborate on a range of topics, including co-ordinated inputs into the development of climate change related policies. These organisations also utilise various platforms to engage with and lobby government on taking into consideration business and industry interests during policy development.

Astron Energy, part of our oil commodity department, has, through its membership of the South African Petroleum Industry Association (SAPIA), participated in round tables and meetings with government on climate change topics. These have included meeting with the DMRE on a carbon tax pass-through mechanism and the DFFE on proposed greenhouse gas performance guidelines for the oil and gas sector.

It has also attended BUSA and DFFE bilateral events on potential analysis and systems for mitigation, carbon budgets and integrated mitigation.

Astron Energy participated in a pilot of South Africa’s online greenhouse gas reporting system.
Active industry organisations

Energy Intensive Users Group (EIUG)

The EIUG is an association of energy intensive consumers whose members account for over 40% of the electrical energy consumed in South Africa. The EIUG has significant technical expertise on energy matters. It is a respected and non-partisan organisation dedicated to working towards a sustainable energy supply industry.

Through the EIUG, we are taking part in a technical task team for large industry power users to input into the update of the regulatory power quality standard (NRS 048) to enable it to reflect the current electricity supply industry, economic situation and the need for a just transition. The task team also considers the role of renewable energy and independent power producers.

Through EIUG, we participate in a BUSA working group that looks at tariffs and renewable energy.

Ferro Alloys Producers Association (FAPA)

FAPA is an association of ferroalloys producers and is mandated by its members to call for the alignment of the carbon tax and carbon budgets instruments in phase 2 of the carbon tax. FAPA proposed a cap and trade system that aligns with the international cost of carbon, through taxing at a higher rate those emissions exceeding the carbon budget. This aligns with the goals of the Paris Agreement, while supporting the ferroalloys industry to continue production in South Africa. It calls for a transparent and methodological approach to allocating carbon budgets in alignment with South Africa’s NDC and for ongoing engagements with the regulator.

FAPA also called for Scope 2 emission reduction projects to form part of emission reduction measures for the Pollution Prevention Plan (PPP) and carbon budget achievements. This approach reflects that there is little opportunity to reduce Scope 1 emissions in the ferrochrome production process at this time. The industry’s emission reduction opportunities lie in reducing its Scope 2 emissions. However, the PPP does not currently accept this as a means to mitigate carbon emissions liable for carbon tax. This approach would also enable the funds currently accrued for carbon tax to be spent on carbon emission reduction projects. Glencore took a key role in developing this position.

Minerals Council of South Africa (MCSA)

MCSA is a membership-based association representing the South African mining industry. MCSA is mandated by its members to support and promote the mining industry in South Africa, through providing strategic services in various policy and technical aspects, including lobbying and advocacy on behalf of members. MCSA represents the South African mining industry on various initiatives and issues such as environment, economics, health, safety, employee relations, social and legal.

MCSA undertakes direct and indirect discussions with the South African government on a broad range of mining-related topics. During 2021, MCSA’s climate change engagement largely focussed on overall mitigation system such as GHG reporting, carbon budgets, the PPP, carbon tax regulations and related instruments. It has advocated on the misalignment of the carbon tax and carbon budget’s proposed two-phase methodology.

MCSA was instrumental in proposing performance benchmarks for gold, platinum and coal, which enabled members to realise a 5% carbon tax allowance. MCSA is not against the carbon tax or budget, but is advocating for a streamlined single carbon management policy framework.

South African Petroleum Industry Association (SAPIA)

SAPIA represents the major petroleum and liquefied petroleum gas companies in South Africa. It plays a strategic role in addressing a range of common issues relating to the refining, distribution and marketing of petroleum and LPG products, as well as promoting the industry’s environmental and socio-economic progress. SAPIA fulfils this role by ensuring that its members are compliant with the regulatory requirements that enable the continued operation of businesses through the transition to a lower-carbon economy.

It also inputs into the shaping and implementation of the Climate Change Act, PPP, Mitigation Potential Analysis and Sector Emission Targets. It lobbies for an approach that reflects the needs of its member companies and proposes economically viable methods to align the carbon tax with the international cost of carbon.

MCSA is engaging with the Presidential Climate Commission on its work on developing an industry transition framework. It is also supporting Eskom’s efforts to advance South Africa’s just energy transition.

The aim of MCSA’s advocacy activities is to seek long-term policy certainty that supports investment in renewable energy and secures a stable power supply, while ensuring a smooth implementation of legal and policy requirements that enable the continued operation of businesses through the transition to a lower-carbon economy.
role by proactively engaging with key stakeholders, providing research information, expert advice and communicating the industry’s views to government, members of the public and media.

These main petroleum and LPG member companies of SAPIA have stated their support for the goals of the Paris Agreement.

Astron Energy holds the chair of the SAPIA Advisory Committee for Climate Change and participates in the tax and economic regulations committee. It provides input into SAPIA activities on environmental legislation including the carbon tax and is involved in SAPIA’s working group that advises the DMRE and DFFE on the development of an appropriate methodology to measure emission factors for liquid fuels.

Astron Energy provided input into the positions adopted by SAPIA, which include advocating for a pass-through mechanism for liquid fuels.

**Business Unity South Africa (BUSA)**

BUSA represents South Africa’s private sector and its members include corporate representative organisations, chambers of commerce and industry, professional organisations and corporate members. While Glencore is not a direct member of BUSA, its membership of MCSA and SAPIA give it access to BUSA activities and the ability to input into its work streams.

BUSA has a formal position on carbon tax and carbon budgets that reflects those of its members, including those mentioned above. It engages with the DFFE, National Treasury and South African Regulatory Service on alignment between these Departments for phase 2 of the carbon tax and budgets.

As a member of BUSA’s working group on a just energy transition for South Africa, Glencore represents the interests of our ferroalloys business, as well as those of FAPA and MCSA. We are also active in a number of BUSA task teams looking at just transition and skills development, electricity and energy policies, and energy tariffs. Our inputs into these work streams reflect our recognition that a multi-stakeholder approach is essential for achieving the goals of the Paris Agreement.