



GLENCORE PLC

<https://www.glencore.com/investors/shareholder-centre/agm>

Annual General Meeting

2nd June 2020

Financial Year End: 31st December 2019

Proxies voted
Social Change Assistance Trust

The Integrated Annual Report (Report) states in the introduction by the chairman on the first page *In safety our statistics do not bear comparison with our peers. ... our total number of fatalities for the year of seventeen is simply unacceptable ...* A shocking admission and a record which we consider to be unacceptable. In addition, the company is facing various investigations broadly around allegations of corruption and bribery to the extent that it has an Investigations Committee of the board.

A no frills company with an unambiguous strategy *To sustainably grow total shareholder returns while maintaining a strong investment grade rating and acting as a responsible operator.* Unfortunately based on the opening paragraph above, the responsible operator part of the strategy needs some attention. The company's investment rating at BBB or BAA1 is not perhaps where it would wish to be, and the net loss/income attributable to shareholders shows a steady downward trajectory over the last 3 years (the only years in the report) to the current loss position.

The company is headquartered in Switzerland but registered in Jersey, it states that it follows UK reporting requirements but the Remuneration Report states that *the company is not subject to the UK statutory regime to make the latter [remuneration policy] binding although, clearly, the Committee will take any voting outcome very seriously.*

The Report includes details of the company's scope 1 and 2 emissions as well as its total energy use. A Climate Change Working Group has been established after discussions with other parties.

The layout of the Report is simple, clean and elegant. Hyperlinks are embedded and a clear index make for easy navigation, the index is incomplete and does not for example list the audit committee report. There is no proper cross referencing or click throughs. The report is, unfortunately, laid out in portrait format rather than landscape, the later being better suited to a computer screen.

	Resolution	Rationale	Vote	Outcome of AGM
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	Ordinary Resolutions			
1	To receive the Company's accounts and the reports for the year ended 31 st December 2019	The Annual Financial Statements (AFSs) and the auditors' report are included in the Report. The auditors state that the AFS present a true and fair view and comply with the relevant standards and laws.	FOR	FOR 97.8%
	To Elect the members of the board:	<p>The board and executive are in a process of change, a number of senior executives have retired, the chairman is due to step down and the chairman of the audit committee steps down, the later two having served nine years.</p> <p>The chairman has been asked to stay on to oversee the changes in the board and management and provide continuity.</p> <p>The board comprises 7 non-executives and 1 executive director, and 1 new non-executive joined the board in early 2020.</p> <p>Independence The board comprises 6 independent directors, 2 non-executives who are not independent including the chairman and 1 executive. The CFO and Company Secretary attend board and committee meetings which does dilute the independence of the board to some extent.</p> <p>Tenure: average tenure is just under 6 years with 3 directors having served for 9 years. A process of renewal of the board has commenced but excluding the new appointment this year the board is very cosy with 3 directors having served since the IPO. We welcome the process of refreshment of the board and management.</p> <p>Continuity As noted under Independence, the board had become rather cosy with a number of long serving directors and management all serving from the IPO and some from well before that. Unfortunately, the board has rather belatedly realised that a number of them will be required to step down from their positions now and as such the Chairman is seeking re-election beyond his recommended term of office of 9 years to ease the process of change and provide continuity.</p> <p>Skills A table of skills is provided but no mention is made on this table of environmental or social matters.</p>		

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		<p>Diversity Glencore's primary listing is not on the JSE and it does not face the same diversity imperatives as South African companies do. Even within the less onerous demands of the UK, diversity is not being dealt with effectively: only the recently appointed director is not white, there are 2 women and the rest (6 directors) are older white men. The executive team are all white men. The average age of the board is 67 years and 4 (45%) are over 70 and only 1 is under 60. The Report states that <i>refreshment is planned in respect of a new Audit committee Chair and another female director</i>. It does look as though succession planning at board and management level has been left until it is close to being a crisis, and the strategy as outlined in the introduction above is not being met.</p>		
mprises2	To re-elect Anthony Hayward (Chairman) as a Director	<p>Dr Hayward, 62, is suitably skilled and experienced to serve on the board. His attendance record in 2019 was impeccable. He has served as a director for 9 years and the company does not classify him as independent although reasons for this classification are not supplied. We favour an independent director as chairman. However, we are astonished at Dr Hayward's statements quoted in the introduction above and restated here <i>In safety our statistics do not bear comparison with our peers. ... our total number of fatalities for the year of seventeen is simply unacceptable ...</i> We want to know what action is planned. We are also concerned at the number and nature of the investigations into the activities of the company in various jurisdictions.</p> <p>In terms of UK guidelines Dr Hayward, having served on the board for 9 years, should step down as chair. He is seeking re-election with the support of major institutional shareholders to oversee the changes in the board and management and to see through the investigations. Frankly the board and management changes could be foreseen and should have been initiated a number of years back. The lives lost and investigations happened under Dr Hayward's watch and as such we do not support his re-election. Further as noted we favour an independent chairman.</p>	AGAINST	FOR 96.0%

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3	To re-elect Ivan Glasenberg (Chief Executive Officer) as a Director	Mr Glasenberg, 63, joined Glencore as a young Chartered Accountant and rose through the ranks to be CEO. He is widely perceived to be the driving force behind the IPO 9 years ago. There have been a number of senior executives retiring during 2019 and we are told this process will continue. The report makes frequent reference to succession planning but no detail is provided. In this context we are concerned that Mr Glasenberg continue in his position until a proper succession plan is on the table.	FOR	FOR 98.4%
4	To re-elect Peter Coates (Non-Executive Director) as a Director	Mr Coates, 74, is not an independent director having served Glencore in various positions including executive positions for more than 25 years. His attendance record in 2019 was impeccable. He clearly has a great deal of institutional knowledge and as such has a lot to contribute. Our concern is that given Mr Coates' age we need to be assured that proper succession at board level has and is being planned.	FOR	FOR 96.3%
5	To re-elect Leonhard Fischer (Independent Non- Executive Director) as a Director	Mr Fischer, 57, is suitably skilled and experienced to serve on the board, a position he has held since the IPO 9 years ago. In terms of UK governance rules Mr Fischer steps down as chair of the audit committee given his long tenure. His attendance record in 2019 was impeccable. The board states that it is satisfied that Mr Fischer remains independent, we are concerned about his independence given his long tenure and the cosy nature of this board. However, we support his reappointment given the seemingly late attention to succession planning.	FOR	FOR 93.9%
6	To re-elect Martin Gilbert (Independent Non-Executive Director) as a Director	Mr Gilbert, 64, is suitably skilled and experienced to serve as a director. His attendance record was impeccable and he has been a director for 3 years and Lead Independent Director for 2 years. However, Mr Gilbert is chairman of another listed company and vice chairman of a third company as well as various other directorships. We find he is overcommitted and as such don't support his reappointment.	AGAINST	FOR 94.5%

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7	To re-elect John Mack (Independent Non-Executive Director) as a Director	Mr Mack, 75, is suitably skilled and experienced to serve as a director. His attendance record was good and he has been a director for nearly 7 years. Our concerns regarding succession planning are heightened given that Mr Mack will need to retire in the near future.	FOR	FOR 93.9%
8	To re-elect Gill Marcus (Independent Non-Executive Director) as a Director	Ms Marcus, 70, is suitably skilled and experienced, her attendance record was good and she has been a director for 2 years.	FOR	FOR 99.2%
9	To re-elect Patrice Merrin (Independent Non-Executive Director) as a Director	Ms Merrin, 71, is suitably skilled and experienced and her attendance record in 2019 was impeccable. She has been a director for just under 6 years. Ms Merrin chairs the board of another listed company and serves on the boards of at least 2 other companies. As such she is overcommitted.	AGAINST	FOR 96.0%
10	To elect Kalidas Madhavpeddi (Independent Non-Executive Director) as a Director	Mr Madhavpeddi, 64, is qualified and experienced to serve on the board. He is a new appointment and thus has no attendance record. He does not appear to be overcommitted and brings some diversity as well as his experience to the board.	FOR	FOR 94.9%
11	To approve the Directors' Remuneration Policy as set out in Part A of the Directors' Remuneration Report in the 2019 Annual Report	The Remuneration Committee (Remco) comprises 3 independent directors, one of whom has served for more than 9 years and as such we question his independence. As noted in the introduction the company states that it follows UK reporting requirements but as it is registered in Jersey it is not bound by UK legislation and rules. As such the Remuneration Policy shall apply for 3 years if approved, currently it will only apply to Mr Glasenberg as the only executive director. It is of concern that the rules may be applied but that they are not binding, this opens the door to a high level of discretion, we would like to see the company commit to following those rules. Base Salary is set within a competitive range for similar companies but the companies are not named and it appears the comparison is	AGAINST	FOR 97.3%

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		<p>not independent but carried out by the committee who do not <i>not slavishly follow data but uses it as a reference point.</i></p> <p>Base Salary comparison is not done independently and comparator companies are not specified. There appears to be a high level of discretion in applying the comparison.</p> <p><i>The Committee has set a formal shareholding requirement for Executive Directors of 500% of salary. Usually to be achieved within 5 years of Board appointment. In effect this would require the incoming CEO to set aside his entire Base Salary before tax in shares.</i></p> <p>Minimum shareholding may be unrealistic for any new executive director/s to achieve, and the statement that this is usually to be achieved implies a high level of discretion.</p> <p>Targets should stretch executives, and be clear and achievable.</p> <p><i>The company operates an Annual Bonus Plan and 50% of any Annual Bonus plan outcome to be deferred into shares for a period of up to three years although the Committee reserves discretion. The balance is paid in cash at the end of the following year.</i></p> <p><i>Malus provisions apply. There is no specific mention of clawback. The Remco reserve[s] discretion to reduce any formulaic outcome if it is not considered appropriate.</i></p> <p><i>Performance measures have not been set per the policy but the Report notes that measures may be financial, non-financial and corporate, divisional or individual, and that the Remco will consider the outcomes against pre-set targets following their calculation and may moderate these outcomes.</i></p> <p>The Bonus Plan includes a high level of discretion at every step and in fact there is no bonus plan at present (see 12 below re Mr Glasenberg not being paid bonuses), it appears that the Remco will develop targets and metrics when needed but there is no policy.</p>		

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		<p>The Long Term Incentive (LTI) consists of a Performance Share Plan but no executive has participated in this as yet. <i>Awards will be subject to a performance period of at least 3 years followed by a further holding period of at least 2 years.</i> Malus provisions apply. There is no mention of clawback. The maximum LTI award in any year is limited to 200% of base salary. <i>[N]no performance conditions have been established for Executive Directors.</i> As with the Bonus Plan it appears that there is in fact no policy regarding the LTI and again we are concerned that there is no policy as the company enters a period of management renewal. Given the refreshment of management, there are some areas of concern with regard to the recruitment of new executives. In particular the following: <i>the Committee is not constrained by the caps on fixed pay within the Policy</i>, and with regard to compensation for existing awards due to a new recruit from previous employment <i>the maximum amounts for incentive pay as stated in the general policies will not apply to such awards.</i> The policy notes that Mr Glasenberg as the only executive and a major shareholder has not participated in the Bonus Plan or the LTI. It now states that the Remco will largely not be constrained by the maximum award amounts under the existing policy. It seems that this policy is irrelevant. Non-executive directors fees are set to be competitive with an all inclusive fee for the chairman and board fees plus committee membership or chair fees. No performance measures are set. Performance measures should apply to the non-executive directors and as a minimum there should be an attendance fee.</p> <p>No proper policy regarding the Bonus Plan or the LTI exist as no performance indicators have been set and there are no metrics. In addition, the policy appears to be highly discretionary. As such we cannot support this resolution.</p>		

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12	To approve the Directors' Remuneration Report in the 2019 Annual Report	<p>Mr Glasenberg's Base Salary has not increased <i>since the Company's IPO in May 2011, reflecting his status as a significant shareholder</i>. It is further noted that as Mr Glasenberg is <i>a major shareholder, he does not participate in bonus or LTI arrangements, a policy which will continue into 2020</i>. This is at his request.</p> <p>Details of Mr Glasenberg's Base Salary and benefits are provided, as is his shareholding. He owns approximately 9% of the voting shares of the company or R 38b at current share price.</p> <p>We have no reason for opposing the Remuneration Implementation Report</p>	FOR	FOR 96.6%
13	To reappoint Deloitte LLP as the Company's auditors to hold office until the conclusion of the next general meeting at which accounts are laid	<p>Deloitte LLP have been auditors for 9 years and the audit partner has been rotated twice during that period, the most recent partner rotation was in 2017.</p> <p>The Audit Committee has announced that a tender process will commence next year to appoint a new audit firm for the next 10 years.</p> <p>Deloitte are one of the big international firms and are considered capable of performing the audit of Glencore.</p> <p>Audit tenure, audit partner rotation and the process for audit firm rotation are excellent.</p>	FOR	FOR 99.8%
14	To authorise the audit committee to fix the remuneration of the auditors	The audit committee report is clear on matters relating to audit fees and there have been no increases in fees from 2018 to 2019, and the fee is reasonable given the size and complexity of the company.	FOR	FOR 99.9%
15	To renew the authority conferred on the Directors pursuant to Article 10.2 of the Company's articles of association	<p>A most obscure resolution as shown on the proxy form. This resolution is in fact to allow the directors to allot shares.</p> <p>The resolution does not provide sufficient information, only stating that the maximum number of shares so allotted should not exceed 7.5% of the shares in issue. No details are provided regarding the price at which such shares may be issued.</p> <p>There is no reason provided as to why the directors should be empowered to allot such shares.</p>	AGAINST	FOR 95.9%

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	Special Resolutions			
16	Subject to and conditionally upon the passing of resolution 15, to renew the authority conferred on the Directors pursuant to Article 10.2 of the Articles to allot shares or grant rights to subscribe for or to convert any securities into shares for an allotment period	Resolutions 16 and 17 are treated as one resolution in the Notice to the AGM, and are headed <i>Disapplication of pre-emption rights</i> , which does not seem to agree with the description on the proxy form. It is confusing and to treat two resolutions as one is most unusual. As in resolution 15 above, the resolution is short on detail and no reason is provided as to why the directors should be given this authority.	AGAINST	FOR 97.8%
17	Subject to and conditionally upon the passing of resolution 15, to authorise the Directors pursuant to Article 10.3 of the Articles to allot equity securities for an allotment period	See above resolution 16.	AGAINST	FOR 96.5%
18	That the Company be and hereby generally and unconditionally authorised to make market purchases of ordinary shares as per the terms set out in the notice of meeting	Our base line position is that share repurchases tend to reduce minority shareholdings and as such we are not pre-disposed to support such repurchases. The only information we are given is that such repurchases may not exceed 10% of the shares in issue and the price must comply with existing legislation. We are not provided with reasons or circumstances which would give rise to such a repurchase.	AGAINST	FOR 97.9%

OUTCOME OF THE AGM

The AGM was not very well attended with 75% of the shares voted in person or by proxy.

All resolutions were passed with significant majorities.