

Glencore and PolyMet – Risks for Minnesota



PolyMet's close relationship with Swiss-based Glencore-Xstrata in developing its sulfide mine proposal is a very bad deal for Minnesota. As a result of PolyMet's financial reliance upon and close partnership with Glencore, Minnesotans would be placing our precious clean water resources in the hands of one of the world's worst corporations, while sending profit and metals overseas.

Glencore – Huge Multinational Corporation Ranked among World's "Worst"

- Behind the proposed Minnesota PolyMet mine is Glencore, a controversial multinational corporation with mining and commodities interests across the globe. In 2014, Glencore's revenues were \$224 billion and its claimed total assets were \$152 billion.¹



- Glencore is notorious for environmental and human rights violations worldwide. In 2013, Glencore was nominated as one of the worst corporations in the world for environmental and human rights abuses.²
- Members of United Steelworkers, along with allied unions around the world, ranked Glencore the second-worst corporation in terms of lifetime corporate irresponsibility, explaining:

*"Glencore is truly deserving of this recognition as one of the most irresponsible companies on the planet. . . Glencore has mistreated workers and harmed communities on nearly every continent."*³



- Glencore's Chairman of the Board is Tony Hayward, who was group chief executive of British Petroleum from 2007 to 2010, during the time of the Deepwater Horizon explosion and oil spill disaster in the Gulf of Mexico.⁴

PolyMet – Glencore Financing, Rights to Production and Influence in Minnesota



- According to the *Minneapolis Star Tribune*, as of February 2015, Glencore "has already sunk about \$134 million in loans and equity investment in PolyMet."⁵
- If Glencore were to exercise all of its rights and obligations under agreements with PolyMet, it would own 36.0% of Minnesota's PolyMet mine.⁶

- Glencore also owns the rights to all production from the PolyMet sulfide mine and plant for at least the first five years of operations.⁷
- Glencore has a right to exert management influence over PolyMet. As part of the 2013 financing agreement with Glencore, PolyMet entered into a Corporate Governance Agreement whereby as long as Glencore holds 10% or more of PolyMet shares, Glencore has the right to designate directors of PolyMet proportionate to Glencore's ownership.⁸

Minnesota Environmental Harm Serves Global Profit, Ships Our Copper to China



- Glencore is a global company with its head office in Switzerland and shares listed on the London, Hong Kong and Johannesburg, South Africa stock exchanges. Investors cannot even buy ordinary Glencore shares directly in the United States.⁹



- As a result of its relationship with Glencore, copper mined by PolyMet would go to China, at least for the first several years. As a condition with its 2013 merger with the Xstrata mining company, Glencore must continue to supply China with copper concentrate through the end of the decade.¹⁰

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¹ Glencore 2014 Fact Sheet for Investors, available at <http://www.glencore.com/investors/reports-and-results/reports/p/factsheet-en-fr-ge> last visited July 2015.

² “Who’s the ugliest of them all? Glencore Xstrata is a hot contender for worst corporation award” (Dec. 4, 2013) available at <http://newint.org/features/web-exclusive/2013/12/04/glencore-xstrata-worst-corporation-award/> last visited July 2015.

³ “Sherwin Owner Glencore Takes 2nd in ‘Worst Company’ Contest” (Feb. 26, 2015) available at <http://www.usw.org/news/media-center/releases/2015/sherwin-owner-glencore-takes-2nd-in-worst-company-contest> last visited July 2015.

⁴ See Glencore Board of Directors available at <http://www.glencore.com/who-we-are/corporate-governance/board-of-directors/> last visited July 2015.

⁵ “PolyMet gets \$30M from Glencore for 2015 operations,” Star Tribune (Feb. 2, 2015) available at <http://www.startribune.com/polymet-gets-30m-from-glencore-for-2015-operations/290554801/> last visited July 2015.

⁶ *Id.* If all other options and warrants were exercised, Glencore would own 33.3% of PolyMet on a fully diluted basis.

⁷ PolyMet Annual Report (Jan. 31, 2015), p. 31 Available at <http://quote.morningstar.com/stockfiling/Annual-Report/2015/1/31/t.aspx?t=:PLM&ft=20-F&d=b38df21400ac0f4ce7de9d92fda15e55> last visited July 2015.

⁸ PolyMet Annual Report (Jan. 31, 2015), *supra*, p. 31

⁹ Glencore Shareholder FAQs available at <http://www.glencore.com/investors/shareholder-centre/shareholder-faqs/> last visited July 2015

¹⁰ “Glencore Wins China’s Blessing for Its \$30 Billion Takeover of Xstrata,” New York Times (Apr. 16, 2013) available at <http://dealbook.nytimes.com/2013/04/16/glencores-30-billion-takeover-of-xstrata-gains-chinese-approval/> last visited July 2015.