



Climate change-driven investor pressure deals a blow to fossil fuels

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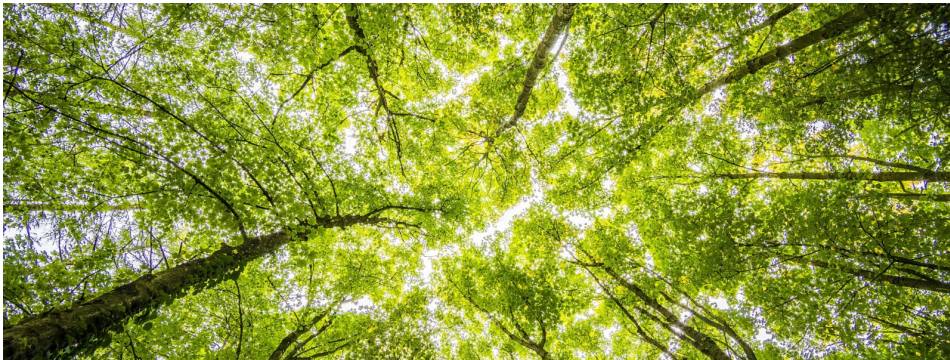
The move by Australia’s largest coal mining company to respond to shareholder pressure by freezing production at current levels demonstrates the power of the global response to climate change.

According to the Australian Bureau of Statistics (ABS), coal was the nation’s biggest earner in terms of exports, generating a record \$46.9 billion (USD) last year. An industry-leader, Swiss-based Glencore is the country’s largest coal miner, with its Hunter Valley operation alone producing 69 million tonnes per annum. Glencore’s investors span a range of Australian superannuation funds, which exert massive control via their \$32 trillion in assets. Names among them are AMP Capital, AustralianSuper, Cbus, IFM Investors, QSuper and BT Financial Group. Glencore is a prime example of a fossil fuel industry very much alive and kicking.

However, with fossil fuels in the firing line for some time, the June 2017 guidelines released by the G20 Task Force on Climate-related Financial Disclosures (TCFD) put them front and centre as a targeted activity to fulfil the Paris Agreement pledge of a 2°C threshold on global warming. The TCFD advises funding bodies on the climate risk of their assets, so the harsher regulations on the coal industry have left investors unsettled. And they’re not alone; a survey of more than 1,200 Australian business leaders found climate change to be their top government issue. The fossil fuel industry has been forced to respond to these global community and investor pressures.

Glencore is one of the prominent coal-giants choosing to compromise their operations in order to comply. This comes in the form of a cap on its global coal output, hoping to appease investors, who themselves have had their assets threatened by the TCFD. Given previous output in Australia alone, the promised 145 million tonnes cap is a staggering arrest. Most seminal is Glencore’s open declaration about this development as being in direct “response to the increasing risks posed by climate change”. Furthermore, the company acknowledges this is part of their obligation to shareholders and the regulations they are now subject to.

Glencore's choice to "meet the growing needs of a lower carbon economy", means that they are turning their backs on some significant numbers. Richie Merzian of the Australia Institute laments the predicted negative effect on Glencore's \$11.4 billion investment into the country over the last ten years, a figure that amounts to a colossal \$2.9 million a day. Dan Gocher of the Australian Centre for Corporate Responsibility (ACCR) further cements this as a blow to the industry, asserting that Glencore's about-turn should be taken as a sign that Australia's reliance on coal revenue is at an end. "One by one major investors are turning away from coal", he says. Indeed, new mines struggle to find funding and are even blocked when they do, as seen in the New South Wales Land and Environment Court in February 2019. Glencore's move is widely agreed to be a sign of a shift in the value of money in the fossil fuel economy; large investment and gains won't pay off in the low-carbon long run.



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In fulfilling their commitment to investors, and the TCFD, Glencore is taking footsteps in which others will surely be made to follow. Being forced to disclose how their operations and capital expenditure mitigate climate change risk, the company is also planning to review its association with various major industry bodies. Given the size and power of its members, of which Glencore is the largest, groups such as the Minerals Council of Australia has too had to acquiesce and be "attuned to community expectations", says chief executive Tania Constable. Even more widely, caps, reviews and regulations are tipped to affect elections and governments themselves as the nature of energy production changes throughout the process, from funding to infrastructure to production.

Concessions on this scale, by fossil fuel juggernauts and their partners, in an industry with a once seemingly unbreachable profit margin and runaway production levels, demonstrate the new balance of power. Climate change regulations and global community strength of feeling alone haven't so far been able to make a dent. However, if co-opting the investor lifeblood has shaken the foundations of a country's national coal production, it is only a matter of time before we see shockwaves emanate

throughout the international fossil fuel industry.

People Moves

EMEA

- **Jeremy Bryan**, former Head of Freight Trading at Cargill in Geneva, is now COO of Navios Maritime
- **Fabrice Queyrane** has joined Cargill in Geneva in a Risk Management role. Fabrice was previously a Senior Coal Trader at Hartree Partners
- **Marc Bonter** has joined Cargill in Geneva as a Metals Trader within the Risk Management business unit. Marc was previously a Metals Trader at Gunvor in Geneva
- **Romain Wars** has joined Arc Resources as Refined Metals Trader, based in Geneva. Previously a Refined Metals Trader at Louis Dreyfus, based in Geneva
- **Jo Harmendjian** has left Societe Generale in London where he was a Metals Derivatives Trader and has joined Tiberius Group based in Baar in a similar role
- **Andrew Jarvis** has joined VTB Capital in Zug as Head of Base Metals Origination. He was previously a Consultant at Asmantra AG based in Zug
- **Ivan Petev** has joined VTB Capital in Zug as Head of Base Metals Trading. He was previously Head of Metals in Asia for CCI, based in Singapore
- **Jean-Baptiste Lucas** has left Vedanta, where he was Chief Aluminium Sales and Marketing Officer to join Airopack in the Netherlands as CEO
- **Loic Jonchery** has joined KLI Asset Management in London as a Metals Portfolio Manager. Previously in London in a similar role for ECTP
- **Andrew Hallett** has joined Audentia Capital Management in London as COO and Head of Metals and Mining Investments. Andrew was previously Global Head of Investments at Kyen Resources as well as a Partner at Rice Capital Partners in London
- **Chris Robertson** joined Trafigura as Head of Panamax Trading in Geneva. Previously with Bunge in Geneva as Panamax/Supramax Trading Director

Asia - Pacific

- Former BHP Billiton executive **John Crofts** has joined privately-held trading house Ocean Partners in Melbourne to build up a base and precious metals concentrate business
- **Yifan Huang** has joined Trafigura in Shanghai as a Copper Trader. He was previously at Jiangxi Copper
- **Alex Baileff** has left Vitol in late 2018 where he was Head of Coal in London and will be joining JERA Trading in Singapore as SVP Coal
- **Ying Ying Lim** has joined Cargill as Ocean Transport APAC Lead. She was previously GM Trading at Awin Resource
- **Julian Qi** has joined Trafigura as an Iron Ore Trader in Shanghai, he was previously with Cargill as the International Steel Book Manager based in Singapore
- **Tim Sylow** has joined Cargill to work alongside Stephane Van Reet in the technical marketing team within the metals business. He was previously with Arcelormittal as the Global Head of Research and Development
- **Sean Ginnane** has been promoted to CEO of Henry Bath & Sons. He was previously Group GM for Asia in Singapore (where he will remain)
- **Brett Suann** has joined Roy Hill based in Perth as the GM Sales & Marketing. He was previously Physical Ferrous Sourcing Manager for Anglo American based in Singapore
- **Gordon Liew** has joined as Lead Iron Ore Sales Coordinator in Anglo American. He was previously the Head of Steel Trading Operations in Cargill in Singapore
- **Jay Mane** has joined Javelin Commodities in Singapore as a Coal Trader. He was previously with HC Trading in a similar role
- **Julien Reipert** has moved to Singapore with Javelin Commodities as a Coal Derivatives Trader. He was previously based in London for Javelin Commodities in a similar role
- **Jacob Jonker** has joined Pacific National in Sydney as Head of Corporate Development & Strategy. He was most recently General Manager Corporate Development at Rio Tinto in Perth
- **Gabrielle Iwanow** has joined Oz Minerals as General Manager at Prominent Hill. She was previously with Rio Tinto in Western Australia as General

Manager at the Paraburdoo operations

- **Sam Mok** has joined Trasamine as Deputy General Manager in Hong Kong. He was previously the Head of Operations at Azurite Trading in Hong Kong
- **Alex Pang** has joined Azurite Trading in Hong Kong as the Marketing and Sales Manager. Previously he was Marketing Manager for Concentrates with Ocean Partners
- **Fairy Lei** has joined Nizi International in Shanghai as the Head of Non-Ferrous Trading. She was previously the Head of Operations with Cliveden Trading in Shanghai
- **Dennis Yang** has joined Xiamen ITG as General Manager for the Iron Ore trading business. He was most recently with Cargill as the On-Shore Iron Ore Sales Lead in Shanghai
- **Glen Zhong** has joined Anglo American as Copper Trader in Shanghai. He was previously the Senior Trader at Jinmai Resources (JinchuanMaike)

Americas

- **Michael Cuoco** joined INTL FC Stone as Head of Metals/Bulks Fund Sales. He was previously Head of Metals at Wells Fargo Securities
- **John Slaven** was appointed as Chief Strategy Officer at Alcoa. He previously led the Metals and Mining practice at Boston Consulting Group
- **Miquel Alvarez** joined Steel Dynamics as Senior Vice President, Southwest U.S. and Mexico. He was previously at BlueScope

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