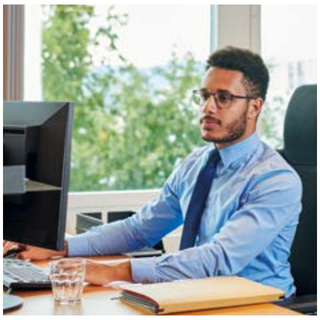
GLENCORE


RESPONSIBLY SOURCING THE COMMODITIES THAT ADVANCE EVERYDAY LIFE







Annual Report 2020

OUR PURPOSE

Responsibly sourcing the commodities that advance everyday life.

glencore.com

OUR STRATEGY

To sustainably grow total shareholder returns while maintaining a strong investment grade rating and acting as a responsible operator.

Read more
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LIVING OUR VALUES

Our values reflect our purpose, our priorities and the beliefs by which we conduct ourselves. They define what it means to work at Glencore, regardless of location or role. They are the heart of our culture and the way we do business.

SAFETY

We never compromise on safety. We look out for one another and stop work if it's not safe

INTEGRITY

We have the courage to do what's right, even when it's hard. We do what we say and treat each other fairly and with respect

SIMPLICITY

We work efficiently and focus on what's important. We avoid unnecessary complexity and look for simple, pragmatic solutions

RESPONSIBILITY

We take responsibility for our actions. We talk and listen to others to understand what they expect from us. We work to improve our commercial, social and environmental performance

OPENNESS

We're honest and straightforward when we communicate. We push ourselves to improve by sharing information and encouraging dialogue and feedback

ENTREPRENEURIALISM

We encourage new ideas and quickly adapt to change. We're always looking for new opportunities to create value and find better and safer ways of working

STORIES FROM OUR YEAR

Read about the stories that show who we are

Read how we're working to transform artisanal mining in the DRC on page 14

Read about our recycling business on page 50

Read about our journey to net zero emissions on page 16

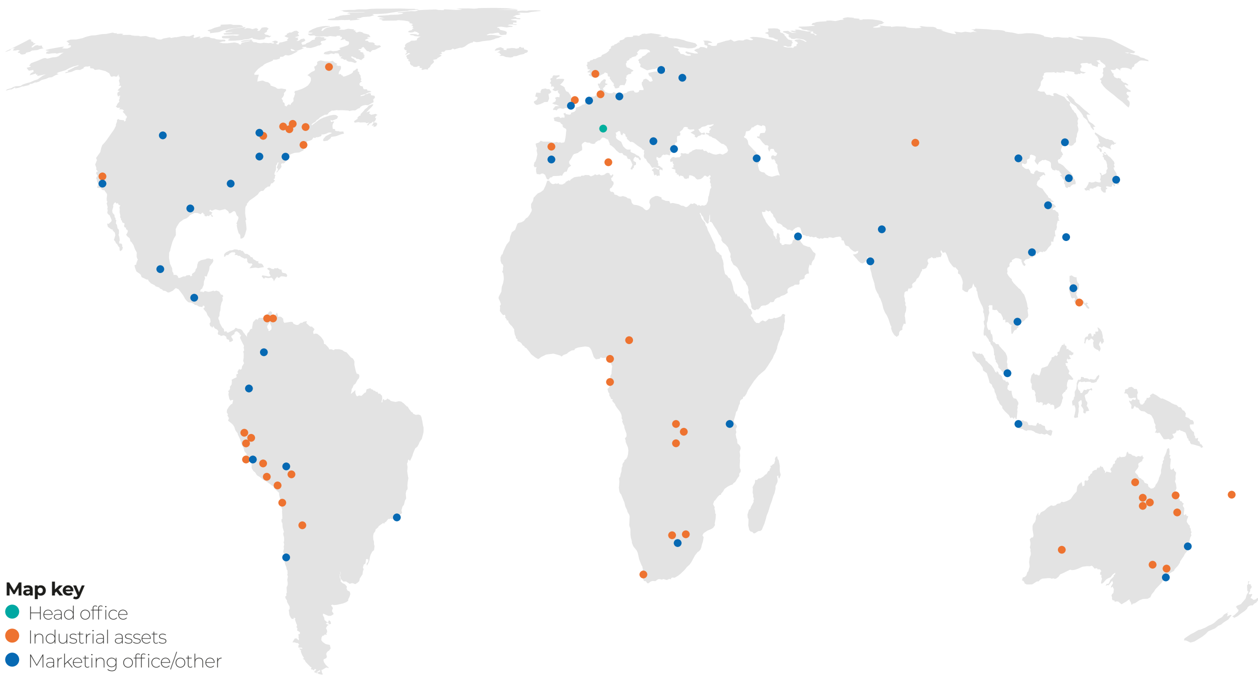
OUR BUSINESS AT A GLANCE

Business model
Page 8

Sustainability
Page 32

One of the world's largest natural resource companies

6	35	c.145,000	>40
continents	countries	employees and contractors	offices



Integrating sustainability throughout our business

CO_2e Scope 1
million tonnes

15.0
2019: 18.3

CO_2 Scope 2
million tonnes

9.3
2019: 11.0

CO_2e Scope 3
million tonnes

271
2019: 343

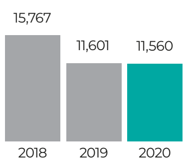
Targeted reduction in total emissions

40%
on 2019 levels by 2035

Our Financial Highlights

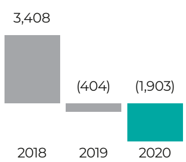
Adjusted EBITDA◊
US$ million

$11.6bn



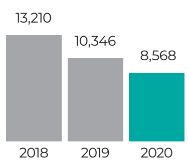
Net (loss)/income attributable to equity holders
US$ million

($1.9)bn



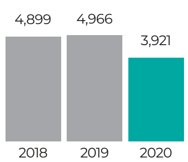
Cash generated by operating activities before working capital changes
US$ million

$8.6bn



Net purchase and sale of property, plant and equipment◊
US$ million

$3.9bn

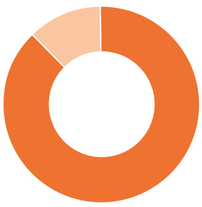


Two business segments

Industrial

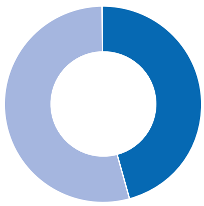
Marketing

Adjusted EBITDA◊ Industrial 2020



$7.8bn
2019: $9.0bn

Adjusted EBITDA◊ Marketing 2020



$3.7bn
2019: $2.6bn

Total Adjusted EBITDA 2020◊

$11.6bn
2019: $11.6bn

Lost time injury frequency rate
per million hours worked

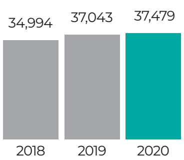
0.94
2019: 0.99

Total recordable injury frequency rate
per million hours worked

2.65
2019: 2.86

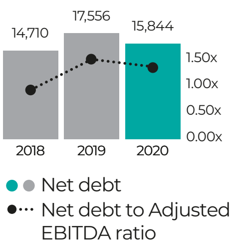
Total borrowings
US$ million

$37.5bn



Net debt◊
US$ million

$15.8bn



CONTENTS

◊ **Alternative performance measures**
Adjusted measures referred to as Alternative performance measures (APMs) which are not defined or specified under the requirements of International Financial Reporting Standards; refer to APMs section on page 219 for definitions, explanation of use and reconciliations and note 2 of the financial statements for reconciliation of Adjusted EBIT/EBITDA.

Read more
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CHAIRMAN'S INTRODUCTION

Anthony Hayward

Chairman

DEAR SHAREHOLDERS

I introduced last year's annual report with a discussion on the need for a strong and clear purpose, values and strategy underpinned by a robust and aligned culture. These are the essential requirements for a sustainable business. 2020 has provided a perfect example of this.

From a positive outlook at the beginning of the year, Covid-19 emerged as an unprecedented challenge for the world. At Glencore, we moved quickly to adapt our business and protect and support our people and communities. This involved a range of measures across our businesses depending on the incidence of Covid-19 and the regulations and expectations of governments, employees and communities that host our operations.

Demand for our commodities and prices fell rapidly early in the year. This required difficult decisions around continuing production at uneconomic operations and the collateral impact on employees and nearby communities. At a group level the rapid shift in markets led us to suspend our proposed distribution to shareholders to protect our capital structure and accelerate a reduction of Net debt back to within our $10-$16bn target range which was successfully achieved ($15.8bn) by year end. Managing the impacts of Covid-19 on the effective operation of our governance and control mechanisms was also critical. We had to ensure that our reporting and assurance procedures – whether across human resources, accounting, compliance or elsewhere – would continue to operate robustly through these times of exceptional stress and often remote working requirements. The combination of empowered business leaders and central governance and support meant that our businesses were able to react in the most appropriate way for their situation while adhering to our required Group standards.

In spite of this challenging backdrop, we were able to ensure that our strategic priorities were progressed, including:

Succession: Ivan Glasenberg's retirement during the first half of this year will complete the succession plan for the senior business leadership team. To have your CEO and principal senior business leaders retire within a period of two and a half years would normally be considered a material risk for business continuity. However, it is a testament to Ivan and his former partners that they have managed a seamless succession to the next generation of leaders, whom I am confident have the abilities to lead the Company into the world of tomorrow.

Our CEO designate, Gary Nagle, has been with Glencore for more than 20 years. He understands the unique aspects of this business and culture and I have every confidence he will build on the strong foundation that he inherits.

After nine years' service as a Director we were very sorry to see Lenny Fischer retire at year end, but we were delighted to welcome Cynthia Carroll as a new Director (see page 86).

Culture: the Board is determined to ensure that Glencore is, and is seen to be, a responsible and ethical company with a positive culture. As well as overseeing and supporting the considerable ongoing work on ethics and compliance, including the rollout of the Purpose and Values campaign, the Board has sought to increase direct engagement with our workforce through virtual meetings and workforce surveys. Our work last year is summarised on pages 24 to 26 and 29. Stakeholders can expect to see more from us on this in the future.

Investigations: the Board, through its Investigations Committee, is continuing to manage the Company's response to the government investigations (see page 212) and the Company continues to fully cooperate with the various authorities. The timing and outcome of the various investigations remain uncertain.

Climate Change: we also announced our ambition to be a leader in enabling the decarbonisation of energy usage. In doing so, we recognise our responsibility to contribute to the global effort to achieve the goals of the Paris Agreement by decarbonising our own operational footprint. Unique amongst our peers, we have announced our commitment to reduce our total emissions footprint – Scope 1, 2 and 3 – by 40% by 2035 on 2019 levels and our ambition of achieving a net zero total emissions footprint by 2050, thereby putting us on a trajectory aligned with the Paris Agreement.

With the transition of leadership from Ivan to Gary, we will complete the final part of the generational shift to a new executive team. The Board believes that we have exceptional new management in place to continue to drive our business forward.

Global society is facing the challenge of meeting the increasing energy needs of a growing population, while radically reducing its carbon footprint. We believe that we have an important role to play in this endeavour and that by implementing our strategy we will responsibly source the commodities that advance everyday life for the benefit of the world as a whole.

Anthony Hayward
Chairman
10 March 2021

CHIEF EXECUTIVE OFFICER'S REVIEW

Resilient performance amid unprecedented challenges for the global economy

Ivan Glasenberg

Chief Executive Officer

A CHALLENGING TIME FOR THE WORLD

The Covid-19 pandemic is an extraordinary challenge, impacting colleagues, our families, local communities and society at large. As a responsible operator, our top priority is to protect the safety and health of our people and the communities that host our businesses.

Although some of our industrial assets were required to temporarily suspend operations during the year in line with national and regional guidance, or where our risk assessment determined it was appropriate to do so, the majority of our assets continued to operate relatively normally after implementation of appropriate precautionary measures. Across our industry, the impacts were most notable in Peru, South Africa and Colombia, while Australia and Canada were relatively unaffected. The cumulative impacts of mine supply disruption helped to offset the initial demand shock from rapid lockdowns and the corresponding slowdown in global economic activity.

While demand remained challenging in many key global economies, China's rapid recovery, combined with material global central bank and governmental fiscal support, improved supply/demand fundamentals and started to generate favourable sector sentiment and price momentum.

Average price performances for our key metals commodities' benchmarks was largely flat to slightly lower year-on-year, although this outcome reflects two very different halves, from recessionary pricing conditions in March/April to multi-year highs towards the end of the year. Coal pricing benchmarks underperformed, finishing 2020 c.10-30% below 2019 averages, under pressure from reduced economic activity and trade tensions, although prices also materially improved into year-end.

PATHWAY TO NET ZERO

A clear emerging force, particularly over the last twelve to eighteen months, is the growing global momentum and increasing consensus around achieving the goals of the Paris agreement and targeting net zero global carbon emissions. Europe and more than 110 countries have announced ambitions to achieve carbon neutrality by 2050, supported more recently by China's plans to target net zero emissions by 2060.

We recognise our responsibility in contributing to the global effort to achieve the goals of the Paris Agreement through decarbonisation of our own operational emissions footprint. However, we believe our contribution should take a holistic approach and consider our commitments and ambition through the lens of our total emissions footprint.

In line with the 1.5-degree Celsius (°C) more ambitious scenarios set out by the IPCC, we target a 40% reduction of our total (Scope 1, 2 and 3) emissions by 2035 on 2019 levels. Post 2035, our ambition is to achieve, with a supportive policy environment, net zero total emissions by 2050.

Meeting everyday needs for affordable and reliable energy while decarbonising the economy is a key global challenge. Our industry will need to significantly increase the supply of various raw materials required to meet the projected acceleration in demand for such transition commodities in order to electrify and / or decarbonise existing fossil-fuel based energy demand.

Our modelling indicates that annual average mine supply growth in several key metals will need to double (in units of supply growth) over the coming decades under a Rapid Transition pathway scenario.

The majority of our earnings comes from the metals and minerals that enable the transition to a low-carbon economy. We are one of the largest global producers of copper, nickel, zinc, vanadium and cobalt and will continue to prioritise investment into these commodities. In addition, our recycling centres and metallurgical assets play a fundamental role in the circular economy by reducing new metal consumption and waste generation.

MEETING SOCIETY'S ENERGY NEEDS AS IT PROGRESSES THROUGH THE TRANSITION

The world currently depends on fossil fuels (coal, natural gas and oil) for around 80% of its primary energy demand. Coal currently accounts for about 25% of global energy use, and while this will decline over time, it continues to make some contribution in all plausible climate change scenarios to 2050.

For many countries, an affordable, secure energy source is key to their socio-economic and industrial development, being the primary pathway for populations to develop key infrastructure and achieve economic growth and higher standards of living.

Our thermal coal business represents less than 5% of our revenues and is envisaged to be in the region of 10-15% of our EBITDA in the medium term (was 8% in 2020) and decline towards zero over the longer term. Future demand for coal through the transition underway will be a key determinant in the continued operation of our mines.

Selling our coal mines does not remove their associated emissions. While there is demand for coal, and it is economic to do so, we will continue to operate our mines until they reach the end of their lives. Through responsible stewardship of these assets and a commitment to a managed decline of our coal portfolio, including maintaining a focus on our high-quality coal assets in Australia, we will deliver on our ambition to reduce our total

> We are one of the largest global producers of copper, nickel, zinc, vanadium and cobalt and will continue to prioritise investment into these commodities.

emissions in line with the goals of the Paris Agreement. An example of our actions is the recent announcement to commence the process to relinquish Prodeco's mining licenses in Colombia.

Glencore's CO_2e emissions reduction commitments make us unique amongst our peers with a medium-term Paris aligned total CO_2e emissions reduction target of 40% and a 2050 net zero ambition for Scope 1+2+3. All decarbonisation scenarios that we have modelled are net positive for Glencore and our climate commitments confirm our intention to be part of the solution.

2020 FINANCIAL SCORECARD

Our adaptable and resilient business model, containing many countercyclical elements, allowed the Group to quickly adjust to the challenges of Covid-19. Measures to protect cash flows, from capex cuts to cost efficiencies, helped offset a material portion of the impact of lower prices in the first half and positioned the business well for the second half commodity price recovery, such that Adjusted EBITDA of $11.6 billion was flat year-on-year. Net income, before significant items, increased 2% to $2.5 billion, while significant items resulted in a Net loss attributable to equity holders of $1.9 billion, mainly due to impairment charges related to Mopani copper in Zambia and our Colombian coal and African oil portfolio.

In our Marketing business, supportive market conditions produced an outstanding Adjusted EBIT result of $3.3 billion, reflecting particularly strong results from oil, in conjunction with a vastly improved metals and see-through Viterra agriculture performance. We maintain our long-term Marketing Adjusted EBIT guidance range of $2.2 to $3.2 billion.

Industrial Adjusted EBITDA of $7.8 billion was 13% lower compared to 2019, primarily reflecting weaker coal and oil prices and to a lesser extent, lower year-on-year production volumes, mainly Covid driven, relating to periods of stopped or reduced work in many countries and various market-related coal supply reductions. A notable improvement in 2020 was seen at our Katanga copper/cobalt asset in the DRC, where operational improvements and higher volumes generated a material turnaround in earnings, with African Copper Adjusted EBITDA of $712 million compared to a loss of $349 million in 2019. We expect further throughput and optimisation of mining and processing to provide even higher margins in 2021. We also finalised an agreement in January this year to sell our controlling interest in Mopani to Zambia's ZCCM, with completion expected in the second quarter of 2021, subject to various approvals

Aided by the strong second half performance, Net debt reduced during the year by $1.7 billion to $15.8 billion. Excluding IFRS 16 related marketing leases, Net debt finished the year at $15.2 billion, back inside our $10 to $16 billion target range. Net funding, however, increased modestly by 3% to $35.4 billion due to higher carried inventories, on account of the generally materially higher base metal prices at 31 December 2020 compared to the start of the year. We enter 2021 with strong earnings momentum, noting c. $7.2 billion of illustrative annualised free cash flow generation at end of January 2021 spot prices, from c.$16.0 billion of Adjusted EBITDA.

We continue to target a strong BBB/Baa credit rating and plan to reduce Net debt below the middle of our target range this year, with a medium-term target to the lower end of the range, along with Net debt/Adjusted EBITDA closer to c.1x.

CORPORATE GOVERNANCE AND SUSTAINABILITY

At Glencore, we are committed to operating in a responsible manner across all aspects of our business. Last year we concluded an extensive process to revisit and refine the values that define us.

The values of Safety, Integrity, Openness, Responsibility, Simplicity and Entrepreneurialism reflect our Purpose, our priorities and the beliefs by which we conduct ourselves. They define what it means to work at Glencore, regardless of location or role and they are at the heart of our culture and the way we do business.

We also uphold the dignity, fundamental freedoms and human rights of our employees, contractors and the communities in which we live and work, as well as others affected by our activities. We are committed to working in line with the United Nations Universal Declaration on Human Rights and the UN Guiding Principles on Business and Human Rights. In 2020, we joined the Fair Cobalt Alliance, to help positively transform artisanal mining in the DRC and work towards eliminating child and forced labour, as well as other dangerous practices.

The safety and security of our workforce and the communities living around our assets are a priority recognised across our operational activities. While we have taken far-reaching actions to address the underlying issues that led to the tragic loss of eight lives at Glencore's managed operations in 2020, this performance remains unacceptable and we are implementing an enhanced fatality reduction programme with the relaunch of "SafeWork" in 2021 to help drive the necessary step-change in performance. We remain determined to be a fatality-free business.

We are very pleased to have appointed Cynthia Carroll to the Board as an independent Non-Executive Director on 2 February 2021. Cynthia has over 30 years of experience in the resource sector and her experience and insights will be of great benefit to us. Cynthia has been appointed to the HSEC board committee.

SHAREHOLDER RETURNS

Owing to the uncertainty resulting from the Covid pandemic and to support the Group's overall financial position during 2020, the Board elected not to pay any distributions in 2020.

Having now reduced Net debt to $15.2 billion, excluding Marketing leases at period end (within our $10 to $16 billion target range), the Board is pleased to propose to shareholders a 2021 base distribution of $0.12 per share (c.$1.6 billion), comprising the $1 billion base attributable to Marketing plus 25% of 2020 Industrial asset attributable free cash flow, payable in two equal instalments in 2021.

As noted above, we have a 2021 priority to ensure additional deleveraging below the middle of the c.$10–16 billion guidance range (excluding Marketing lease liabilities) and targeting the lower end of the range in the medium term, including seeing the Net debt/Adjusted EBITDA ratio moving closer to 1x. Given Glencore's current strong levels of operating cash flow (evidenced by the c. $7.2 billion of illustrative annualised free cash flow generation at end of January 2021 spot prices), these targets are well on track to be met. Reflecting these objectives, the next six months' performance and prevailing market conditions and outlook at the time, the Board would consider special 2021 "top-up" shareholder distributions, alongside its interim results in August.

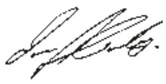
Subject to an internal assessment of appropriate equity trading ranges for Glencore, cash distributions will generally be preferred over buybacks given the inherent cyclical nature and volatility of commodity prices.

LOOKING AHEAD

After almost 40 years in the business and 20 years as CEO, the time has come for me to retire and hand over to my successor, Gary Nagle. This transition will occur through the first half of 2021. I have worked closely with Gary over the last 20 years and the Board and I have every confidence that he will continue to drive our business forward with the enduring principles of dedication and commitment that have contributed to its success to date.

Gary's appointment largely concludes completion of a seamless senior management transition to Glencore's next generation of leadership. All senior management positions have been promoted from within the business, demonstrating the strength in depth across the Group.

Glencore has been a feature of the global commodities industry for nearly half a century, growing from a physical trader of metals, minerals and oil, into one of the world's largest and most integrated natural resource companies. Today, the business, with its portfolio of commodities and activities, is uniquely positioned for the expected resource needs of the future. In remaining focussed on creating sustainable long-term value for all stakeholders while operating in a responsible manner, we are ready to support the transition to a low-carbon economy and realise our ambition of achieving net-zero by 2050.



Ivan Glasenberg
Chief Executive Officer
10 March 2021

INVESTMENT CASE

Our unique portfolio enables the transition to a low carbon economy. As a CO_2e total emissions reduction leader, our strategy is Paris aligned across key milestone dates, with the ambition of achieving net zero by 2050

Strong diversification by commodity, geography and activity

- Fully integrated from extraction to customer
- Presence in over 35 countries
- Responsibly producing and marketing more than 60 commodities
- Diversified across multiple suppliers and customers

A major supplier of energy and mobility transition materials

- Future demand patterns are likely to favour the commodities that facilitate the decarbonisation of energy usage
- We are a major producer of the commodities (copper, cobalt, nickel and vanadium) that currently underpin the infrastructure and battery chemistry likely to power electric vehicles and energy storage systems

Well-capitalised, low-cost, high return assets to facilitate the transition to a low carbon economy

- Our overall metals' asset portfolio is low-cost and long-life, supporting the transition to a low carbon economy
- Our high-quality coal portfolio is expected to generate healthy levels of cashflow as production reduces over time, in line with our decarbonisation commitments

A unique marketing business that extracts value across the entire supply chain

- As a marketer of commodities, we can extract value from the full-range of physical arbitrage opportunities
- We create value through economies of scale, our extensive (including third parties) supply base, our logistics, risk management and working capital financing capabilities

Be a decarbonisation leader while meeting everyday metals demand and today's energy needs

- Leading climate strategy: targeting a 40% reduction in total CO_2e emissions by 2035, and 2050 net zero ambition for Scope 1+2+3 emissions
- Responsible stewardship of declining coal business over time as industry decarbonises
- Decarbonisation pathways require our transition enabling commodities

Significant cash flow generation and shareholder distribution potential

- Adjusted EBITDA◊ $11.6 billion in 2020, flat year-on-year
- Net debt/adjusted EBITDA◊ of 1.37x
- Base distribution policy represents a fixed payout of prior year cash flow, comprising $1 billion from Marketing and 25% of Industrial asset attributable free cash flows
- "Top-up" capital returns, as appropriate, from accumulation of balance sheet surplus capital

OUR MARKET DRIVERS

We are dependent upon the supply, demand and pricing for our commodities

Key Market drivers

Net zero emissions by 2050

Efforts to contain a global temperature rise will impact fossil fuel demand

- Momentum to decarbonise the global economy is gathering pace as nations increasingly coordinate efforts aimed at minimising greenhouse gas emissions, including the targeting of net zero emissions by 2050

The Paris Agreement aims to keep the global temperature rise this century to well below

2°C

as well as pursue further efforts to limit the temperature increase to 1.5°C

Future commodity supply

Timing within the economic cycle is very important when bringing new mine supply online

- The pro-cyclical nature of mining investment means that new mines are usually approved when commodity prices are higher
- Given the long development time frames required to bring new mine supply on line, the timing as to when this becomes available in the economic cycle is difficult to predict and could become available at low points in the economic cycle, creating excess supply in the market

$30bn

estimated 2020 diversified miners' total capital expenditure compared to a 10 year average of c.$36bn (estimated)

Demand for the commodities we produce

Changes in population and growth of developing economies is generally impactful on commodity demand

- The industrialisation and urbanisation of developing economies over the last decade has driven significant growth in commodity demand
- China's rapid growth over this period now means that it accounts for up to half of global demand for most commodities
- Looking forward, the world is forecast to add 1.9 billion people by 2050, with much of this growth in highly populous industrialising economies
- All potential decarbonisation pathways require significantly more non-fossil fuel commodities

1 Mtpa

forecast annual average growth in copper demand 2020 to 2050 under a Rapid Transition pathway scenario (IEA SDS).

Emerging drivers

Substitution

Higher commodity prices and resource scarcity increases the risk of material substitution

- Widespread adoption of renewable energy sources as a means of decarbonising energy supply will create significant new demand for the current enabling commodities, including copper, nickel, cobalt and lithium
- The quantum of potential new demand is generally of a size that is large relative to current annual production and known defined global resources of that commodity

Impact on our industry

- This transition is likely to increase the cost for fossil fuels, impose levies for emissions, increase costs for monitoring and reporting and reduce demand
- Third parties, including potential or actual investors, may introduce policies materially adverse to Glencore due to our interest in fossil fuels, particularly coal
- Technological advances are making renewable energy sources more competitive with fossil fuels, which is likely to increase renewable energy's market share over the longer run. Many analysts believe that demand projections for coal are now lower than previously expected

How we are responding

- We recognise our responsibility to contribute to the global effort to achieve the goals of the Paris Agreement by decarbonising our own operational footprint
- We believe that our contribution should take a holistic approach and have considered our commitment through the lens of our total emissions footprint
- In line with the ambitions of the more demanding 1.5-degree Celsius scenarios set out by the Intergovernmental Panel on Climate Change, we target a 40% reduction of our total (Scope 1, 2 and 3) emissions by 2035 on 2019 levels. Post 2035, our ambition is to achieve, with a supportive policy environment, net zero total emissions by 2050

- Over-investment creates oversupply and, with it, a potentially prolonged period of low commodity prices
- Although commodity prices have increased from the lows seen in early 2016, the experience of the last economic cycle has increased investor pressure on companies to be more cautious about investing in new supply
- Balancing a finite, declining resource base with the need to grow to meet expected future demand is an inherent challenge for companies in the resource sector

- Our disciplined approach to capital allocation seeks to reflect market supply and demand dynamics
- Given the unpredictability of costs, risks and timing of large-scale greenfield projects, we prefer to add supply via targeted capital efficient/lower risk brownfield expansions when required
- With the expectation that growth drivers in the global economy will become weighted towards decarbonisation spending, in addition to the metals needed for everyday life, the extensive part of our commodity portfolio which supplies this demand, is well placed to benefit from this transition

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- Current levels of industrialisation and urbanisation suggest, in isolation, that demand growth rates for commodities could be lower in the future. Lower or negative demand growth could generate excess supply along with lower commodity prices. However, post Covid-19, large-scale government expected stimulus, particularly if directed towards infrastructure, could be supportive for commodity demand
- Continued population growth, particularly in Africa and South East Asia could generate additional demand for commodities

An extra 1.8 billion people forecast to increase global energy demand

19%

by 2040 under IEA Stated Policies Scenario

- Energy transition commodities such as copper, nickel, cobalt and vanadium could become substantially more important given their role in the technologies that underpin low or no carbon energy sources
- We are a leading producer of metals that enable low-carbon and carbon-neutral technologies
- We are prioritising capex towards transition commodities, including our Collahuasi copper JV and our Canadian INO nickel life extension projects
- The transition to a low-carbon future is overall positive for Glencore. All energy demand decarbonisation pathways require our metals enabling commodities

Impact on our industry

- The revenue and earnings of substantial parts of our industrial asset activities, and to a lesser extent, our marketing activities, are dependent on prevailing commodity prices
- Under a rapid decarbonisation scenario, a significant increase in demand for the commodities that currently underpin renewable technologies is likely to generate significantly higher prices for those commodities
- Higher sustained commodity prices will increase the risk that consumers of these commodities will accelerate efforts to either reduce the quantity of material needed for a certain application or substitute an alternative that provides similar technical performance at a lower price. Demand for a commodity such as cobalt could fall if newer battery chemistries can provide the same technical performance with less or no cobalt content

How we are responding

- Diversification of our portfolio of commodities, currencies, assets and liabilities is likely to mitigate the financial impact of a negative demand shift in the event of a particular commodity substitution
- Our market research teams continue to assess the underlying demand for our commodities as well as the new materials that could impact current renewable technology solutions

BUSINESS MODEL

As a global producer and marketer of commodities, we are uniquely diversified by geography, products and activities. Integrating our marketing and industrial business sets us apart from most of our competitors in creating an enhanced entrepreneurial focus on value generation

Inputs and resources on which our business model depends

ASSETS AND NATURAL RESOURCES

- Our resources and reserves feature many long-life and high quality assets
- We are a disciplined producer, seeking to align supply with demand and value over volume
- Our established marketing operations have global reach and deep understanding of their respective markets

OUR PEOPLE AND PARTNERS

- We have established long-term relationships with a broad range of suppliers and customers across diverse industries and geographies
- c.145,000 employees and contractors spread across over 35 countries in both established and emerging regions for natural resources

FINANCIAL DISCIPLINE

- We seek to deploy capital in a disciplined manner, seeking to create value for all our stakeholders
- Our hedging strategies protect us against price risks and ensure that our marketing profitability is primarily determined by volume-driven activities and value-added services rather than absolute price

UNIQUE MARKET KNOWLEDGE

- As a significantly integrated commodity producer and marketer, we are uniquely positioned to generate value at every stage of the commodity chain

Our industrial business

Our industrial business spans the metals and energy markets, producing multiple commodities from over 65 assets

Exploration, acquisition and development

Our focus on brownfield sites and exploration close to existing assets lowers our risk profile and lets us use existing infrastructure, realise synergies and control costs.

Extraction and production

We mine and beneficiate minerals across a range of commodities, mining techniques and countries, for processing or refining at our own facilities, or for sale.

Processing and refining

Our expertise and technological advancement in processing and refining mean we can optimise our end products to suit a wider customer base and provide security of supply as well as valuable market knowledge.

Our recycling business

We recycle key commodities fuelling the circular economy

Our values reflect our purpose, our priorities and the beliefs by which we seek to conduct ourselves and carry out our business activities. They define what it means to work at Glencore, regardless of location or role.

- **SAFETY**
- **OPENNESS**
- **INTEGRITY**
- **SIMPLICITY**
- **RESPONSIBILITY**
- **ENTREPRENEURIALISM**

Logistics and delivery

Our logistics assets and capabilities allow us to handle large volumes of commodities, both to fulfil our obligations and to take advantage of demand and supply imbalances. These value added services make us a preferred counterparty for customers without such capabilities.

Blending and optimisation

Our ability to blend and optimise allows us to offer a wide range of product specifications, resulting in an ability to meet our customer specific requirements and provide a high-quality service.

Our commodities in everyday products

The products we produce and market play an essential role in modern life

Outputs and impact on key stakeholders

INVESTORS

$11.6bn
2020 Adjusted EBITDA◊

$4.4bn
Free cash flow (FFO less net purchases of property, plant and equipment)

OUR PEOPLE

7%
Decrease in total recordable injury rate

COMMUNITIES AND SOCIETY

$95m
Community and Covid-19 support

PAYMENTS TO GOVERNMENTS

$5.8bn

Our marketing business Page 52

Our industrial business Page 60

Sustainability framework Page 33

Our strategy for a sustainable future Page 10

OUR STRATEGY FOR A SUSTAINABLE FUTURE

Aligned with our purpose, our portfolio enables the transition to a low-carbon economy, while meeting society's energy needs as it progresses through the transition

OUR PURPOSE

Responsibly sourcing the commodities that advance everyday life

STRATEGIC OBJECTIVE

To be a leader in enabling decarbonisation of energy usage and help meet continued demand for the metals needed in everyday life while responsibly meeting the energy needs of today

STRATEGIC PRIORITIES

Responsible production and supply

Integrity, responsibility and safety are our core values that are embedded in everything we do. We are committed to operating ethically, responsibly, and to contributing to socioeconomic development in the countries where we operate. We will continue to focus on reducing the carbon footprint of our operations and will allocate financial returns towards fullfilment of our business strategy.

Our commitment is delivered through our operational excellence, health and safety and ethics and compliance programmes, advancing our environmental performance, respecting human rights and by developing, maintaining and strengthening our relationships with all of our stakeholders.

Responsible portfolio management

We will prioritise investment in metals that support the decarbonisation of energy usage as well as help meet demand for metals needed in everyday life. We will also reduce our coal production in line with our various climate action commitments and the electrification and decarbonisation of energy systems.

Our capital allocation supports this strategy through the optimal balance of debt and equity, distributions to shareholders and business reinvestment in transition commodities and value accretive Scope 1+2 abatement opportunities that help achieve medium-term Paris alignment and our 2050 net-zero ambition.

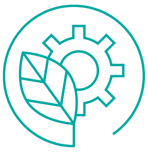
Responsible product use

A low-carbon future requires responsibly produced low-carbon metals. We will seek opportunities to increase the proportion of green metals we can supply to customers from our own operations and through our extensive marketing activities.

We will participate in global efforts to improve abatement technologies and availability, as well as resource use efficiency by contributing to the circular economy.

Strategic priorities

Performance in 2020



RESPONSIBLE PRODUCTION AND SUPPLY

Operational performance

After allowing for managed production adjustments, targeting margin over volume, the majority of our key assets performed in line with expectations. Our copper, zinc, and coal portfolios maintained their first quartile cost/margin positions, while the nickel portfolio (ex-Koniambo) again recorded a second quartile cost position. Calculated copper, zinc and nickel EBITDA margins increased year-on-year while coal's margin decreased in line with lower coal prices.

Safety

Regrettably, there were eight fatalities during the year. We implemented our enhanced fatality reduction programme, and have overhauled our "SafeWork" programme for relaunch in 2021.

We continue to work towards the elimination of fatalities from our business.

Our TRIFR and LTIFR decreased by 7% and 5% respectively compared to 2019.

Climate change

We recognise our responsibility to contribute to the global effort to achieve the goals of the Paris Agreement by decarbonising our own operational emissions footprint. In line with the ambitions of the 1.5-degree Celsius (°C) scenarios set out by the IPCC, we have set ourselves the target of reducing our total (Scope 1, 2 and 3) emissions by 40% by 2035 on 2019 levels. Post 2035, our ambition is to achieve, with a supportive policy environment, net zero total emissions by 2050.

Water management

Operations continue to implement our Water Management Guideline, focused on responsible water management, in alignment with the International Council for Mining & Metals' (ICMM) position statement on water and its water management framework.

Community engagement

Our community development programmes are an integral part of our community and stakeholder engagement strategies. In 2020, we spent $95 million on these and Covid-19 support programmes (2019: $90 million).

RESPONSIBLE PORTFOLIO MANAGEMENT

Conservatively positioned

Capital structure and credit profile managed through targeting a maximum 2x Net debt/Adjusted EBITDA throughout the cycle, augmented by an upper Net debt cap of c.$16 billion excluding Marketing-related lease liabilities.

Year-end Net debt and Net debt to Adjusted EBITDA were $15.8 billion and 1.37x respectively. Net loss attributable to equity holders for 2020 was $1.9 billion.

Bonds

We issued $2.0 billion, EUR 950 million and CHF 225 million of bonds across a range of maturities from 5 to 10 years. Post-2020 maturities are capped at c.$3 billion in any one year.

Reinvestment

Our net 2020 cash capital expenditure of $3.9 billion was weighted towards transition commodities with c.82% of our expansionary capital invested in our metals business, including the Katanga copper/cobalt operation, INO life extension projects (nickel) and the Zhairem zinc project.

Credit rating

The Group's credit ratings are currently Baa1 (negative outlook) from Moody's and BBB+ (stable) from Standard & Poor's.

Credit facility

The Revolving credit facilities were refinanced and slightly increased in 2020 to $14.625 billion. Committed available liquidity of $10.3 billion at year-end covers more than three years of upcoming bond maturities.

RESPONSIBLE PRODUCT USE

Marketing green metals

We are one of the largest suppliers of aluminium to global markets. Significant offtake agreements with low-carbon producers results in more than 60% of our ex-China marketing book currently being low-carbon. We will continue to focus on expanding this footprint.

Responsible sourcing

Glencore became a member of the Fair Cobalt Alliance (FCA) in 2020. Through the FCA, we will support legitimate artisinal and small-scale mining (ASM) cooperatives in their endeavours to transform their practices and align with international human rights practices, especially in the prevention of child labour.

In addition to our new partnership with the FCA, as a member of the Responsible Minerals Initiative, we also participate in programmes to develop frameworks and standards that support responsible ASM.

Key performance indicators
Page 22

Risk Management
Page 70

Priorities going forward		KPIs	Principal risks
Operational excellence Continued focus on operational efficiencies and improvements to minimise operating costs and maximise margins. **Sustainability** We continue to implement activities that promote integration of sustainability throughout our business to support our commitment to continuously improve our standards of health, safety, environmental and community and human rights performance. **Managing emissions** We are working with global specialists and draw on local expertise within our operational teams to identify value accretive abatement opportunities to further reduce our carbon footprint.	Under all credible scenarios, fossil fuels (coal, gas and oil) will continue to be a part of the global energy mix for many years to come. We will responsibly steward the decline of our coal business as it meets society's energy needs through the energy transition. **Transparency** We are committed to operating transparently, responsibly and meeting or exceeding applicable laws.	• Value for our shareholders – Adjusted EBIT/EBITDA, Net income attributable to equity holders • Safe and healthy workplace – fatalities, TRIFR, LTIFR and occupational disease cases • Environmental performance – water withdrawn, Scope 1 and 2 emissions, meeting our commitments on climate change • Long-term value for communities – community investment spend	• Health, safety and environment • Climate change • Community relations and human rights
Balance sheet We are committed to strengthening our balance sheet to ensure it is capable of supporting our purpose and strategy **Investment grade rating** We will preserve a robust capital structure and business portfolio that reflects our commitment to targeting, receiving and maintaining a strong BBB/Baa investment grade rating. In this regard, we continue to target a maximum 2x Net debt/Adjusted EBITDA through the cycle, augmented by an upper Net debt cap of c.$16 billion, excluding Marketing-related lease liabilities.	In the medium term, we target leverage at the low end of our $10-$16 billion Net debt guidance range (below the midpoint by end of 2021), including a Net debt/Adjusted EBITDA ratio closer to c.1x. **Reinvestment** Prioritise investment in transition commodities and value accretive Scope 1+2 abatement opportunities that help achieve our medium-term Paris alignment and 2050 net-zero ambition.	• Returns to shareholders – Funds from operations, Net funding and Net debt and annual capital return / distributions • Value for our shareholders – Adjusted EBIT/EBITDA, Net income attributable to equity holders	• Supply, demand and prices for the commodities we produce • Currency exchange rates • Liquidity • Counterparty credit and performance
Partnerships Working with our customers and supply-chain to enable greater use of low-carbon metals and support progress towards technological solutions **Abatement** Supporting uptake and integration of abatement – an essential contributor to achieving low or net zero carbon objectives	**Circular economy** Leverage our value chain to expand the volume of recyclable commodities for processing through our global network of metallurgical assets. **Responsible sourcing** Pursue strategic long-term agreements to provide a reliable supply of responsibly-produced commodities essential to the low-carbon economy	• Returns to shareholders – Funds from operations, Net funding and Net debt and annual capital return / distributions • Value for our shareholders – Adjusted EBIT/EBITDA, Net income attributable to equity holders	• Geopolitical, permits and licence to operate • Laws and enforcement • Operating risk

STORIES FROM THE YEAR

Cobalt Alliance: A case study

ENABLING POSITIVE CHANGE

In light of our recent membership of the Fair Cobalt Alliance, we explore the issue of responsible sourcing, what we're doing about ASM, and what we hope the Fair Cobalt Alliance can achieve.

EVOLVING OUR APPROACH TO ARTISANAL AND SMALL-SCALE MINING (ASM)

As a major copper and cobalt miner in the Democratic Republic of the Congo (DRC), we have long engaged on the issue of ASM with communities around our businesses, the DRC Government, civil society and other key stakeholders, including our customers.

Following this engagement, last year we revised our approach, further exploring how ASM and large-scale mining (LSM) can sustainably co-exist as distinct yet complimentary sectors of a successful mining industry. Although we do not mine or trade any cobalt from artisanal sources, we believe that legal ASM can play an important and sustainable role in the DRC economy. However, it must be carried out safely, transparently and without the use of child or forced labour.

We have also joined the Fair Cobalt Alliance (the Alliance). The Alliance's mission is to positively transform ASM in the DRC and work towards eliminating child and forced labour, as well as other dangerous practices. Through its partners in the DRC, the Alliance aims to tackle long-standing challenges within the ASM sector. Its objectives include achieving a child-labour free Kolwezi, supporting the professionalisation of ASM through the adoption of responsible mining practices, and identifying and supporting alternative livelihoods to help increase incomes and reduce poverty.

We are already committed to working with our local communities and other stakeholders in the DRC to address the endemic poverty in this region that is the underlying cause of ASM. Glencore, through our support of the Alliance, supports legitimate ASM cooperatives in their endeavours to transform their practices and align with international human rights practices, especially in the prevention of child labour.

Glencore believes that legal ASM can play an important and sustainable role in the DRC economy when carried out responsibly and transparently; we also believe that alternative livelihood activities to ASM is key for a diversified and sustainable economy for the communities living around our operations.

We are already committed to working with our local communities and other stakeholders in the DRC to address the endemic poverty in this region that is the underlying cause of ASM. For example, former ASM women have created sewing cooperatives as an alternative livelihood activity.

COBALT: A CASE FOR LEADERSHIP IN RESPONSIBLE SOURCING

As an industrial mining operation, we do not process, buy or trade ASM material.

Historically, ASM has been associated with significant challenges. High unemployment and subsistence living can push miners into taking great risks resulting in child labour and illegal intrusions onto active industrial sites – including our own – continuing to present risks to both our people and communities. As a responsible miner, we do not tolerate any form of child or forced labour. Also we do not tolerate illegal intrusions onto mining concessions.

While these challenges exist, ASM is a significant source of employment within the DRC for as many as 2 million people across the country. The DRC's geological cobalt endowment is unrivalled – the country has around 60% of the world's known cobalt reserves. This means that while the DRC hosts the largest industrial cobalt mines in the world, smaller operations including ASM can also be economically viable and will continue to exist.

Although we do not trade ASM sourced cobalt today, we recognise the legitimacy of cobalt from responsible ASM operations in the global supply chain and welcome the efforts by responsible sourcing initiatives and international organisations to improve practices and address risks of human rights violations. In addition to our new partnership with the Alliance, as a member of the Responsible Minerals Initiative and the Global Battery Alliance, we participate in programmes to develop frameworks and standards that support responsible ASM.

"WE CANNOT IGNORE ARTISANAL MINING"

On the ground, we are committed to operating ethically, responsibly and respecting human rights everywhere we operate. This includes zero tolerance for child labour.

We believe we have a responsibility to collaborate with local stakeholders to help address social challenges in the regions that host our operations.

Our Kamoto Copper Company business (KCC) supports social development through its many local programmes, in particular a series of initiatives designed to fight child labour and develop alternative sources of livelihoods for the community. These include supporting over 162 agricultural co-operatives providing food self-sufficiency and income generation to over 3,500 members and their dependents, and upskilling over 2,000 small business association members who support 12,000 dependants. KCC and Glencore have also improved learning conditions for over 54,000 primary and secondary age school children, and in 2019 ran school holiday camps for 10,000 children.

As the world calls for more cobalt and copper to power the energy and transport revolutions, the demand for these vital everyday commodities will reinforce the global importance of the DRC. It is crucial that all supply chains, including both cobalt and copper, are sustainable, ethical, and responsible.

As part of Capacity Building for Associations, Glencore, through our support to the Fair Cobalt Alliance, will support legitimate ASM cooperatives in their efforts to transform their practices and align with international human rights practices, in particular in the prevention of child labour.

CLIMATE CHANGE

Our portfolio enables the transition to a low-carbon economy, while meeting society's energy needs as it progresses through the transition

CLIMATE REPORT 2020: PATHWAY TO NET ZERO

In late 2020, we published our third report on climate change, Climate Report 2020: Pathway to net zero. This report focuses on how we will deliver our targeted 40% reduction in total emissions by 2035 on 2019 levels and our ambition, with a supportive policy environment[1], to be a net-zero total emissions company by 2050. These reductions will be underpinned by the managed reduction of our coal portfolio.

Led by the Climate Change working group – see page 92 – we formulated our climate change strategy in partnership with key stakeholders. Our ongoing engagement activities are core to our commitment to inform stakeholders on our progress, and demonstrating our portfolio resilience under a range of scenarios.

Our Climate Report is available on our website at:

glencore.com/sustainability/reports-and-presentations

OUR APPROACH

We understand the role the commodities we produce and market have in meeting the needs of daily lives. The diversity of our portfolio underpins our strategic ambition to play a leading role in enabling the decarbonisation of global energy usage through providing metals such as copper, cobalt, zinc and nickel that are essential to the transition to a low-carbon economy, and managing down our coal business by 40% or more from current levels by 2035.

We recognise the need for action. We have set ourselves a 1.5-degree Celsius (°C) pathway aligned target of an absolute 40% reduction of our total emissions (Scope 1, 2 and 3) by 2035 on 2019 levels, consistent with the midpoint of Intergovernmental Panel on Climate Change's (IPCC) 1.5°C scenarios and the 1.5°C pathways set out by the International Energy Agency (IEA). Post 2035, we set ourselves the ambition to achieve, with a supportive policy environment, net zero total emissions by 2050.

OUR POSITION ON CLIMATE CHANGE

We support the global climate change goals outlined in the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement. We believe that only through collective global action can the world achieve the goals of the Paris Agreement and limit the impact of climate change. Demand for renewables technologies, and the metals and minerals required to build them, is expected to grow exponentially in response to the decarbonisation of global energy supply and electrification of key sectors, including mobility and its associated infrastructure.

We recognise global climate change science as laid out by the IPCC and the need to meet the goals of the Paris Agreement. The world requires a global transformation of energy, industrial and land-use systems to achieve these goals. As one of the largest diversified natural resource companies in the world, we can support the achievement of the goals by producing, trading and supplying the metals and minerals that are essential to the transition to a low-carbon economy and to meeting the needs of everyday life.

We have a responsibility to contribute to the global effort to achieve the goals of the Paris Agreement by decarbonising our own operational emissions footprint. We believe that our contribution should take a holistic approach and have considered our commitments through the lens of our total emissions footprint. Our commitment to reduce our Scope 1, 2 and 3 emissions and our coal production is consistent with the IPCC and IEA 1.5°C scenarios.

Under all credible scenarios, fossil fuels (coal, gas and oil) will continue to be a part of the global energy mix for many years to come. Facilitating investment into deploying low emission technologies, carbon capture and adaptation efforts should be a priority.

We cannot achieve net zero alone. Continued reductions in emissions will depend on coordinated government policies, including incentives to drive accelerated uptake of lower carbon and decarbonisation technologies, and market-based regulations governing industrial practices that drive a competitive, least-cost emissions reduction approach.

As a member of the International Council on Mining and Metals, our assets consider their Integrated Mine Closure: Good practice guide, which includes a focus on social provision in closure planning, in their management systems. We recognise the need to collaborate with national and regional governments, as well as our communities, to ensure a just transition through the transition to a low carbon economy.

REDUCING SCOPE 3 EMISSIONS

Scope 3 emissions form a material part of the mining sector's carbon footprint and, as such, we have taken a holistic approach to our commitments, and included Scope 3 emissions in our target and ambition.

The most significant contributor to our Scope 3 emissions is our customers' usage of the fossil fuels we produce (predominantly coal). Recent years have seen significant declines in use of coal for power generation in Europe, largely displaced by natural gas and LNG. In the Asia-Pacific region, the key destination for our Australian and South African coal production, coal is the predominant source of fuel for power generation and, we believe, will remain a vital transition fuel until such time as alternative infrastructure can be approved, financed and constructed.

Our total Scope 3 emissions in 2020 were 271 million tonnes CO_2e, a decrease on the 343 million tonnes CO_2e in 2019, reflecting lower energy use by industry in this most challenging year. Our customers' usage of the fossil fuels we produced totalled 253 million tonnes CO_2e (2019: 326 million tonnes CO_2e), being around 93% of our total Scope 3 emissions. Emissions resulting from customers' use of the oil products refined at the Astron refinery are excluded from our Scope 3 emissions total as we neither originate nor consume the products.

We expect our coal portfolio to produce no more than 85mt by 2035, down 40% from 2019 levels. By 2050, our only remaining coal mines, if any, will likely be in Australia, with any post-2050 production, including for metallurgical purposes, assumed to be neutralised directly through carbon capture, utilisation and storage, or indirectly through offsets.

1 Coordinated government policies, including incentives to drive accelerated uptake of lower carbon and decarbonisation technologies, and market based regulations governing industrial practices that drive a competitive, least cost emissions reduction approach, are critical to our ability to achieve our ambition of net zero total emissions by 2050.

Our 2020 Sustainability Report will provide a full disclosure on all of the Scope 3 categories that are relevant and material to our activities.

REDUCING OUR OPERATIONAL FOOTPRINT

We have set ourselves a 1.5°C pathway aligned target of an absolute 40% reduction of our total emissions (Scope 1, 2 and 3) by 2035. Given the impact of the coronavirus pandemic on both mine supply and industrial demand, particularly for thermal coal, we have taken 2019 rather than 2020 as the baseline year.

We work with global specialists and draw on the local expertise within our operational teams to identify ways to further reduce our Scope 1 and 2 emissions. Our approach has led to the implementation of initiatives that reduce these emissions, while continuing to meet our obligations to our customers.

Our group-wide marginal abatement cost curve (MACC) identifies and quantifies opportunities to reduce our carbon footprint and supporting our assessment of cost-ranked emission reduction initiatives. These include utilising more power from low-carbon sources and delivering operational improvements and technologies that enhance efficiencies, resulting in emissions reductions.

We are continuing to manage our assets responsibly and to collaborate with governments and local communities to deliver sustainable economic benefits.

We divide CO_2 emissions reporting into three different scopes, in line with the Greenhouse Gas Protocol, and measure both the direct and indirect emissions generated by the industrial activities, entities and facilities where we have operational control.

Scope 1 (measured in CO_2e) includes emissions from combustion in owned or controlled boilers, furnaces and vehicles/vessels, from the use of reductants and fugitive emissions from the production of coal and oil (direct emissions).

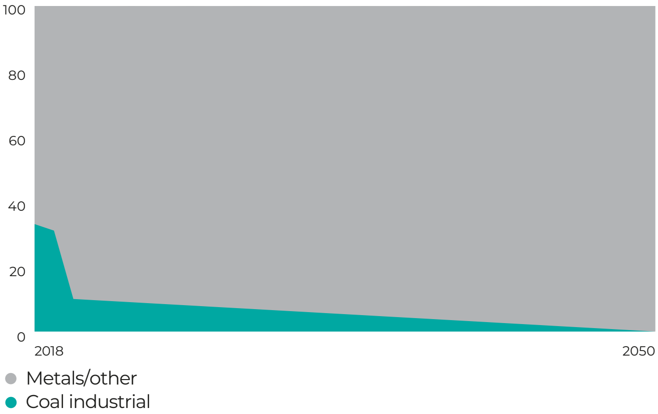
Scope 2-location-based emissions (measured in CO_2) principally relate to purchased electricity for our operations. In particular our metals processing assets, which require secure and reliable energy 24 hours a day, 365 days a year. For the calculation of the Scope 2-location-based emissions the relevant grid emission factors to all our purchased electricity, regardless of specific renewable electricity contracts (indirect emissions), are applied.

Scope 3 emissions (measured in CO_2e) relate to the indirect greenhouse gas emissions further up and down our value chain. These include upstream emissions associated with the products and services we purchase from suppliers and downstream emissions that include emissions resulting from our customers' use of the fossil fuels that we produce, their processing of our metals and concentrates, the emissions resulting from time-chartered vessels and emissions resulting from joint ventures.

We have exceeded our 2020 target of reducing Scope 1 and 2 emissions intensity by 5% compared to the 2016 baseline, with a 13.2% reduction achieved. We achieved the reduction of our carbon intensity through a range of measures, including operational abatement and production changes, as well as lower coal seam emissions due to the closure of a coal underground operation in Australia.

Going forward, we will report annually on progress against our new target of a 40% reduction in Scope 1, 2 and 3 emissions by 2035.

Illustrative Adjusted EBITDA mix (%)
Portfolio transition – declining coal Adjusted EBITDA contribution



INVESTING IN TRANSITION METALS

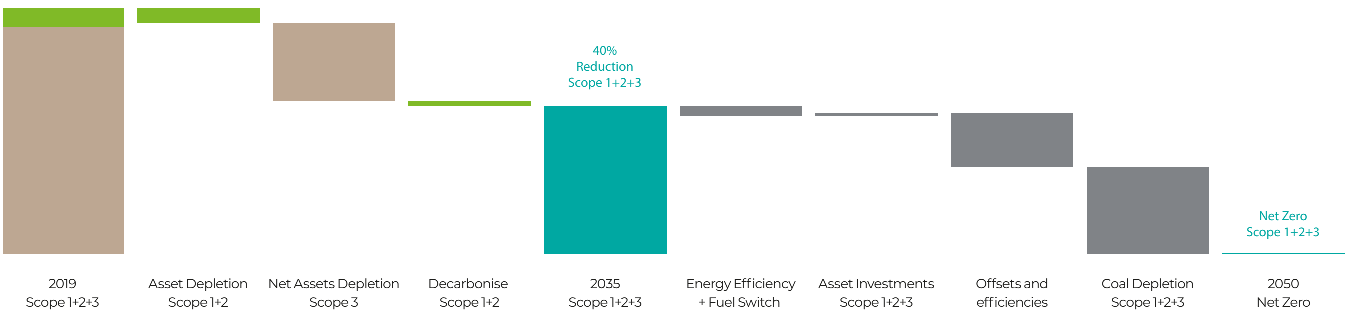
A key input into reducing our overall footprint will be our allocation of capital in a way that prioritises investment and sustaining expenditure in our portfolio's transition metals.

We disclose how we ensure our material capital expenditure and investments align with the goals of the Paris Agreement, including our costs relating to the exploration, acquisition or development of fossil fuel production, resources and reserves, as well as for the metals essential to the transition to a low-carbon economy.

We have adopted the IEA's global energy and emission scenarios and extended the scenario analysis to include the evolution of metals demand as the world transitions to greater electrification and adoption of metal-intensive wind, solar and battery technologies. However, as no single pathway can define how individual economies and the world will transition, the IEA's scenarios describe a range of potential outcomes dependent on the rate at which transition policies are implemented. We use each of these scenarios to test the resilience of our portfolio, assess the market fundamentals for our products and to inform our decisions on capital allocation.

The chart below illustrates our pathway to achieve our medium-term target and long-term ambition.

Illustrative emissions pathway to net zero
(million tonnes CO_2)



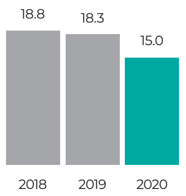
Results of scenario testing

Commodity businesses* and outlook	Scenarios as set out in *Climate Report 2020: Pathway to Net Zero*	Scenario impacts
Copper (39%)	Current Pathway	Growth in renewables power generation capacity, electric vehicle sales and associated infrastructure to underpin our forecasted 15% increase in copper demand by 2025 on 2019 levels. The Current Pathway is projected to increase demand by 45% by 2035 and 95% by 2050.
	Rapid Transition and Radical Transformation	The required greater acceleration in investments to decarbonise economies under the Rapid Transition and Radical Transformation could further drive copper demand and support rises of 50% and 100% on 2019 levels in 2035 and 2050 respectively.
Ferroalloys (not financially material)	Current Pathway	In South Africa, rising electricity prices and carbon taxes will exacerbate the pressure currently felt in ferrochrome smelting. Continuing demand for chrome will support the ongoing operation of ferrochrome mines in South Africa.
	Rapid Transition and Radical Transformation	The accelerated adoption of renewable technologies such as solar and wind power generation, which depend on chrome and vanadium, amongst other metals, for the generation, transmission and storage of low-carbon energy underpins demand growth for our ferroalloys business, balanced by pressures on ferrochrome smelting in South Africa.
Nickel (5%)	Current Pathway	Nickel's use in batteries, EVs and energy storage systems will result in its demand rising in the Current Pathway to 130% of 2019 levels by 2025. By 2035, the scenario requires 135% more nickel and by 2050, cobalt displacement leads to increases in nickel demand of 250% above 2019 levels.
	Rapid Transition and Radical Transformation	The adoption of policies needed for the Rapid Transition and Radical Transformation could drive a 200% increase in demand growth by 2035 on 2019 levels and a continued growth to 270% by 2050.
Zinc (18%)	Current Pathway	The electrification, industrialisation and urbanisation of developing economies supports demand growth for zinc, due to its anti-corrosive properties and use as an alloy in materials used in automobiles, electrical components, and household fixtures. This leads to zinc demand rising to 106% of 2019 levels by 2025. By 2035, the Current Pathway requires 20% more zinc, and by 2050 demand reaches 145% of 2019 levels.
	Rapid Transition and Radical Transformation	The major transformation of the global energy system necessary to achieve the goals of the Paris Agreement is zinc's use in offshore wind-energy generating facilities. These scenarios show zinc demand growing to 150% of 2019 levels by 2035 and to 200% by 2050 on 2019 levels.
Coal (10%)	Current Pathway	Up to 2030, the Current Pathway sees coal demand growth in Asia offsetting further declines in the Atlantic markets and demand exceeding supply capacity in the absence of substantial investment to mine extensions.
	Rapid Transition and Radical Transformation	Policies supporting the Rapid Transition and Radical Transformation will lead to significant coal demand decline over the longer term. The ongoing use of existing coal power generation facilities will require negative carbon technologies, including CCUS and DAC, to achieve net zero emissions and limit global temperature increases. **Sensitivity analysis of the carrying values of our coal assets to such scenarios is presented in Note 1 to the financial statements.**
Marketing (32%)	Current Pathway	Marketing remains core to our business model, differentiating Glencore from its mining peers. Marketing and trading margins are expected to adapt with climate initiatives. The agility of our marketing business enables it to adapt to changing circumstances and benefit from various trading and arbitrage opportunities that will inevitably arise as economies transition at different rates. Our marketing business will continue to expand into new areas, as already evidenced with the addition of LNG into our portfolio. Under any scenario, our marketing business is well-positioned to support the responsible sourcing and delivery of products needed for the low-carbon economy.
	Rapid Transition and Radical Transformation	

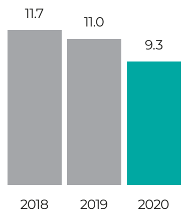
* 2020 Adjusted EBITDA contribution

Our performance

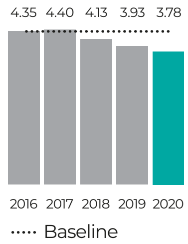
Scope 1 (direct emissions)[1]
(CO_2e million tonnes)



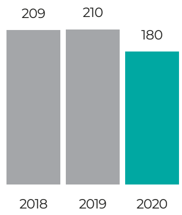
Scope 2 location-based[2]
(CO_2 million tonnes)



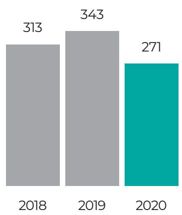
Carbon Scope 1 and 2 emissions intensity[3]
(tGHG/tCu)



Total global energy use at our operated assets[4]
(petajoules)



Scope 3
(CO_2e million tonnes)



1 This includes emissions from reductants used in our metallurgical smelters. It also includes CO_2e of methane emissions from our operations, which is around 24% of our Scope 1 emissions.
2 We apply appropriate country-by-country grid emission factors to all of our purchased electricity, regardless of specific renewable electricity contracts.
3 Scope includes industrial assets; the 2016 baseline is amended to reflect acquisitions and divestments; Copper-equivalent production is calculated on the basis of fixed 2016 baseline year average commodity prices.
4 Renewable energy sources deliver 13.3% of our total energy needs (2019: 12.5%). In Australia, we use coal seam gas from our mines to supplement power generation at a number of our assets and have flares installed at those underground coal mines with the necessary supply and concentration of methane.

We also take into consideration the various potential impacts on our operating costs arising from existing and planned carbon pricing regulation. It is unclear what future mechanisms for carbon pricing will be as there is limited to no uniformity between existing structures. The manner in which carbon pricing is implemented will determine the competitiveness of different energy sources and the role of fossil fuels, as well as having impacts across our full value chain and in turn drive demand for our products.

2020 CAPITAL ALLOCATION, INCLUDING CAPEX ALLOCATED TO COAL AND OIL

Our disciplined approach to capital allocation seeks to reflect market supply and demand dynamics. As a major producer of the commodities that underpin the current battery chemistry and infrastructure growth initiatives that are expected to power electric vehicles and energy storage systems our capital expenditure (currently and into the future) is heavily weighted towards energy transition metals, including various South American copper projects, African copper and cobalt, Kazakhstan polymetallic investments and nickel projects in Canada.

In 2020, industrial capital expenditure was $4.1 billion (2019: $5.3 billion), of which $787 million or 18% related to coal (2019: $990 million). With expansionary expenditure at the United Wambo joint venture largely complete, we do not expect an increase in coal capital expenditure in 2021.

Following the commissioning of United Wambo in December 2020, the currently approved capital programme for the coal business is limited to stay-in-business capital expenditure and extensions at existing mines. The remaining 82% of our 2020 industrial capital expenditure was weighted towards copper and cobalt (together 40%), zinc (19%) and nickel (13%). Key projects are the finalisation of Katanga's processing infrastructure; progression of the Zhairem zinc mine in Kazakhstan; and development of new nickel mines in Canada.

The medium-term capital programme for our metals businesses will see a material investment cycle alongside our joint venture partners in Collahuasi and Antamina. Notably, Collahuasi is working on a desalination plant that will substantially eliminate its use of local freshwater sources in favour of water pumped from the sea. The Canadian nickel projects will continue to be developed over the next few years, with mine commissioning expected in 2024-25.

MANAGING RISK AND OPPORTUNITY

Assessing climate change-related risks is part of our Group risk management and strategy development processes. Effective and strategic management of climate change-related risks and opportunities across all aspects of our business is vital to our continued ability to operate.

We integrate risk management throughout our business through a structured risk management process that establishes a common methodology for identifying, assessing, treating and monitoring risks.

In 2020, we conducted assessments of physical and regulatory risks to our operations against the Current Pathway and Rapid Transition scenarios. Our **Climate Report 2020: Pathway to net zero** details the risks and opportunities identified across the business, as well as the mitigating actions.

Our work programme for 2021 includes:

- Validating the 2019 baseline for Scope 3 emissions
- Progressing commodity departments' marginal abatement cost curves to support our assessment and implementation for CO_2 emission reduction projects

DELIVERING ON OUR AMBITIONS

We plan to deliver our ambition of net zero total emissions by 2050 through seven core actions:

Managing our footprint

Footprint

MANAGING OUR OPERATIONAL FOOTPRINT

Reducing our Scope 1 and 2 emissions

Reduction

REDUCING SCOPE 3 EMISSIONS

Our diverse portfolio uniquely allows us to address this portion of our footprint through investing in our metals portfolio, reducing our coal production and supporting deployment of low emission technologies

Capital

ALLOCATING CAPITAL TO PRIORITISE TRANSITION METALS

Providing the metals that the world needs

Contributing to global decarbonisation

Partnership

COLLABORATING WITH OUR VALUE CHAINS

Working in partnership with our customers and supply chain to enable greater use of low-carbon metals and support progress towards technological solutions

Abatement

SUPPORTING UPTAKE AND INTEGRATION OF ABATEMENT

An essential contributor to achieving low – or net zero carbon objectives

Technology

UTILISING TECHNOLOGY TO IMPROVE RESOURCE USE EFFICIENCY

Contributing to the circular economy

Transparency

TRANSPARENT APPROACH

Reporting on our progress and performance

ENGAGEMENT AND DISCLOSURE

We are committed to reporting transparently on our progress in meeting our climate change objectives and data on our total emissions.

Industry association review

We take an active and constructive role in public policy development and participate in relevant trade associations. We acknowledge the IIGCC Investor Expectations on Corporate Climate Lobbying and recognise the importance of ensuring that our membership in relevant trade associations does not undermine our support for the Paris Goals.

During 2020, we published our second **Review of our Industry Organisation's Positions on Climate Change**. The Review considered these industry organisations' advocacy activities and public statements and whether they aligned with our support for the goals of the Paris Agreement.

Our assessment of these activities identified three regions/countries with significant movement on climate policies over the last few years: Australasia, Europe and South Africa. As such, we focused our 2020 review on our direct and indirect advocacy activities in these jurisdictions, recognising the importance of concerted and pragmatic policy action to help achieve the goals of the Paris Agreement.

The Review of our Industry Organisation's Positions on Climate Change is available on our website at:

glencore.com/sustainability/reports-and-presentations

Cross-reference table to Task Force on Climate-related Financial Disclosures

GOVERNANCE

Disclose the organisation's governance around climate-related risks and opportunities

(a) Describe the Board's oversight of climate-related risks and opportunities.	Corporate Governance Report: page 90 Board activities during 2020: page 93 Risk – Board leadership: page 70 Climate Report 2020: Pathway to net zero: page 10
(b) Describe management's role in assessing and managing climate-related risks and opportunities	Board activities during 2020: page 93 HSEC Committee report: page 96 Climate Report 2020: Pathway to net zero: page 32

STRATEGY

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material

(a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Risk management – climate change: pages 82 – 83 Climate Report 2020: Pathway to net zero: pages 32 – 33
(b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Risk management – climate change: pages 82 – 83 Climate Report 2020: Pathway to net zero: pages 10, 18, 19 – 21, 32 – 33
(c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Longer-term viability: pages 72 – 73 Climate Report 2020: Pathway to net zero: pages 19 – 21

RISK MANAGEMENT

Disclose how the organisation identifies, assesses, and manages climate-related risks

(a) Describe the organisation's processes for identifying and assessing climate-related risks.	Approach to risk management: page 70 Climate Report 2020: Pathway to net zero: pages 32 – 33
(b) Describe the organisation's processes for managing climate-related risks.	Climate Report 2020: Pathway to net zero: pages 32 – 33
(c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Risk management section: page 70 Climate Report 2020: Pathway to net zero: pages 32 – 33

METRICS AND TARGETS

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

(a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Our performance: page 19 Climate Report 2020: Pathway to net zero: pages 9, 35 – 38
(b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Our performance: page 19 Key performance indicators: pages 22 – 23 Climate Report 2020: Pathway to net zero: pages 35 – 38
(c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Our performance: page 19 Climate Report 2020: Pathway to net zero: pages 9, 32 – 33

KEY PERFORMANCE INDICATORS

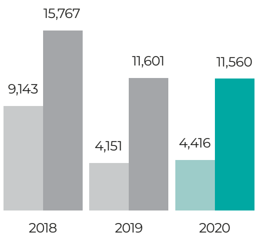
Our financial and non-financial key performance indicators (KPIs) provide a measure of our performance against the key drivers of our strategy

Financial key performance indicators

Adjusted EBIT/EBITDA◊

(US$ million)

11,560



EBITDA
EBIT

Links to strategy

DEFINITION

Adjusted EBIT/EBITDA provide insight into our overall business performance (a combination of cost management, seizing market opportunities and growth), and are the corresponding flow drivers towards our objective of achieving industry-leading returns.

Adjusted EBIT is the net result of revenue less cost of goods sold and selling and administrative expenses, plus share of income from associates and joint ventures, dividend income and the attributable share of Adjusted EBIT of relevant material associates and joint ventures, which are accounted for internally by means of proportionate consolidation, excluding Significant items.

Adjusted EBITDA consists of Adjusted EBIT plus depreciation and amortisation, including the related Proportionate adjustments.

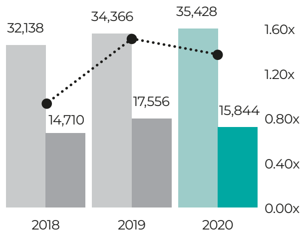
2020 PERFORMANCE

Adjusted EBITDA was $11.6 billion, in line with 2019, and Adjusted EBIT was $4.4 billion, an increase of 6%. Commodity prices were highly volatile in the year, with the initial impact of the pandemic leading to multi-year lows. These reversed in the second half, with base metals prices increasing well above their pre-Covid levels.

Net funding/Net debt◊

(US$ million)

15,844



Net debt
Net funding
Net debt to Adjusted EBITDA ratio

Links to strategy

DEFINITION

Net funding/Net debt demonstrates how our debt is being managed and is an important factor in ensuring we maintain an investment grade rating status and a competitive cost of capital.

Net funding is defined as total current and non-current borrowings less cash and cash equivalents and related Proportionate adjustments. Net debt is defined as Net funding less readily marketable inventories and related Proportionate adjustments.

The relationship of Net debt to Adjusted EBITDA is an indication of our financial flexibility and strength.

2020 PERFORMANCE

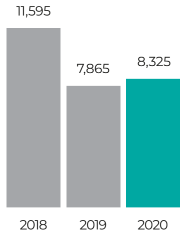
Net funding as at 31 December 2020 increased by $1.1 billion to $35.4 billion, while Net debt (net funding less readily marketable inventories) decreased by $1.7 billion to $15.8 billion.

Our target net debt range is $10-16 billion, and our target leverage ratio is under two times, through the cycle. By year end, we were within these target ranges. Business conditions in early 2021 and our focus on cash generation, are supportive of continued deleveraging towards the lower end of the range in the medium term and a leverage ratio closer to 1x.

Funds from operations (FFO)◊

(US$ million)

8,325



Links to strategy

DEFINITION

Funds from operations (FFO) is a measure that reflects our ability to generate cash for investment, debt servicing and distributions to shareholders.

It comprises cash provided by operating activities before working capital changes, less tax and net interest payments plus dividends received and related Proportionate adjustments, as appropriate.

2020 PERFORMANCE

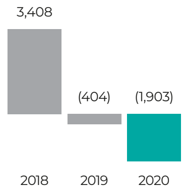
FFO were up $460 million (6%) on 2019.

Based on our prescribed distribution formula, segment cash flows in 2020 support a proposed distribution of $0.12 per share, payable in two equal tranches in May and September 2021.

Net (loss)/income attributable to equity holders

(US$ million)

(1,903)



Links to strategy

DEFINITION

Net income attributable to equity shareholders is a measure of our ability to generate shareholder returns.

2020 PERFORMANCE

Net loss attributable to equity holders was $1.9 billion in 2020 compared to $404 million in 2019.

This was driven by non-cash impairment charges largely taken in the first half. These broadly reflected two factors: uncertain market conditions giving rise to lower confidence in development of projects to which value had previously been allocated (Volcan, Mopani and Chad E&P), and the sustained reduction in Atlantic steam coal prices significantly impairing the economics of coal mining in Colombia.

Strategic priorities

Responsible production and supply

Responsible portfolio management

Responsible product use

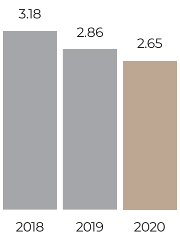
Our strategy for a sustainable future
Page 10
Financial review
Page 44

Non-financial key performance indicators

Safety: Total recordable injury frequency rate (TRIFR)

(per million hours worked)

2.65



Links to strategy

DEFINITION

We believe that every work-related incident, illness and injury is preventable and we are committed to providing a safe workplace.

TRIFR is the sum of fatalities, lost time injuries, restricted work injuries and medical treatment injuries per million hours worked. The metric represents all injuries that require medical treatment beyond first aid.

2020 PERFORMANCE

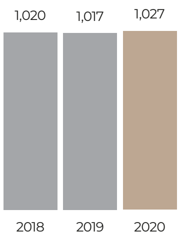
During the year, total recordable injury frequency rate (TRIFR) was lower than the previous year at 2.6 (2019: 2.9).

While our year-on-year TRIFR decreased, we did not make our ambitious five-year target of a 50% reduction of Group TRIFR by the end of 2020 against a 2014 baseline of 5.02 – the baseline includes Viterra (previously known as Glencore Agriculture). We have fed the learnings from how we improved our performance into the work we have undertaken on reviewing and revising our SafeWork initiative.

Water withdrawn

(million m³)

1,027



Links to strategy

DEFINITION

Water withdrawal is a measure of our operational resource efficiency. Our operations have an ongoing responsibility to increase the reuse of processed and use of recycled waste water in order to reduce our impact on local water supplies. Recycled water is predominantly used in place of fresh water for processes such as dust suppression.

2020 PERFORMANCE

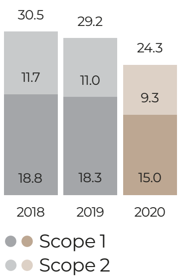
In 2020, we withdrew slightly more water than the year before, 1,027 million m^3, compared to 1,017 million m^3 in 2019.

We are working on improving our understanding of our water footprint and minimise our water-related impacts. We prioritise efficient water use, water reuse/recycling, responsible waste water disposal and maintaining any equipment that may pose a hazard to water quality. We engage with local water users to avoid material adverse impacts on the quality and quantity of water sources or compromising their access to water.

Carbon emissions (Scope 1 and 2)

(million tonnes CO_2)

24.3



Links to strategy

DEFINITION

Our CO_2 emissions reporting is separated into Scope 1 and Scope 2 – location-based emissions. Scope 1 (measured in CO_2e) includes emissions from combustion in owned or controlled boilers, furnaces and vehicles/vessels and coal seam emissions (direct emissions).

Scope 2 – location-based emissions (measured in CO_2) applies the grid emission factor to all our purchased electricity, regardless of specific renewable electricity contracts (indirect emissions). We monitor and report both the direct and indirect emissions generated by the industrial activities, entities and facilities where we have operational control.

2020 PERFORMANCE

We have exceeded our 2020 target of reducing Scope 1 and 2 emissions intensity by 5% compared to the 2016 baseline, with a 13.2% reduction achieved.

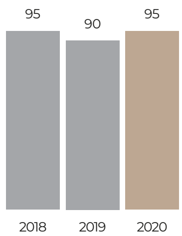
We achieved the reduction of our carbon intensity through a range of measures, including operational abatement and production changes, as well as lower coal seam emissions due to the closure of a coal underground operation in Australia.

Going forward, we will report annually on progress against our new target of a 40% reduction on Scope 1, 2 and 3 emissions by 2035.

Community investment

(US$ million)

95



Links to strategy

DEFINITION

Community investments are our contributions to, and financial support of, the broader communities in the regions where we operate.

Funds are set aside to support initiatives that benefit communities and local sustainable development. We also make in-kind contributions, such as equipment and management. We support programmes for community development, enterprise and job creation, health, education and the environment.

2020 PERFORMANCE

In 2020, we spent $95 million on community development programmes, of which $19 million was spent on Covid-19 related initiatives (2019: $90 million).

Non-financial indicators includes information and data from our industrial activities, including only assets where we have operational control, and excluding investment, marketing and holding companies.

SECTION 172 STATEMENT AND STAKEHOLDER ENGAGEMENT

Statement regarding Section 172 of the UK Companies Act 2006 and our commitment to transparent and constructive dialogue with all of our stakeholders

The UK Corporate Governance Code (the Code) requires the Board to understand the views of the Company's other key stakeholders and report how their interests and the matters set out in section 172 of the UK Companies Act 2006 have been considered in Board discussions and decision-making.

During the year, the Directors consider that they have acted in a way, and have made decisions that would, most likely promote the success of the Group for the benefit of its members as a whole, with particular regard for:

- the likely consequences of any decision in the long term: see Investment Case on page 5, Business Model on page 8, and Risk Management from page 70
- the interests of the Group's employees: see Our People section from page 27 and Ethics and Compliance section from page 38
- the need to foster the Company's business relationships with suppliers, customers and others: see section below where we detail our Stakeholder Engagement
- the impact on the Company's operations on the community and environment: see our Sustainability section from page 32 and our Sustainability Report to be released in April this year, Climate section from page 16 and Risk Management section from page 70
- the desirability of the Company maintaining a reputation for high standards of business conduct: see our Ethics and Compliance section from page 38 and Risk Management section from page 70
- the need to act fairly between members of the Company: the Corporate Governance section from page 90 which outlines the material ways in which the Board and management interact with and communicate to shareholders

When discharging their duty under Section 172, the Directors have focussed on mapping out the Company's key stakeholder groups and reviewing our level of engagement with them.

The following pages outline our key stakeholder groups, how we interact with them and how the Board considers their interests and opinions during its discussions and decision-making processes.

The Board remains focused on its stakeholder awareness and strengthening its understanding of the broad range of views expressed by Glencore's stakeholders.

The Board upholds the need for transparent and constructive stakeholder engagement and consultation.

We operate assets in 35 countries and have around 145,000 colleagues (including contractors). Engaging and responding to all of our stakeholder groups, regardless of their location or opinion, is fundamental to how we operate.

Stakeholder scrutiny supports the maintenance of the high standards of business conduct that is vital to our corporate culture and the long-term success of the Group.

A central task of the Board and its Committees is to oversee a strategy that can achieve lasting success and generate sustainable returns for business, while maintaining our licence to operate (see page 93 regarding Board activities)

To enable this and ensure stakeholder considerations are reflected in our decision-making, we have standing agenda items for Board and Committee meetings that reflect our different stakeholder groups' interests.

Unfortunately, as a result of the global pandemic, some planned interactions between the designated Non-Executive Directors and our workforce had to be curtailed. However, virtual town hall meetings were organised, giving our workforce the opportunity to engage directly with them (see page 29 for more details)

As a global resources business, we recognise that robust, respectful and two-way relationships with stakeholders are essential for our social licence to operate

Stakeholder Engagement

STAKEHOLDER	THEIR INTERESTS	HOW THE GROUP ENGAGES	WHAT THE BOARD CONSIDERS
Our people	• Training, compensation and career opportunities • Health, safety and wellbeing • Company culture and reputation • Industrial relations • Asset viability	• Covid-19 engagement • Intranet, emails, newsletter updates • Posters and leaflets • Virtual town hall meetings and forums • Pre-shift 'toolbox' talks • Culture surveys • Webinars • Raising Concerns platform	• Workforce engagement by designated Non-Executive Directors • Periodic updates from the Group Head of Human Resources • Results of culture surveys
Communities	• Local employment and procurement opportunities • Socio-economic development projects • Environmental management • Operational impacts • Potential site closure • Tailings storage facilities • Security and its engagement with civil society • Artisanal and small-scale mining (ASM)	• Community liaison teams • Various meeting formats to reflect local expectations • Radio and television broadcasts • Social media channels and asset's websites • Asset-specific publications	• Group HSEC-HR provides the Board HSEC Committee with regular updates on Glencore's impact on the communities living around its operations • Asset management provide details of community considerations as input into Directors' discussions on operational matters • Review and approval of revised approach on ASM
Investors, financial analysts and media	• Financial and operational performance • Climate change • Compliance with laws • Presence in developing countries • Tailings storage management • Transparent payments to government • Human rights • Industrial relations	• Regular calls, one-on-one meetings and group events/ presentations • Corporate Affairs teams regularly speak to media at global, national and local levels • Site visits (Covid permitting) • Webinars and online Q&A sessions • Annual report, sustainability report, modern slavery statement, payments to governments report and other reports and presentations • AGM • Website, social media channels, media releases, listing regulatory announcements	• Results meetings • AGM • Meetings with shareholders, analysts and key media • Group Investor Relations provide analysts' reports and investor feedback • Following any major announcements, Group Corporate Communications provides feedback to the Board • Board resolution on Climate Change – see page 92

Stakeholder Engagement continued

STAKEHOLDER	THEIR INTERESTS	HOW THE GROUP ENGAGES	WHAT THE BOARD CONSIDERS
Governments and regulators	• Tax and royalty payments • Compliance with laws and regulations • Local employment and procurement • Operational environmental management, including tailings storage • Climate change • Socio-economic development projects • Transparency and human rights • Public health • Security	• Provide information and updates on key topics, either directly or as part of industry associations • Participation in multi-stakeholder organisations, initiatives and roundtables, such as the Voluntary Principles on Security and Human Rights, the OECD and the EITI • Direct engagement with national, regional and local government on key topics • Site visits • Public reporting	• Reports on material of regulatory issues and emerging legislation • Reports on engagement with governments and regulators
Suppliers and customers	• Responsible sourcing and supply • Transparency in the supply chain • Procurement spend • Human rights • Compliance with laws and regulations • Competitive pricing • Performance	• Regular meetings and updates • Customer site visits (Covid permitting) • Participation in commodity-specific responsible sourcing initiatives • Local procurement initiatives	• Oversight of the implementation of the Group Supplier Standards • Discussions as to relationships with and comments from suppliers and customer
Unions	• Health, safety and wellbeing • Negotiation of workplace agreements • Industrial relations • Asset viability	• Regular meetings with asset management • Union participation in asset safety committees	• Periodic updates from the Group Head of Human Resources on material workforce issues
NGOs and civil society groups	• Human rights • Tailings storage facilities • Social incidents • Public health • Operational and environmental management • Socio-economic development projects • Transparency in payments to governments • Security and its engagement with civil society • Compliance with laws and regulations	• Direct engagement with global and local NGOs and civils society groups • Sustainability Reporting, including Sustainability Report, Modern Slavery Statement, Payments to Government Report, Human Rights Report • Social media channels and corporate website • External forums and organisations, such as the Voluntary Principles on Security and Human Rights, the OECD and the EITI	• Group Sustainable Development provides regular updates to the Directors on the opinions and activities of NGOs and civil society groups • Regular discussions on major issues of concern to NGOs and civil society groups and engagement with them.

OUR PEOPLE

Our employees and contractors are fundamental to our success. At Glencore, our people are at the heart of everything we do. We foster an environment where our different backgrounds, cultures and beliefs are supported and encouraged

PURPOSE AND VALUES IN ACTION

We are proud of the contribution our 145,000 employees and contractors make to our business and to their communities. Our unique business model empowers our people to take commercial decisions aligned to the broader goals of our company and we strive to encourage a high-performance culture where accountability and performance are recognised and rewarded.

In an increasingly complex world, we recognise the hugely important role our Purpose and Values can play in helping to guide and manage our business and our people. This year, perhaps, more than any other has taught us that having an aligned Purpose and set of Values is invaluable in ensuring our organisation and our teams react in an appropriate fashion when faced with uncertainty and complexity.

During the year, we have placed considerable emphasis on reinforcing both our Purpose and our Values throughout the organisation. To engage approximately 145,000 employees and contractors across the business around these principles, we launched a Group-wide internal communications and employee engagement campaign in November 2020 – the biggest of its kind undertaken by the Company to date. The campaign aims to foster discussion about the Group's culture, further embed expectations and develop behaviours on how we do business in alignment with our Values.

The first phase focused on the ways our Purpose and Values shape our culture and explored what they mean to our people. The next phases will unpack the commitments and expectations of how we do business as laid out in our refreshed Code of Conduct.

To ensure that our people understand what is expected of them wherever they are based and whatever they do, the Purpose and Values phase of the campaign has been consistent in its high-level messaging but adapted where necessary to serve local needs and objectives, allowing for regional and cultural differences across our diverse operations.

The communication materials to support the campaign were produced in a number of languages from English and German, to Chinese, Sepedi and Tswana, and feature a broad cross-section of our workforce from different geographies, with a mix of those from office-based and operational roles from our industrial and marketing businesses.

CEZinc donated 2,000 masks for the nursing staff at the local Suroît Regional Hospital

To reach employees at the assets, many of whom are not connected to the online Group network, these materials were complemented at our assets with posters, banners and newsletters, both printed and digital, which promoted the campaign along with a new intranet hub and a new Purpose and Values section on our external website. The films were shown, and posters displayed, in muster rooms and office communal areas while the book has been widely printed and distributed and posted to some employees' homes. The campaign's key messages have also been incorporated into a number of teams' regular 'toolbox talks'. Many teams have also adapted the messaging and created local materials such as notebooks, calendars, and playing cards for use by employees during their breaks.

POLICIES

We have further strengthened the connection between our Purpose, Values and governance framework. We have reviewed and amended our Group Human Resources policies to ensure alignment to strategy and to strengthen consistency of application across the world. The Company is preparing two new Group policies governing Human Resources issues with a condensed and clearer set of commitments, namely:

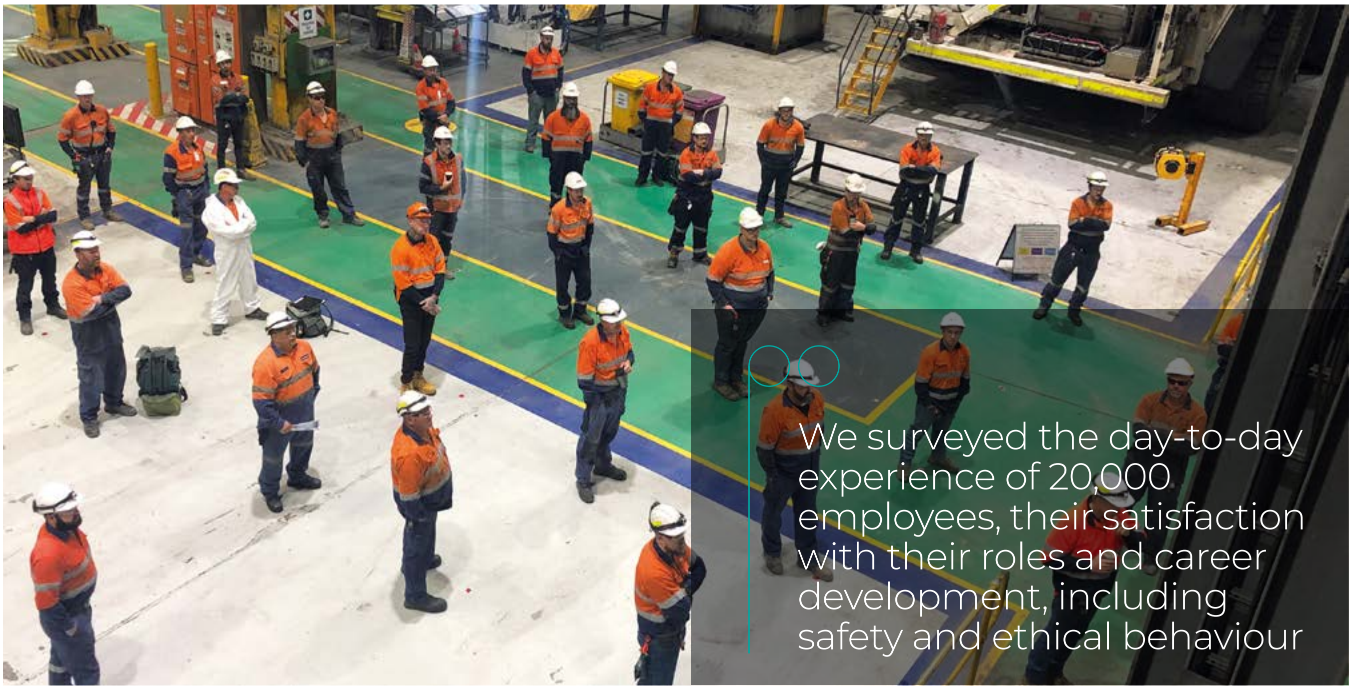
- the Equality of Opportunity Policy, and
- the Diversity and Inclusion Policy.

The Equality of Opportunity Policy will set out Glencore's belief in, and commitment to, fairness and equality. The policy will make our expectations of high performance and individual contribution explicit, but will also provide details on how we ensure our processes are fair, transparent and free from unlawful discrimination. The policy will also provide a global commitment to mechanisms such as grievance processes to assist in resolving complex employee relations issues.

The Diversity and Inclusion Policy will set out our commitment to diversity of thought, our belief in constructive challenge and our desire to create an inclusive culture. It will provide a commitment to monitoring our demographic make-up, educating ourselves on issues of bias and equal pay for equal work in each of our companies.

These policies will be published on our website to ensure transparency and accountability.

Over the course of the next year, these global policies will be underpinned by a set of global people standards which will increase the consistency of practices and employee experiences across the world.



We surveyed the day-to-day experience of 20,000 employees, their satisfaction with their roles and career development, including safety and ethical behaviour

MONITORING OUR CULTURE AND LISTENING TO EMPLOYEES

We continue to develop and evolve our mechanisms to evaluate our culture and understand employee experience across our operations. Following 2019's successful survey of our marketing employees and our Australian businesses, this year our Employee Survey was distributed globally to our networked employees for the first time. 30,000 employees from 35 countries were invited to participate.

Our survey measured the day-to-day experiences of our employees; their satisfaction with their roles and career development as well as vitally important concepts such as safety and ethical behaviour – key elements which underpin our strategy and our reputation as a responsible and ethical operator. We measure employee engagement through an engagement score and benchmark this score across our businesses, against an external high-performance benchmark and against large scale industrial businesses. Our scores were very positive with employee engagement scoring 85% against our external benchmarks of 81%.

We have invested considerable time and resources in our Ethics and Compliance programme over the last number of years. The survey provides an opportunity to test the impact of this programme on the ground and our scores benchmark well and are in many areas above the benchmarks of externally recognised surveys like the Institute of Business Ethics' European Survey of Ethics at Work.

Our Values and Culture survey

82%

Our Values and Culture score of 82% tells us that the vast majority of our employees feel their experience matches our values

87%

of surveyed employees told us that they intend to stay at least 12 months with the company

92%

of surveyed employees stating that they work in a safe environment

86%

of surveyed employees stating that they are proud to work at Glencore

94%

of surveyed employees feeling comfortable reporting a safety concern, a key enabler of improvement in our performance

88%

of surveyed employees stating that their direct manager acts ethically and in compliance with policies

Additionally, we have created a Values and Culture Index to measure the extent to which our employees' experiences match our values. Our Values and Culture index is made up of 14 questions and covers topics designed to understand whether our values are brought to life each day and the extent to which our culture addresses critical issues such as safety, business integrity and compliance. The index also analyses whether our people feel that they are treated fairly and with respect and whether they feel their business communicates well and is being run efficiently.

EMPLOYEE ENGAGEMENT BY BOARD AND SENIOR MANAGEMENT

As well as raising awareness of our Purpose and Values, the campaign focused on facilitating engagement between members of our management, Board and front-line workers.

To achieve this during a time of pandemic and restrictions on travel, a number of our non-executive directors engaged our workforce at our operations and offices via virtual town hall meetings.

During these sessions, they took questions, listened and responded to the viewpoints and issues raised.

With support from Tony Hayward, Peter Coates, Patrice Merrin, Gill Marcus and Kalidas Madhavpeddi, sessions were held in Australia, Canada, Peru and South Africa in collaboration with local management. Further town hall meetings are scheduled for 2021 to facilitate further direct engagement with employees.

Glencore's CEO Ivan Glasenberg held a live-stream in December during which he also answered questions from employees, and talked about the Group's culture, articulating how it plays a central role in the company's continued success.

The opportunity to connect with the Board and senior management has been received positively across the Group. These sessions have also been supplemented by locally led sessions enabling local management to continue the momentum and highlight areas which will resonate with their local teams.

A REFRESHED CODE OF CONDUCT IN 2021

The Purpose, Values and Code of Conduct engagement campaign has continued into 2021 and will culminate with the launch of our refreshed Code of Conduct later in the year.

The Code has been revised to reflect updated expectations for our people, the importance of ethical decision making and provide a clear reference point for our supporting policies.

The Code is designed to be accessible and reflect the evolving expectations for businesses.

As part of the campaign, we will be running a series of virtual events during 2021, featuring the insights and expertise of internal and external speakers, which are intended to encourage a conversation across the Group as we further explore what it means to work at Glencore.

TALENT AND DEVELOPMENT

We believe that commodity and technical specialisation are key drivers of value and performance and therefore training and development is aligned to this need for specialisation. This year, in addition to the regular training curriculum across our assets we have commenced a relationship with the International institute for Management Development (IMD) to develop a comprehensive Leadership Development offering for our General Managers in the Zinc division. The modular programme will enable clear communication of the Zinc Industrial strategy, provide an opportunity to share best practice across the group and enable us to leverage IMD's expertise in technical and financial matters but also equip our leadership with the skills and competencies to manage the operational complexity and increasing ESG requirements applicable to their businesses.

We believe in empowering our leaders and our people to drive the performance of our business

SOUTH AFRICAN COMMUNITY TRAINING PROGRAMME

Glencore SA offers a number of training and development opportunities to members of communities surrounding its operations in the Emalahleni and Steve Tshwete Local Municipalities of the Mpumalanga Province in South Africa. The programs are aimed at empowering members of the local communities with skills and qualifications to enable them to be employable both within Glencore and within the mining industry in general as well as skills to operate outside the mining industry or independently operating their own businesses. Programs aimed at equipping members of the community with the skills and qualifications to be employable within the Company and the industry include the Blasting Assistant Program, the Operator Training Program and the Engineering Learnership Program.

The Engineering Learnership Program is undertaken over a period of up to three years and on completion, the participants end up with a trade qualification as either an Electrician, Auto Electrician, Boilermaker, Diesel Mechanic or Fitter. Upon completion, the candidates are considered for permanent placement into available positions within the business. Where such opportunities are not available, their information is provided to other potential employers in the area. They are also put on the waiting list for absorption as and when opportunities arise within the business.

During 2020, a total of eighty seven (87) candidates from the community participated in the Engineering Leadership Program. In an effort to enhance the representation of women in technical disciplines including engineering, a focus has been placed on increasing the intake of women into the program and the 2020 intake had a female representation rate of 75%.

GRADUATES AND APPRENTICESHIPS

Maintaining a supply of engineering and geological talent is a priority for our Human Resources teams around the world. The numbers of students choosing these careers has declined in recent years in some geographies and therefore our talent sourcing strategy has greater emphasis and focus on school leaver and apprentice programmes alongside traditional graduate recruitment in many jurisdictions. It also includes direct engagement with educational institutions and active participation in collective industry efforts.

In Australia we are active in initiatives facilitated by the NSW Minerals Council including the Pathways to Resource Industry and Mining Employment (Prime) - a two-year partnership between the Council and Regional Development Australia to implement industry-skilling and workforce development initiatives to enhance awareness of the mining industry and its career opportunities.

The Queensland Minerals and Energy Academy is a partnership between the Queensland Government and the Queensland Resources Council which provides a pipeline of employees into the resources sector. During 2019, Glencore was engaged in 16 events, involving 25 Glencore representatives, 302 student engagements (41 percent girls) and 17 teachers. Glencore Australia is also active as a lead sponsor of the QMEA Girls Mentoring Program.

PEOPLE ENABLING TECHNOLOGY AT KIDD OPERATIONS

With the inrush of technology applications in mining, bridging the gap between R&D and real-world benefits has become quite a familiar topic to Kidd Operations. By matching existing mining expertise to new generations of tech-savvy personnel entering mining, we unlock the potential to create value in new ways.

While the site drove R&D efforts to develop the first autonomous LiDAR drone underground, real success required our forward-thinking engineers-in-training to tackle the complete workflow, guide the parallel development of new data tools, with developers entirely new to the mining industry. All areas of the mine, including those only accessible via autonomous flight, can now be rapidly scanned in ultra-high resolution, and the results stitched into a combined 3D view of the mine, with minimal user intervention. This paves the way for advanced planning and geotechnical analysis, including rendering a precise 3D model of the mine in Holographic Mixed Reality (currently in MVP phase), allowing all levels of users to interact, understand, and make quality decisions that drive value.

Whilst safety and productivity solutions above-ground have been using GPS technology for nearly two decades, underground systems have lagged with limited real time visibility

Diversity

87,822
employees at 31 December 2020
2019: 89,092
2018: 86,621

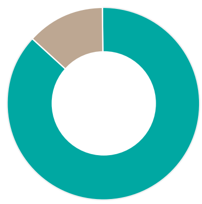
56,300
contractors at 31 December 2020
2019: 70,253
2018: 71,887

Employee diversity in 2020

Male 84%
Female 16%

2019: 16% female – 84% male
2018: 15% female – 85% male

Senior manager* diversity in 2020



Male 87%
Female 13%

2019: 13% female – 87% male
2018: 16% female – 84% male

* a senior manager as defined in section 414C of the UK Companies Act 2006 to include members of the management team and Glencore appointed directors on the boards of subsidiaries. This definition is only relevant to this data and does not apply to other references of "senior management" that are included in this Annual Report.

on production performance data, vehicle interaction, or geofencing. In response, Kidd launched a project exploring Ultra-Wide-Band (UWB), an emerging localisation technology, again in the first application in underground mining. Using graduate engineering talent to tackle not only the hardware adaptation but the inception of the use-case and the development of the intermediate systems enabled the operation to turn position data into useable information, far beyond the developer's intent. With UWB tags being introduced in mobile phones, this technology is primed for future success.

COVID-19

In response to the increasing spread of the SARS-CoV-2 virus, Glencore established an Incident Management Team (IMT), in late January 2020. We developed a Group wide Global Infectious Disease Response Plan which provided the business guidance on key controls to implement and monitor.

A global Health Advisory service was set up with input and expertise from medical experts at International SOS. The service provided up-to-date guidance on health protection measures and also acted as a co-ordination point for collating statistics on infections at our operations worldwide. Video webinars with medical experts were held and recordings distributed through the Group intranet in an effort to provide support and counter mis-information regarding the pandemic and health protection measures.

At our assets and offices around the world, comprehensive changes were made to how we work to reduce the number of people working on site and other measures to facilitate social distancing and the monitoring and recording of employees' health were introduced.

Many of the communities where we operated faced an extraordinary socio-economic hardship as a result of Covid-19. In April we launched the $25 million Glencore Community Support Fund as part of our commitment to protect the safety and health of the people in our host communities.

Further details on our responses to the pandemic is available at:
glencore.com/media-and-insights/Updates-regarding-COVID-19

Emerging talents across the world

	North America	South America	Australasia	Africa	Europe & UK	Total
Graduate intake	9	17	117	85	13	241
Vacation programmes	82	72	151	67	99	471
Scholarships and Bursaries	59	62	41	312	5	479
Apprenticeships and artisans	51	63	122	281	49	566

SUSTAINABILITY

Responsibility is one of our Values. For Glencore, being a responsible operator means delivering strong financial, social and environmental performance through robust governance, ethical and transparent business practices, and respect for the rights of all.

OUR APPROACH

Our approach to sustainability reflects our Purpose to responsibly source the commodities that advance everyday life. We establish and implement ethical and consistent business practices and standards through our health, safety, environment, and community and human rights (HSEC-HR) strategy, policies and standards. We are a responsible operator and aspire to have a reputation for doing things the right way.

Our approach sets out our ambitions against four core pillars: health, safety, environment, and community and human rights, and drives positive change throughout our business. Each pillar has clearly defined strategic imperatives, objectives, policies, priority areas and targets. We review our approach annually to confirm that it continues to fulfil the needs of our business.

Governance of our Group sustainability strategy and framework rests with the HSEC Committee of the Board. Our senior management team, including the CEO and commodity department business heads, are accountable for overseeing the implementation of our HSEC-HR strategy.

Further details on our HSEC-HR strategy, our approach to its implementation, as well as its performance and ambitions, are available in our sustainability-related publications. These include an annual sustainability report published in accordance with the core requirements of Global Reporting Initiative (GRI), as well as the following publications:

- Sustainability highlights
- Payments to governments report
- Modern slavery statement
- ESG A-Z section on our website (**www.glencore.com**)
- Water microsite

ENGAGING WITH OUR STAKEHOLDERS

We engage with relevant stakeholder groups to build meaningful relationships and understand their expectations and aspirations. Further information on our stakeholder engagement activities is available on page 24.

EXTERNAL COMMITMENTS

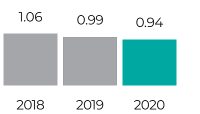
We participate in a wide range of external initiatives, supporting our commitment to continuously improve our approach and performance across sustainability topics. Our engagement varies from reporting on our progress to taking a role in driving strategic change.

We are signatories to the United Nations (UN) Global Compact (GC), aligning our strategies and operations with its principles, which cover human rights, labour, environment and anti-corruption. We recognise the UNGC's Sustainable Development Goals (SDGs) and their systematic global approach to society's overall development. We believe that we can play a role in supporting our host governments to meet the SDGs.

All of our sustainability communications are available on our website: **glencore.com/sustainability**

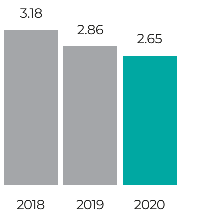
Lost time injury frequency rate
(per million hours worked)

0.94



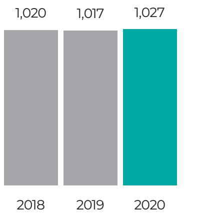
Total recordable injury frequency rate
(per million hours worked)

2.65



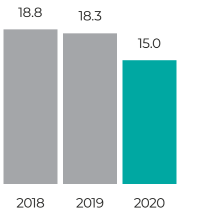
Water withdrawn
(million m^3)

1,027



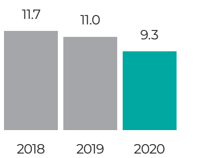
CO_2e Scope 1
(million tonnes)

15.0



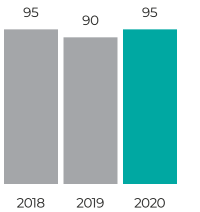
CO_2 Scope 2 – location based
(million tonnes)

9.3



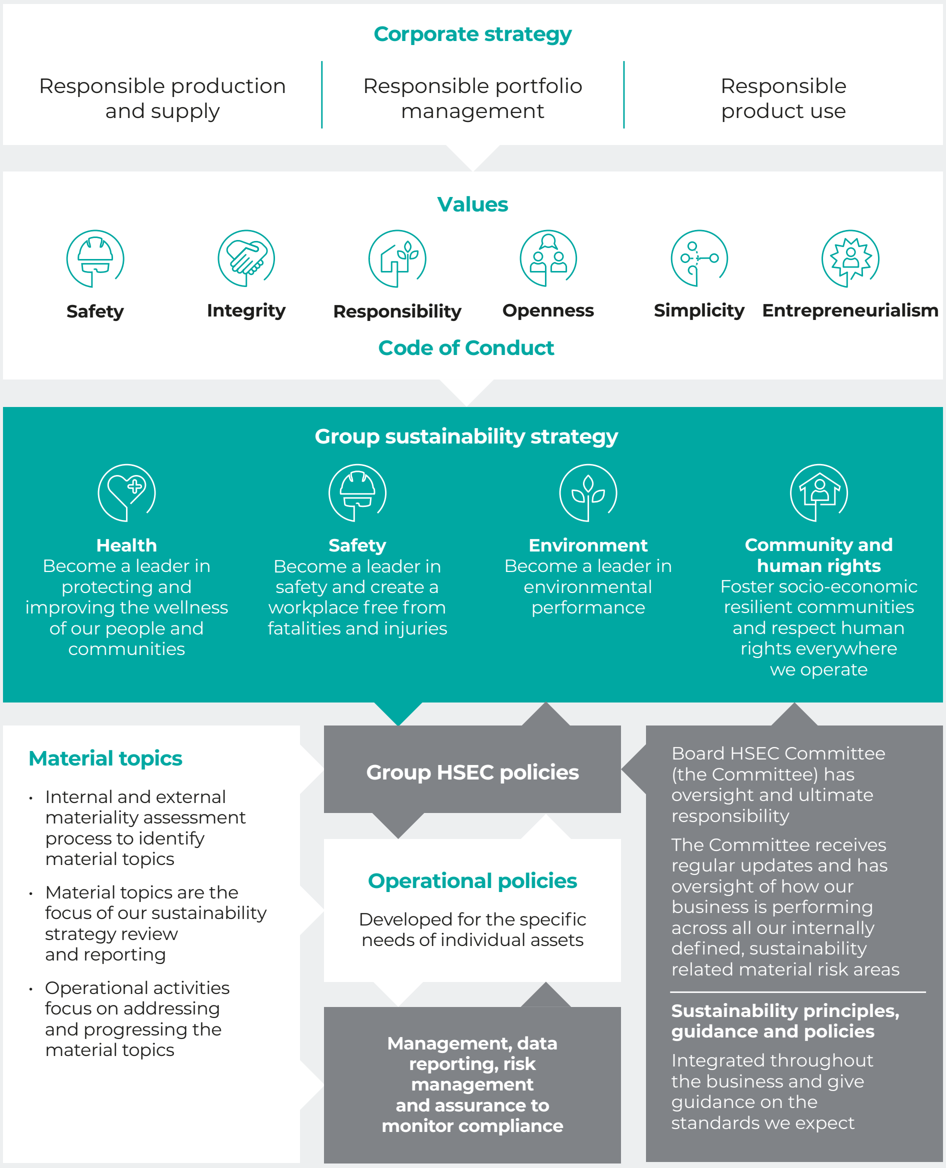
Community investment
(US$ million)

95



In 2020, we announced a 1.5°C-aligned target of an absolute 40% reduction of total emissions by 2035 on 2019 levels and ambition of achieving a net zero total emissions footprint by 2050

Sustainability framework



We uphold the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the UN Universal Declaration of Human Rights, and the UN Guiding Principles on Business and Human Rights.

We are members of the Plenary of the Voluntary Principles on Security and Human Rights.

We have been a member of the International Council on Mining & Metals since 2014. We endorse its Mining Principles and are active in its working groups.

We strongly support transparency in the redistribution and reinvestment of the payments we make to local and national governments. We are active participants, both in our operating countries and at a global level, in the Extractive Industries Transparency Initiative (EITI). We comply with the EU Accounting and Transparency Directives; in line with those provisions, we publish separate annual reports detailing material payments made to governments, broken down by country and project.

As part of our commitment to responsible product stewardship, we follow the UN globally harmonised system for classification and labelling of chemicals (GHS), the EU REACH regulations on the registration, evaluation, authorisation and restriction of chemicals, and the London Bullion Market Association Responsible Gold guidance. Where appropriate, we participate in the REACH consortia related to the materials we produce; these include the consortia for zinc, cobalt, cadmium, sulphuric acid, lead and precious metals.

Our responsible sourcing strategy considers production, sourcing of metals and minerals and procuring goods and services. Our Supplier Standards form the basis of our risk-based supply chain due diligence programme and references the Organization of Economic Cooperation and Development's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.

RISK MANAGEMENT AND ASSURANCE

Our management of HSEC-HR-related risks aligns with Glencore's approach to the identification, assessment and mitigation of risk. Our assets use the risk framework to identify hazards, including those with potentially major or catastrophic consequences, and to develop plans to address and eliminate, or mitigate, the related risks. For each of the identified catastrophic hazards we have implemented a standardised approach to identifying and understanding their causes and controls.

Our internal HSEC-HR assurance programme primarily focuses on our systematic management of the catastrophic hazards and their controls. Internal and external senior subject matter experts participate in this programme.

Performance overview

Achieved | On track | Not achieved | Not applicable

Material topic	2015–2020 strategic priority	Performance indicator	2020	2019	Status
Catastrophic hazard management	• No major or catastrophic incidents	Number of incidents (major and catastrophic)	0	0	Achieved
Workplace health and safety	• No fatalities • 50% reduction of Group LTIFR by the end of 2020, against 2015 figure of 1.34[1] • 50% reduction in TRIFR by the end of 2020 using 2014 figure of 5.02[1] as baseline • Year on year reduction in the number of new cases of occupational disease	Fatalities at managed operations	8	17	Not achieved
		Lost time injury frequency rate	0.94	0.99	Not achieved
		Total recordable injury frequency rate	2.65	2.86	Not achieved
		New occupational disease cases	111	106	Not achieved
		Number of HPRIs reported	399	574	Not applicable
Climate change	• 5% (minimum) carbon emission intensity reduction on 2016 baseline[2] of 4.35 tGHG/tCu by 2020	CO_2e Scope 1 (million tonnes)	15.0	18.3	Achieved
		CO_2 Scope 2 – Location based (million tonnes)	9.3	11.0	Achieved
		Total energy use (petajoules)	180	210	Not applicable
		Carbon emissions intensity (tGHG/tCu)	3.78	3.93	Achieved
Human rights and grievance mechanisms	• No serious human rights incidents	Serious human rights incidents	0	0	Achieved
Community engagement and social commitment compliance	• Implement our social value creation strategy • Distribute the community leadership Programme Toolkit	Community investment spend ($ million)	95	90	Not applicable
Product stewardship	• Ongoing engagement with organisations and interested stakeholders on responsible sourcing	Continued engagement with a broad range of stakeholders, including customers, regulatory organisations and industry associations	n/a	n/a	Not applicable

1 Baseline figures include Viterra (formerly Glencore Agriculture)
2 The baseline is for operated industrial assets and amended to reflect acquisitions and divestments

Multi-disciplinary assessments allow us to audit complex issues from a range of viewpoints for a more robust appraisal. We use the assessments to review operations and activities with different risk factors, such as underground operations, open pit mines and metal processing plants.

The HSEC Committee reviews the results of all the audits, together with their key findings, observations and good practice.

MATERIALITY ASSESSMENT

We regularly undertake a sustainability-related materiality assessment that considers input from within our business and from other stakeholders. We use this assessment to inform the HSEC-HR strategy and our reporting. The assessment identifies topics that are material to our development, performance and current position as well as for our future prospects. It also establishes the material topics for our sustainability strategic review and publications.

We identified the following material topics for the 2019–20 period: catastrophic hazards, safety and health, climate change and energy (see page 16), water, land stewardship, responsible sourcing and supply, human rights, social performance and our people (see page 27).

OUR MATERIAL TOPICS
CATASTROPHIC HAZARD MANAGEMENT

We define catastrophic events as those with a low probability but severe consequences that could cause widespread loss of life or significant environmental harm, or result in major reputational or financial damage. We are committed to eliminating catastrophic incidents at our assets.

We recognise the exceptional nature of such events and we have developed specific programmes to actively identify, monitor and mitigate catastrophic hazards within our business. Our Group Catastrophic Hazard and Fatal Hazard Management Policy specifies our approach to their management.

We review our catastrophic risks to understand whether they are adequately controlled. We require our assets to put in place appropriate management and mitigation measures. Our assurance on catastrophic hazards is developed in line with our Group-wide catastrophic hazard programme. The Board receives and reviews all assurance findings.

Our HSEC audit programme focuses on catastrophic hazards and critical control management, using both internal and external expert assessors. It gives particular attention to identifying catastrophic hazards, their critical controls and management plans, as well as the effectiveness of verification and reporting processes.

Managing our tailing storage facilities

Tailings, the fine waste materials left over after the processing of ore, are stored in tailings storage facilities (TSFs). In recent years, a small number of high-profile TSFs failures at the operations of large mining companies have resulted in catastrophic consequences.

We monitor our TSFs for integrity and structural stability. Our assets evaluate natural phenomena and incorporate these considerations into their tailings facility designs where relevant. Flooding and seismic activity are the main natural phenomena that may affect TSFs. In addition, our TSFs undergo regular external inspections.

We continue to manage closed TSFs responsibly post-closure. We regularly inspect our facilities and external experts conduct independent inspections and reviews.

Performance during 2020

We target zero major or catastrophic incidents, which we achieved during 2020.

In 2020, we entered into an agreement with a leading global provider to extend satellite monitoring to over half of our facilities, prioritising on a basis of consequence classification. This is the largest industry agreement to date for specific satellite monitoring of TSFs.

In 2020, the Global Tailings Review, made up of the ICMM, UN Environmental Programme and Principles for Responsible Investment, published a new Global Industry Standard on Tailings Management (the Standard).

In August 2020, all ICMM members, including Glencore, committed to implement the Standard. All of our TSFs with "Extreme" or "Very high" potential consequences will be in conformance with the Standard by 5 August 2023. All of our other TSFs not in a state of safe closure will be in conformance with the Standard by 5 August 2025.

Further information is available on our website (**glencore.com/sustainability/Tailings**). It includes an overview of our approach towards managing TSFs and provides details on a total number of 215 individual tailings dam walls representing approximately 122 TSFs.

SAFETY AND HEALTH

In line with our company values, our first priority in the workplace is to protect the health and wellbeing of all of our people. Our goal is continuous improvement in the prevention of occupational disease and injuries.

We take a proactive, preventative approach towards health and safety. We believe that all fatalities, injuries and occupational diseases are preventable. Through strong safety leadership, we can create and maintain safe workplaces for all our people. A large number of our assets have been fatality free for multiple years.

We require an effective safety management system at each asset to assure the integrity of plants, equipment, structures, processes and protective systems, as well as the monitoring and review of critical controls.

Our SafeWork initiative supports changing attitudes towards safety and bringing about long-term sustainable change that supports the elimination of fatalities and serious injuries. The initiative's aim is to provide everyone within our business with the knowledge and tools to perform every task safely. In 2021, we will relaunch SafeWork as part of our fatality reduction programme.

Our occupational health management strategy addresses the health risks facing our workforce, their families and the communities inside and outside our gates. We use a variety of onsite programmes to manage occupational diseases and exposure to health hazards; we extend many of these health programmes to our host communities, to combat regional health problems and promote healthy lifestyles.

Performance during 2020

We are saddened to report the loss of eight lives at our operations during 2020, compared to seventeen during 2019. All loss of life is unacceptable and we are determined to eliminate fatalities across our business.

During the year, both our lost time injury frequency rate[1,2] (LTIFR) and total recordable injury frequency rate[3] (TRIFR) were slightly lower than the previous year at 0.94 (2019: 0.99) and 2.6 (2019: 2.9) respectively.

While our year-on-year LTIFR and TRIFR decreased, we did not make our ambitious five-year targets of 50% reduction of Group LTIFR by the end of 2020 against a 2015 baseline[4] of 1.34 and 50% reduction of Group TRIFR by the end of 2020 against a 2014 baseline[4] of 5.02. We are using the learnings gained from improving our performance into the work we are undertaking on reviewing and revising our SafeWork initiative.

In 2020, our high potential risk incidents (HPRIs) fell to 399 (2019: 574). The reporting of HPRIs represents a supportive part of our strategy to reduce fatalities and, as such, we do not target a reduction in this metric. They allow the identification of activities that we need to prioritise in order to advance further our learning and safety performance. The majority of HPRIs related to mobile equipment and working at height and nearly 80% resulted in no injuries.

We recorded a slight increase in the number of new cases of occupational disease, 111 cases (2019: 106).

WATER

Water is an essential resource for many of our industrial activities. Some of our assets are located in areas with high to extremely high water baseline stress and share access to water with other local water users. Other assets manage surplus water that may involve dewatering activities and flood protection measures. Regardless of their location, our assets undertake detailed assessments of their local environmental conditions during the operational changes in lifecycle, to develop water management strategies that maximise the efficient and sustainable use of this important natural resource.

We recognise access to safe and clean water and sanitation as a salient human right. We seek to fully understand and minimise our operational water footprint and manage our activities in a way that protects our shared water resources. We are committed to ensuring good water management is in place at all of our assets and undertake detailed assessments, target setting, monitoring and implementation of corrective actions. Our assets consult their host communities and other relevant local water users to understand local priorities and to collaborate on sustainable solutions.

Performance during 2020

In 2020, we withdrew 1,027 million m^3 of water (2019: 1,017 million m^3). The small increase in withdrawn water is primarily due to improving the calculation methodology at a smelter that utilises seawater for cooling purposes.

During 2020, we furthermore established a global working group of internal subject matter experts to develop internal and external targets for water management and continued our participation in the ICMM water working group.

LAND STEWARDSHIP

We are committed to managing our land in a productive and sustainable manner ensuring proactive stewardship of our landholdings, including those that have not undergone industrial activity. We align our approach to cultural heritage and archaeologically sensitive locations on our landholdings with local regulatory requirements and best practice. We respect legally designated areas and commit to neither mine nor explore in World Heritage Sites.

We require our industrial assets to implement land stewardship management systems, including progressive land rehabilitation target setting tied to life of asset planning, that includes standard

1 Lost time injuries (LTIs) are recorded when an employee or contractor is unable to work following an incident. We record lost days as beginning on the first rostered day that the worker is absent after the day of the injury. The day of the injury is not included. LTIs do not include restricted work injuries (RWIs) and fatalities.
2 The lost time injury frequency rate (LTIFR) is the total number of LTIs recorded per million hours worked.
3 The total recordable injury frequency rate (TRIFR) is the sum of fatalities, lost time injuries (LTIs), restricted work injuries (RWIs) and medical treatment injuries (MTIs) per million hours worked. The metric represents all injuries that require medical treatment beyond first aid.
4 Baseline figures include Viterra (previously known as Glencore Agriculture).

elements such as an environmental policy, data collection and monitoring, adaptive management, and continuous improvement.

We are committed to identifying and addressing the potential impacts of our business on ecosystems services and achieving no net loss of biodiversity through the application of mitigation hierarchy. We require all operations to develop risk-based biodiversity action plans and site-level biodiversity targets, to drive progress in this critical area.

Biodiversity

Mining activities directly impact the surrounding land, flora and fauna throughout their lifecycle; our goal is to minimise and manage those impacts. Our assets' land stewardship and biodiversity management plans can include measures for preliminary clearing works, habitat relocation, flora and fauna conservation, weed and pest control and fire and grazing management. Where possible, these plans support the continuation of existing land practices, including grazing and other agricultural activities.

As an ICMM member, we commit to not conduct any exploration, drilling or mining in World Heritage areas and IUCN category I-IV protected areas ('no-go' areas), and not to put the integrity of such properties at risk. Our assets work to avoid the loss of any International Union for Conservation of Nature (IUCN) Red List threatened species.

Rehabilitation

A core component of our operations' lifecycle is progressive rehabilitation. Where active operations have ceased, we review opportunities for restoration in the previously operated areas. Progressive rehabilitation has many benefits, including reducing an operation's footprint, improving the visual appeal of the landscape and reducing dust, erosion and sedimentation, as well as improving conditions for local communities and future land users.

To support progressive rehabilitation, our assets may excavate and reserve topsoil and overburden from areas prior to development.

Closure management

Unlike many other industrial uses of the land, mining has a finite life and transitions to post-mining land use at the end of its operational lifecycle. We require each asset to have a closure plan, including progressive rehabilitation and financial provision, to support a responsible exit. Assets regularly review their closure plan to ensure it remains fit-for-purpose, and aligns with the asset's lifecycle. Assets develop and maintain their closure plan to align with good practice, such as the ICMM's Integrated Mine Closure Good Practice Guide. Assets are required to consult with local communities on the development of their closure plans and monitor the societal risks and opportunities associated with closure.

Glencore has acquired, through mergers and acquisitions, a number of older mines and legacy operations. We have a specialised management process for these legacy operations, which supports the identification and implementation of appropriate monitoring and responsible restoration.

Performance during 2020

During 2020, we established a global working group of internal subject matter experts to develop internal targets for biodiversity and land rehabilitation, as well as enhanced corporate governance for land stewardship and biodiversity. The targets reflect the diversity of our assets' locations and activities, and progress against them will be monitored.

We mapped our approach to closure against the ICMM's Integrated Mine Closure: Good Practice Guide and have addressed any identified gaps. We participated in ICMM's closure working group that developed the new ICMM Closure Maturity Framework tool, which we piloted at six of our global assets.

RESPONSIBLE SOURCING AND SUPPLY

An integral part of our responsible sourcing approach is supply chain due diligence (SCDD) for our metals and minerals supply chain. During 2020, we strengthened our internal due diligence management system.

Our guideline sets out our five-step approach to due diligence that aligns with the OECD's Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (CAHRA). Our risk assessment and management strategy identifies and assesses risks, including those relating to CAHRA. We take a collaborative risk management and mitigation approach to the identified human rights risks within our supply chain.

As part of our system of controls and transparency, we have an online platform that manages due diligence-related information collection and supplier assessment.

We have a system of accountability with identified internal roles and responsibilities, as well as a dedicated SCDD manager who oversees and implements the process. Our responsible sourcing team engages with internal stakeholders to increase awareness on the responsible sourcing of minerals. During the year, we undertook capacity building activities and training sessions with our marketing teams.

Performance during 2020

During the year, we rolled out our risk-based supply chain due diligence programme to our cobalt and nickel marketing teams. The assessment did not find any concerns relating to adverse human rights impacts in these two commodities' supply chains.

We provided input into the drafting of the Joint Base Metals Due Diligence Standard developed by the Copper Mark. The standard enables companies to comply with the London Metal Exchange Responsible Sourcing requirements. Our participation enabled us to better understand the responsible sourcing requirements of the LME and should support the leading position of our listed brands in the metals markets.

In 2020, Glencore did not produce, process or market any "conflict minerals" originating from the conflict areas as defined under the Dodd-Frank Act (tin, tungsten, tantalum and gold from the DRC and adjoining countries).

HUMAN RIGHTS

We have the potential to adversely or positively impact on human rights directly through our operations, or through our relationships with joint ventures, contractors and suppliers. We are committed to respecting human rights and actively support our employees, business partners and others to understand and meet this commitment.

We aim to avoid causing or contributing to adverse human rights impacts; to prevent or mitigate adverse human rights impacts linked to our operations, products or services through our business relationships; and to make a positive contribution to the advancement of human rights of all people, including vulnerable groups. In the event that we cause or contribute to an adverse impact on human rights, we provide for, or cooperate in, processes to enable appropriate remedy.

We align with relevant international standards to understand, control and mitigate our impacts. Our polices and practice align with the Universal Declaration of Human Rights, the United Nations (UN) Guiding Principles, the UN Global Compact and International Labour Organization's core conventions and we articulate these in our Code of Conduct and Group Human Rights Policy. In addition, we operate in accordance with the Voluntary

Principles on Security and Human Rights, International Finance Corporation's Standard 5 on Involuntary Resettlement.

We respect the rights, interests and aspirations of Indigenous Peoples and acknowledge their right to maintain their culture, identity, traditions and customs, and operate in accordance with the ICMM Position Statement on Indigenous Peoples and Mining.

Our assets are required to conduct regular human rights training for their workforces, with a focus on those employees in positions exposed to human rights concerns, such as security. This covers general human rights awareness during day-to-day activities for our wider workforce, as well as focused training on the Voluntary Principles on Security and Human Rights for our security employees and contractors.

Enabling complaints and grievance processes

We operate local level complaints and grievance processes designed to be legitimate, accessible, predictable, equitable, transparent, rights compatible, a source of continuous learning, and based on engagement and dialogue. Where people have complaints or grievances, we aim to investigate and resolve them at the local level. Assets are required to investigate and record all complaints.

We do not allow any form of punishment, discipline or retaliatory action to be taken against people for speaking up or cooperating with an investigation.

Indigenous Peoples

Some of our assets are located on or near the traditional territories of Indigenous Peoples. Our approach aligns with the ICMM Position Statement on Indigenous People and Mining, which requires mining projects located on lands traditionally owned by or under customary use of Indigenous Peoples to respect Indigenous Peoples' rights, interests, special connections to lands and waters, and perspectives.

ICMM Members must adopt and apply engagement and consultation processes that ensure the meaningful participation of Indigenous communities in decision making, through a process consistent with their traditional decision-making processes. We seek, through good faith negotiation, to reach agreements with Indigenous Peoples who maintain an interest in, or connection to the land on which we operate, formalising engagement processes and sustainable benefits.

Performance during 2020

During 2020, we commenced an internal campaign to strengthen our management of local-level complaints and grievances. We conducted a Group-wide desktop review of local processes against the United Nations effectiveness criteria. Areas for improvement were identified and assets have a target to close these gaps by the end of 2021.

To support improved understanding of challenges and good practices in the implementation of grievance processes, we conducted an interactive webinar series in early 2021. Over 150 operational managers and social, environment and legal professionals attended the sessions that spanned seven geographical regions and four languages.

Following events in Western Australia in 2020, where mining activities impacted on significant cultural heritage, we undertook an internal review of our own heritage risks, with the intent of addressing any deficient areas during 2021. The review was supported by independent cultural heritage experts.

In Australia, our Indigenous Relations and Cultural Heritage Working Group is also working on strengthening our engagement with Indigenous Peoples.

In addition we commissioned a report benchmarking cultural heritage legal and regulatory frameworks in countries where we operate against international standards. Earlier this year, we reviewed and updated the Group Human Rights Policy. We have developed a human rights risk rating tool to strengthen a consistent approach to human rights impact assessments. The Tool aligns with our identified salient issues for human rights and will be rolled out in 2021.

The new policy reflects our commitments to a range of international human rights instruments. In addition, we have developed an innovative human rights rating tool to assist us in assessing each asset's overall human rights risk level. This rating will inform the minimum management controls to be implemented, commensurate with the level of human rights risk. The tool will be rolled out and tested during 2021.

SOCIAL PERFORMANCE

Our activities can make a significant contribution to the national, regional and local economies through the production and marketing of commodities that provide the basic building blocks for development. We provide employment and training, business partner opportunities, tax and royalty payments to governments that help provide essential services, socio-economic development and environmental stewardship.

We aim to avoid harm to people and the environment from our activities, respect human rights, contribute to social and economic development of affected people and society more widely, and to establish and maintain trusting relationships with stakeholders, through ethical and responsible business practices.

Stakeholder engagement

Our business is geographically diverse, with operations on six continents, and we adopt an inclusive community approach informed by the local context. Some of our businesses operate in challenging socio-political contexts but we are committed to working with others to help find and implement solutions to social issues and to build resilient and peaceful communities.

We work hard to get to know our local communities and identify the individuals, groups or organisations with an interest in our business or who are affected by it. We implement a range of engagement activities designed to be relevant and appropriate for different stakeholders, including vulnerable groups, including access to local level complaints and grievance processes (see Human Rights).

Through meaningful stakeholder engagement and integration of social performance into our core business, we seek to advance the interests and aspirations of both our host communities, broader society and our assets.

Social investment

In addition to our employment, local procurement, taxes and royalties, we seek to make a positive contribution to social and economic development of our host communities and society more broadly through our voluntary social investment programmes.

Our strategic objective is to do this in a way that builds resilient communities and regions by reducing dependency on our operations. This is challenging when the immediate, short-term needs in many of our communities are high. This was the case during 2020 when we responded to requests for health and medical equipment in many of our host communities during the initial stages of the Covid-19 pandemic. However, our aim is to focus our efforts on developing programmes that contribute to longer-term social objectives through activities such as enterprise and job creation, education, health and wellbeing and capacity building.

Our socio-economic development activities are founded on the resources, needs and plans identified at a local or regional level, and are informed by relevant data gathering and community engagement.

Performance during 2020

In 2020, we spent $95 million on community development programmes, of which $19 million was spent on Covid-19 related initiatives (2019: $90 million).

During the year, we reviewed and updated our Social Performance Policy.

All of our sustainability communications are available on our website: **glencore.com/sustainability**

ETHICS AND COMPLIANCE

We fulfil our purpose and remain a business partner of choice by upholding our commitment to ethical business practices

OUR APPROACH

We are committed to maintaining a culture of ethics and compliance throughout the Group, rather than simply performing the minimum required by law. We do not knowingly assist any third party in breaching the law, or participate in any criminal, fraudulent or corrupt practice in any country.

To support this, our Group Ethics and Compliance programme includes risk assessments, policies, standards, procedures and guidelines, training and awareness, advice, monitoring, speaking openly and investigations. We consider guidance from relevant authorities and international organisations and work with leading advisers to ensure that we are aligned with international best practices.

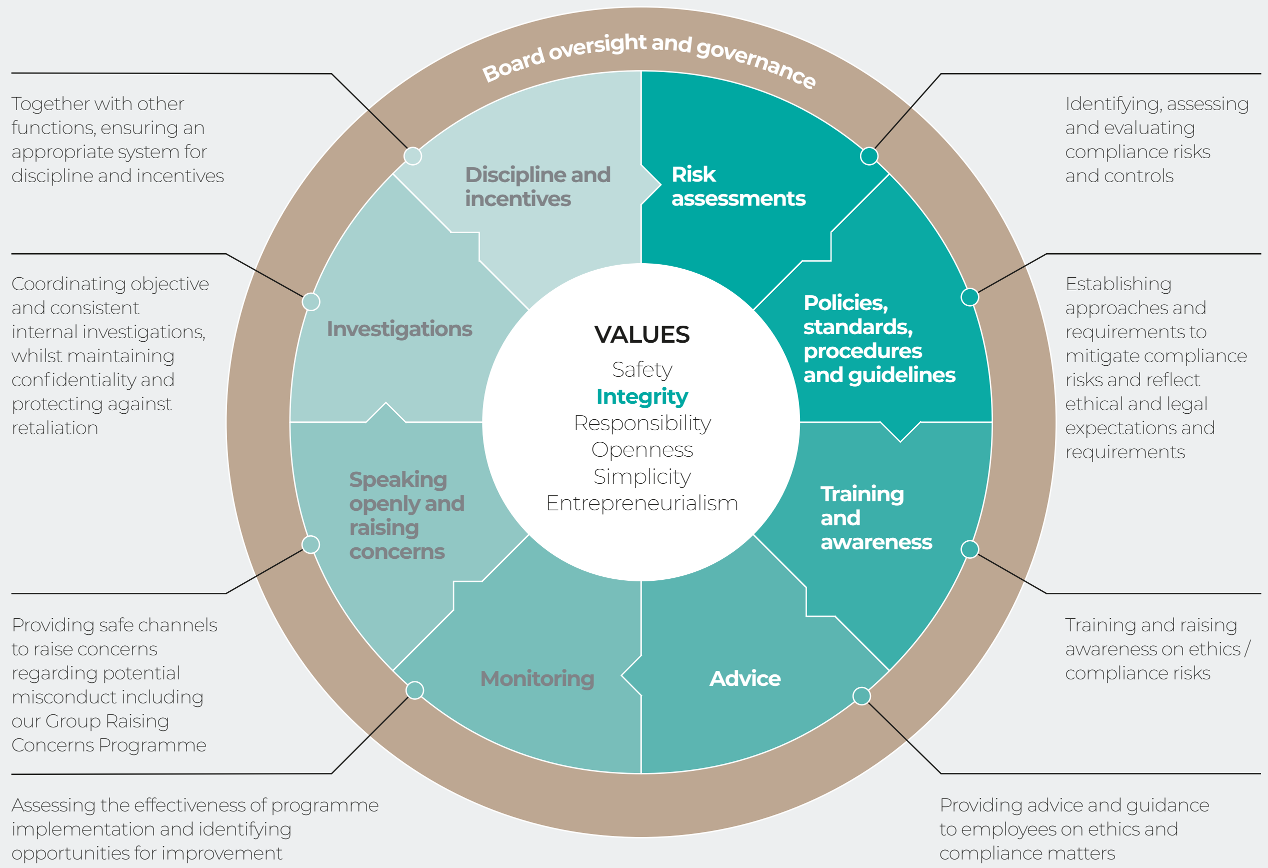
Our employees, directors and officers, as well as contractors under Glencore's direct supervision, working for a Glencore office or industrial asset directly or indirectly controlled or operated by Glencore plc worldwide, must comply with our Code and policies, as well as applicable laws and regulations, regardless of location. Our Supplier Standards set out the expectations we have for all suppliers, including expectations regarding ethical business practices. We assert our influence over joint ventures we don't control to encourage them to act in a manner consistent with our Values and Code.

BOARD AND MANAGEMENT OVERSIGHT AND SUPPORT

Our Board of Directors plays a critical role in overseeing and assessing our culture of ethics and compliance, and ensuring policies, practices and behaviour are consistent with our Values. Our Board has established a separate Ethics, Compliance and Culture (ECC) committee, dedicated to overseeing and approving key ethics, compliance and culture-related matters within the Group.

We provide training to the Board, emphasising to Directors their role in ethics and compliance oversight and programme implementation. Furthermore, the ECC committee receives regular updates covering topics such as the Compliance team structure, status of risk assessments, policies, standards, procedures or guidelines under development or review,

Glencore Ethics and Compliance programme



updates on training and awareness activities, overviews of monitoring visits and key findings. Board members also receive updates on material reports that have come in via our Raising Concerns platform and the progress of investigations.

The following management committees also support the implementation of our Ethics and Compliance programme and report to the Board:

- The Environment, Social and Governance (ESG) committee, comprises Glencore's CEO, CFO, Head of Industrial Assets, General Counsel, Head of Compliance, Head of Human Resources, Head of HSEC and Human Rights, and Head of Sustainability. It also includes senior members of executive management representing marketing and industrial assets across different commodities. The ESG committee considers issues relevant to the Group's corporate functions regarding the various ESG programmes and projects implemented across the Group. It also reviews and approves policies, standards, procedures, systems and controls relevant to the corporate functions.
- The Business Approval Committee (BAC), a sub-committee of the ESG, comprises Glencore's CEO, CFO, General Counsel, Head of Sustainable Development and other relevant corporate or business heads as required. It determines, sets guidance and criteria, and reviews business relationships, transactions or counterparties that give rise to ethical or reputational concerns.
- The Raising Concerns Investigations Committee (RCIC), comprises Glencore's CEO, CFO, General Counsel, Head of Industrial Assets and Head of Human Resources. The RCIC oversees the operation of our Raising Concerns Programme and the conduct of investigations, ensuring recommendations and sanctions are applied consistently across the Group.

GROUP COMPLIANCE FUNCTION STRUCTURE

Our Group Compliance team supports the implementation of our Ethics and Compliance programme and is comprised of our full-time Corporate and Regional teams, as well as local Compliance Officers in our offices and industrial assets.

The Corporate Compliance team is responsible for designing, monitoring and continuously improving the Ethics and Compliance programme. The Corporate team includes subject matter experts for each element of our programme and the various compliance risks that it covers. The Regional Compliance teams are responsible for implementation of the programme in specific geographical regions. They provide guidance to the business and support the local Compliance Officers and a network of part-time Compliance Coordinators based in our offices and industrial assets. The Compliance Coordinators have a compliance role in addition to their primary business or corporate role. We hire qualified local Compliance Officers. and have a formal process for nominating and appointing qualified individuals for the Compliance Coordinator role, depending on the nature and risks identified at our offices and industrial assets.

Both roles support our employees in day-to-day business considerations, particularly those seeking advice on ethical, lawful behaviour or policy implementation. Employees can access the contact details of our Compliance Officers and Compliance Coordinators via both Group and local intranets.

GROUP ETHICS AND COMPLIANCE PROGRAMME

Risk assessments

In order to ensure the Ethics and Compliance programme is appropriately designed, tailored to our business and that resources are adequately allocated, we identify, assess and evaluate compliance risks faced by our business.

We achieve this by performing an annual Group Compliance risk assessment to identify, record and assess risks relevant to the entire Group. We document these risks consistently in the Group Compliance Risk Register which covers several risk areas, but focuses in particular on anti-corruption given the nature of our business and the geographies in which we operate.

In addition, these risks are assessed, at appropriate intervals, across each office and industrial asset across the Group. Local risk assessments help us understand and document the specific compliance risks faced by each of our businesses, as well as identify and assess the controls in place to mitigate those risks.

These risk assessments also form the basis for drafting and updating Group policies, standards, procedures and guidelines.

Group policy framework

Our Group policy framework encompasses our Values, Code of Conduct and a suite of policies, standards, procedures and guidelines on various compliance matters and risks. These include bribery and corruption, conflicts of interest, sanctions, anti-money laundering, market conduct, the prevention of the facilitation of tax evasion, competition law, fraud and information governance. This framework reflects our commitment to uphold ethical business practices and to meet, or exceed, applicable laws and external requirements.

During 2020, as part of a broader review Group policy architecture and framework, we initiated a review of all Group compliance policies to ensure that they are clear, comprehensive and accessible.

Employees can access our compliance policies, standards, procedures, and guidelines through various channels, including the Group and local intranets. Our managers and supervisors are responsible for ensuring employees understand and comply with the policies, standards and procedures. Employees who have access to a work computer must confirm their awareness and understanding of our compliance requirements when they begin working at Glencore and annually thereafter. Our offices and industrial assets are responsible for implementing Group procedures in their offices and industrial assets and developing and implementing local procedures, consistent with Group policies and standards, but adapted for local risks and requirements.

Our policy framework is comprehensive and addresses all relevant compliance risks, with a strong emphasis on key risks such as anti-corruption, sanctions and money laundering.

Anti-Corruption

Our Anti-Corruption Policy is clear: the offering, providing, authorising, requesting or receiving of bribes is unacceptable, and we do not engage in corruption or bribery, including facilitation payments. We assess corruption risk within our businesses and work to address these risks through policies, standards, procedures, and guidelines on various topics. These cover:

Political contributions

We do not permit the use of any of our funds or resources as contributions to any political campaign, political party, political candidate or any such affiliated organisations.

Political engagement

Although we do not directly participate in party politics, we do engage in policy debate on subjects of legitimate concern to our business, employees, customers, end users and the communities in which we operate. All officers, employees and persons who lobby on our behalf must comply with all applicable laws and regulations (including, but not limited to, the laws and regulations relating to registration and reporting).

Sponsorships, charitable contributions and community investments

We never make a sponsorship, charitable contribution or community investment in order to disguise a bribe, or to gain an improper business advantage.

We ensure that when we make sponsorships, charitable contributions or community investments we conduct risk-based due diligence and when required, we monitor the appropriate use of our funds or resources.

Gifts and entertainment

We only give and accept reasonable, appropriate and lawful gifts and entertainment that satisfy the general principles of our Anti-Corruption Policy and are not given or received with the intent or prospect of influencing the recipient's decision-making or other conduct. We have requirements for pre-approval of gifts and entertainment based on localised thresholds, and additional requirements regarding public officials.

Participation in external anti-corruption organisations

We are a member of the Partnering Against Corruption Initiative (PACI) whose members collaborate on collective action and share leading practice in organisational compliance. The initiative has a commitment of zero tolerance to bribery and requires its members to implement practical and effective anti-corruption programmes. We are also an associate member of the Maritime Anti-Corruption Network (MACN).

We actively participate in PACI and MACN's annual events and have incorporated guidelines from both organisations into our programme.

We are an active supporter of the Extractive Industries Transparency Initiative, which is a multi-stakeholder initiative between governments, companies and civil society, which promotes the open and accountable management of extractive resources.

Interactions with public officials

Dealings with public officials bring a higher risk of perceived bribery, so we are especially careful in our interactions with them and have various requirements that guide how we interact with public officials in order to mitigate corruption risks.

Transparency

Each year we report our total payments to governments and provide country-by-country and project-by-project information. Additionally, and where applicable, we have aligned our reporting on such payments with the requirements of Chapter 10 of the European Union accounting directive.

Sanctions and trade controls

Our Sanctions Policy sets out our commitment to complying with all applicable sanctions, appropriately managing sanctions risk and not participating in transactions designed or intended to evade applicable sanctions.

To manage our sanctions risk exposure and ensure compliance, we implement a range of controls and processes. These include screening and conducting due diligence on our counterparties and vessels using a risk-based approach to determine whether they are a sanctions target, subject to sectoral sanctions or otherwise attract sanctions risk.

Anti-Money laundering

Our Anti-Money Laundering Policy sets out our approach to ensuring that we comply with all applicable laws and regulations to prevent tax evasion and money laundering, and appropriately manage the related risks. We do not tolerate tax evasion of any kind and we do not knowingly or willfully facilitate tax evasion. To manage our money laundering and tax evasion risk exposure and ensure compliance, we implement a number of controls and processes including in respect of payments to third parties.

Business partners

We work with a range of business partners and expect them to share our commitment to ethical business practices. Business partners include our suppliers, customers, joint ventures (JVs), JV partners, service providers and other counterparties. We have a comprehensive framework for managing the key risks associated with our business partners, from onboarding through to offboarding, and including continuous monitoring. Through this framework, we seek to comply with applicable laws (including bribery and corruption, sanctions and money laundering) and to manage the reputational risks that can arise from engaging with certain categories of counterparties.

Our framework seeks to ensure that all counterparties are assessed based on their risk and then directed to the most appropriate due diligence and management process for their risk level – either Know Your Counterparty (KYC) or Third Party Due Diligence and Management. All our procedures require beneficial ownership identification.

Our KYC programme differs for our offices and industrial assets due to the different risk profile of the business, but each applies a risk-based approach to due diligence for suppliers, customers and service providers. Our Third Party Due Diligence and Management Procedure is a standardised procedure across offices and industrial assets. It sets out a detailed, risk-based assessment process whereby we identify, assess and mitigate the corruption risk exposure of third party relationships that present the highest risk to Glencore. This applies particularly to intermediaries, charitable contributions, sponsorships and community investments. The procedure also requires ongoing training, monitoring and review of the relationships.

Through our Joint Ventures and Mergers and Acquisitions Procedure, we ensure that our Ethics and Compliance programme is implemented at all JVs that we control or operate. For JVs which we do not control or operate, we seek to influence our JV partners to adopt our commitment to responsible business practices and implement appropriate compliance programmes.

In respect of mergers and acquisitions, we conduct thorough pre-transaction due diligence and incorporate acquired or merged entities which we control or operate, into our Ethics and Compliance programme.

Training and awareness

Training

Training on and awareness of our policies, standards, procedures, and guidelines are critical components of our Ethics and Compliance programme. They ensure our employees and relevant contractors understand the behaviour expected of them and provide guidance on how they can identify and practically approach ethics and compliance dilemmas in their daily work.

The outbreak of Covid-19 has presented some challenges to the implementation of our training and awareness programme. Our aim has been to reduce the impact Covid-19 has had on in-person training through remote learning strategies. In order to make our online training sessions more engaging and effective, we have used live voting tools which give the audience an opportunity to actively participate. We have also redesigned some of our awareness materials so that they can be viewed and accessed in an electronic-friendly format. Employees can also easily refer to these materials via the Glencore Ethics and Compliance app on their mobile devices.

Our training programmes mix e-learning with face-to-face training. We tailor our training and awareness materials and make them relevant by including hypothetical scenarios illustrating how ethics and compliance dilemmas might manifest themselves in employees' daily work.

New joiners receive face-to-face compliance training sessions on our Values, Code of Conduct, and key compliance risks including how to raise concerns.

E-learning sessions are designed for employees and contractors with regular access to a work computer. Where regular access to a work computer is not available, employees and contractors receive training in other ways, including induction sessions, pre-shift training and toolbox talks.

Business Partner Management Framework

Code of Conduct

Key subject matter risk areas

Bribery and corruption	Sanctions	Money laundering

Corporate policies, procedures, and standards

KYC standard – Industrial Assets
Suppliers/service providers engaged in industrial assets

KYC Procedure – Marketing
Suppliers/service providers engaged in marketing and customers engaged in marketing and industrial assets

→ Onboarding form → Due diligence | Ongoing monitoring (screening) | Renewal

Third Party Due Diligence and Management Procedure (applicable to marketing and industrial assets)
Business generating and government facing intermediaries, third parties managing a community investment and recipients of charitable contributions and sponsorships

→ Onboarding form → Enhanced due diligence and business justification review | Training | Ongoing monitoring (screening, periodic audits and visits) | Termination /offboarding

Joint Venture and Mergers and Acquisitions Procedure

Pre Transaction approval | Due diligence of JV partners and JV operations | Assessment of JV controls and compliance strategies | Implementation of compliance strategies | Ongoing monitoring

Number of employees completing compliance e-Learnings in 2020*

Code of conduct
39,891
(38,523 in 2019)
Covers: Glencore's expectations on how to do business safely, responsibly, ethically and legally

Conflict of interest
24,875
(new training in 2020)
Covers: the different types of conflicts of interest, how to recognise conflicts, and what to do if they arise

Anti-bribery and corruption
24,961
(29,481 in 2019)
Covers: facilitation payments, gifts and entertainment, and dealings with public officials

Sanctions
19,708
(28,574 in 2019)
Covers: our approach to sanctions, due diligence of counterparties, and screening of vessels

Audience: employees and contractors with regular access to a work computer, and in the case of the specific risk e-Learnings, those employees and contractors who are due to the nature of their roles more exposed to conflict of interests , bribery and corruption or sanctions risks.

Number of employees attending in-person training on key compliance risks in 2020

Anti-bribery and corruption
5,351
in 277 sessions
Audience: employees and contractors especially exposed to bribery and corruption risks and whose role may require them to interact with third parties.
Sessions tailored to employees in various functions using scenarios relevant to their roles

Anti-bribery and corruption / Sanctions / Money laundering red flags
245
in 19 sessions
Audience: senior marketing office employees especially exposed to bribery and corruption, sanctions and money laundering risks.
Highly interactive sessions on how to identify red flags. Case studies focused on how these key risks might present themselves in real situations and how to mitigate exposure

* The 2020 e-Learning completion numbers have reduced due to the carve-out of the agriculture business Viterra (formerly Glencore Agriculture), which is now managing its own independent compliance programme with oversight from its shareholders including Glencore.

We also train and develop our own compliance personnel to increase their understanding of key compliance risks and important developments. We encourage them to participate in relevant conferences, lectures, webinars and podcasts, where possible, to continuously enhance their knowledge and skills.

Awareness

Awareness-raising activities and initiatives, in addition to online and face-to-face training, are key to reminding employees of the importance of ethics and compliance. While in-person activities and initiatives have been heavily impacted by Covid-19, we have continued to develop awareness materials in the form of electronic guides, checklists, newsletters, videos and intranet communications.

We also continue to develop content for the Glencore Ethics and Compliance app which supports employees in making choices in line with our Values, our Code of Conduct and the law. It provides easy, user-friendly mobile access to key ethics and compliance principles, and allows for easy access to our Raising Concerns platform, Conflicts of Interest declaration platform, and Gifts and Entertainment register.

Ethics and Compliance event in the DRC

To mark the United Nations Anti-Corruption Day, on 10 December 2020, in collaboration with the newly created Congolese Anti-Corruption Agency (l'Agence de Prévention et de Lutte contre la Corruption – APLC), the Mining Chapter of Congolese Federation of Companies (FEC) and La Société Générale des Carrières et des Mines (Gécamines), we sponsored a well-attended ethics and compliance event in Kinshasa, Democratic Republic of the Congo (DRC).

The objective of the event was to bring together key stakeholders from business, government and non-governmental organisations to discuss their experiences and approach to anti-bribery and corruption in the DRC.

We introduced the audience to our Ethics and Compliance programme, our Values, and Code of Conduct, including our approach to anti-bribery and corruption and conflicts of interest. A panel which alongside Glencore, included representatives from Gécamines and the FEC, engaged in an open discussion on these topics before the event concluded with remarks from the newly appointed Head of the APLC.

Monitoring

We regularly monitor and test the implementation of our Ethics and Compliance programme in order to determine its effectiveness, and that it is operationalised and embedded into business operations. The monitoring activities also enable us to identify opportunities for improvement that help develop and evolve the programme and respond to changes in our business, the environments we operate in and applicable laws and regulations.

Our Annual Monitoring Plan comprises on-site and desktop reviews. On-site reviews are visits to our offices and/or industrial assets to assess the implementation of our Ethics and Compliance programme. In light of the Covid-19 outbreak, these reviews have been performed remotely. Desktop reviews focus on the analysis and transaction testing of either compliance processes and controls or other processes, systems and controls that the Monitoring team can access centrally.

We have implemented a number of systems across the Group to ensure that we consistently manage and track our compliance data across all of our different modules. This includes risk assessment, training and policies, and gives us an overall picture of the risks in each of our offices and industrial assets and the status of implementation of our programme.

Speaking openly and raising concerns

We are committed to creating a culture where everyone feels free to speak about concerns in a secure and confidential way. We do not tolerate retaliation against anyone who speaks openly about conduct they believe is unethical, illegal or not in line with our Code and policies, even if the concern is not substantiated. To assist in achieving these objectives we implemented our Whistleblowing Policy during 2020.

We encourage whistleblowers to first raise concerns with relevant managers or supervisors as they are usually best equipped to resolve concerns quickly and effectively. Reporters also have the option of reaching out to nominated whistleblowing contacts, who are members of senior management at the office or industrial asset.

If a concern remains unresolved or a whistleblower is uncomfortable using local channels, concerns can also be reported via our Raising Concerns Programme, our corporate whistleblowing programme, managed in Switzerland.

Raising Concerns allows whistleblowers to raise concerns anonymously in any of 21 languages, by internet or phone. Hotlines are available in most of the countries where we operate, and details are published on the platform's website and on posters at offices and industrial assets.

All concerns are taken seriously and handled promptly, using an objective, fact-based rationale. Concerns are investigated either by our corporate office in Switzerland, or locally, depending on factors such as the nature and severity of the concern.

In 2020, the programme received 413 reports of concerns (2019: 500), with the following breakdown:

Type of concerns	Business Integrity – 143 (35%); HR – 190 (46%); HSEC-Human Rights – 57 (14%); Others – 23 (5%).
Raised via	Web – 267; Phone – 115; and Email/Other (such as direct contact with compliance/asset management) – 31.
Closed concerns substantiated / partially substantiated	22%* (2019 – 28%)

*As percentages of closed concerns as at 31 January 2021.

Discipline

Glencore expects all employees to act in accordance with our Values, Code of Conduct and policies, regardless of role or location. Glencore takes breaches of our Code of Conduct and policies seriously. Anybody working for Glencore who breaches the Code of Conduct, policies, procedures or the law may face disciplinary action, including dismissal.

Interview with our local Compliance team in the DRC

Samy Senot Doss, Regional Compliance Officer (RCO)
Samy is responsible for the implementation of our Ethics and Compliance programme in Central Africa. He is based in the Democratic Republic of Congo.

Why did you choose to work for Glencore?

Through its unique scale, Glencore can have a considerable influence on – and be a role model for – other companies in Africa through the way we integrate ethics and compliance into how we do business.

What do you enjoy about working at Glencore?

Glencore doesn't hesitate to support and encourage new ideas and initiatives if they improve the way of working. The effective implementation of an ethics and compliance programme requires a commitment to continuous improvement. In particular, in my current environment, one has to be willing to continually seek out new ways to get people to understand the importance of doing business the right way. Being at the forefront of Glencore's ethics and compliance strategy in the DRC has been enriching and rewarding. Since I started here, I've also enjoyed being part of the Group's support for the transition to a low-carbon economy. Our membership of the Fair Cobalt Alliance, which aims to improve working conditions and eliminate child labour, supports our Value of Integrity and our vision and long-term strategy for being an internationally respected mining business that responsibly produces and trades commodities.

What do you think makes a good Regional Compliance Officer?

A good RCO should be an unbiased technician, seeking to reach consistent decisions and able to clearly demonstrate the rationale for those decisions. The aim is to create and strengthen trust in the RCO amongst all stakeholders and be a trusted advisor.

Being a good RCO requires the ability to adapt and be flexible, especially in Africa, where implementing an ethics and compliance programme in this jurisdiction and industry can be complicated. There are many challenges that require you to be active and deeply involved in the business to understand the dynamics and issues.

Lastly, you need to be able to quickly identify where the ethics and compliance risks lie and foresee when projects – although well intentioned – could lead to non-compliant practices. One example of this is the Covid-19 pandemic response, where donations could be well intentioned, but still need to be looked at carefully as they can raise compliance issues.

What do you like most about your job as Regional Compliance Officer in the Central and North Africa region?

Over the course of my career in Compliance, the statement I hear that bothers me most is: "This is the way we do things around here".

Every day that statement motivates me to do my best to show stakeholders why doing business the right way is essential to our success. My role is to raise the standards and challenge some of the practices in this region, and I find that really exciting.

A rigorous and standardised approach draws a clear line between what can be allowed and what is clearly prohibited, regardless of the place of operation.

What's the biggest challenge you face as Regional Compliance Officer?

In general, I'm pleasantly surprised by the commitment and engagement of the different stakeholders to make a difference in how business is conducted in this part of the world. Everyone knows the stakes are high and wants to contribute at his or her own level to support compliance. There's an earnest, shared desire to improve the business climate, but sometimes the lack of coordination and alignment amongst the various stakeholders can limit the impact of individual company initiatives.

Hyacinthe Twite Wa Kisanga, Local Compliance Officer
Hyacinthe works closely with Samy as a full-time member of the Compliance team and is responsible for implementing our Ethics and Compliance programme at the Kamoto Copper Company in the Democratic Republic of Congo.

What led you to Compliance and what do you enjoy most about it?

It was the opportunity to add value to support the business in achieving its objectives in the right way. Compliance offers a dynamic career because it's always evolving and therefore one is always learning.

I enjoy learning through doing in Compliance. It's the real-life, day-to-day situations that have enriched my knowledge and developed my skills. Each day, I must listen to and engage with different stakeholders, understand and analyse complex issues and suggest concrete solutions. At the same time, I have to demonstrate firmness, common sense, courage and diplomacy in decision-making.

What does your typical work day look like?

No one day is quite like any other. My time and energy are mostly focused on the implementation of compliance policies and procedures, performance of third party due diligence for intermediaries, review of donations and social community projects, and training according to our training plan. The training varies. It might be a training session for senior management on red flags or it may be training new employees to give them an introduction to our Values, the Code of Conduct, and key company policies. We also train them on the importance of speaking up and raising concerns if they witness a breach of our Code, our Values or the law.

In the DRC we have a significant community investment programme, so I spend a lot of my time doing due diligence and analysis on the programme's beneficiaries that fall under the scope of our Third Party Due Diligence and Management Procedure. An example might be a community investment project for the supply of water to a community surrounding the site.

FINANCIAL REVIEW

Robust adjusted earnings and cash flows in H2 2020 drove net debt down to our target range. Losses per share were mainly due to non-cash impairment charges. Cash flows from 2020 support a recommended 12¢/share distribution to shareholders in 2021

Steven Kalmin

Chief Financial Officer

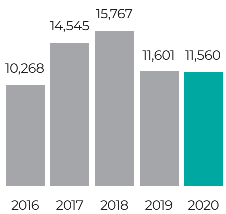
FINANCIAL RESULTS

Loss attributable to equity holders moved from a loss of $404 million in 2019 to a loss of $1,903 million in 2020 and EPS reduced from negative $0.03 per share to negative $0.14 per share. In a year of rapidly changing global economic conditions, our healthy overall underlying results reflects a year of two halves. The H1 2020 reported results were heavily impacted by the low commodity prices and challenging early pandemic environment, against which backdrop, various impairment charges were booked across our portfolio. H2 2020 delivered a net profit of $697 million as economies began to recover from the earlier severe Covid related lockdowns and uncertainty and commodity prices rebounded. The average LME copper price in H2 was 24% higher than in H1, while own sourced H2 copper production was up 15% over H1 levels.

Group Adjusted EBITDA◊

$11.6bn

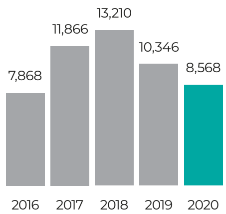
2019: $11.6bn



Cash generated by operating activities before working capital changes

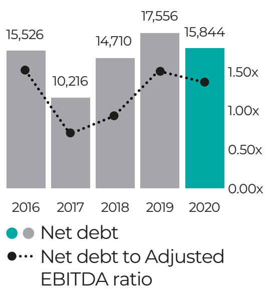
$8.6bn

2019: $10.3bn



Net debt/Adjusted EBITDA◊

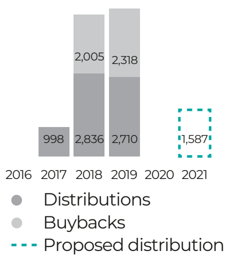
1.37x



Shareholder returns

12¢/share

proposed for 2021



Notwithstanding 2020 seeing two very different halves as noted above, average prices for many of our key commodities were broadly comparable to 2019, the main exceptions being gold, up 27% over 2019 and coal prices, which were materially down (GC Newc 22%, API2 19% and API4 12%) compared to 2019. During a year of uncertainty and volatility, the strength and flexibility of our business model (combining large-scale marketing and industrial activities), with broad geographic, commodity and activity diversification, enabled us to weather and mitigate the worst impacts of the pandemic.

Adjusted EBITDA was $11,560 million and Adjusted EBIT was $4,416 million in 2020, compared to $11,601 million and $4,151 million in 2019. This broadly consistent headline result masks differing performances and timing across the Marketing and Industrial segments. The Marketing activities segment increased its contribution to Group Adjusted EBITDA to 32 % (2019: 23 %) with an Adjusted EBITDA of $3,732 million, an increase of 42 % over 2019, continuing to build on its record first half contribution, benefitting from market volatility, dislocation and supportive pricing curve structures. Adjusted EBITDA from our Industrial activities segment was $7,828 million, 13 % lower than 2019, however, H2 2020 was up 17% over the comparable period and was double the H1 2020 contribution as its weighting to industrial metals was rewarded in H2 against a backdrop of recovering economies and higher prices, clearly aided by necessary accommodative monetary conditions and governmental fiscal support.

Reflecting such business mix, Adjusted EBITDA mining margins improved to 36% (2019: 28%) in our metal operations, but reduced to 17% (2019: 37%) in our energy operations. See page 64.

Highlights

US$ million	2020	2019	Change %
Key statement of income and cash flows highlights[1]:			
Revenue	142,338	215,111	(34)
Adjusted EBITDA◊	11,560	11,601	–
Adjusted EBIT◊	4,416	4,151	6
Net loss attributable to equity holders	(1,903)	(404)	(371)
Loss per share (Basic) (US$)	(0.14)	(0.03)	(380)
Funds from operations (FFO)[2]◊	8,325	7,865	6
Cash generated by operating activities before working capital changes	8,568	10,346	(17)
Net purchase and sale of property, plant and equipment[2]◊	3,921	4,966	(21)

US$ million	31.12.2020	31.12.2019	Change %
Key financial position highlights:			
Total assets	118,000	124,076	(5)
Net funding[2,3]◊	35,428	34,366	3
Net debt[2,3]◊	15,844	17,556	(10)
Ratios:			
FFO to Net debt[2]◊	52.5%	44.8%	17
Net debt to Adjusted EBITDA◊	1.37x	1.51x	(9)

Adjusted EBITDA/EBIT◊

Adjusted EBITDA by business segment is as follows:

	2020			2019			
US$ million	Marketing activities	Industrial activities	Adjusted EBITDA	Marketing activities	Industrial activities	Adjusted EBITDA	Change %
Metals and minerals	1,768	7,285	9,053	1,169	5,555	6,724	35
Energy products	2,053	1,039	3,092	1,515	3,854	5,369	(42)
Corporate and other[4]	(89)	(496)	(585)	(47)	(445)	(492)	19
Total	**3,732**	**7,828**	**11,560**	2,637	8,964	11,601	–
Segment change (%)	***42***	***(13)***					

Adjusted EBIT by business segment is as follows:

	2020			2019			
US$ million	Marketing activities	Industrial activities	Adjusted EBIT	Marketing activities	Industrial activities	Adjusted EBIT	Change %
Metals and minerals	1,667	3,054	4,721	1,089	1,016	2,105	124
Energy products	1,761	(1,365)	396	1,324	1,274	2,598	(85)
Corporate and other[4]	(89)	(612)	(701)	(47)	(505)	(552)	(27)
Total	**3,339**	**1,077**	**4,416**	2,366	1,785	4,151	6
Segment change (%)	***41***	***(40)***					

1 Refer to basis of presentation below.
2 Refer to page 48, also noting that 2019 FFO materially impacted by the lag of income taxes paid in 2019, in respect of 2018 profitability.
3 Includes $652 million (2019: $607 million) of Marketing related lease liabilities.
4 Corporate and other Marketing activities includes $211 million pre-significant items (2019: $58 million) of Glencore's equity accounted share of Viterra.
◊ Adjusted measures referred to as Alternative performance measures (APMs) which are not defined or specified under the requirements of International Financial Reporting Standards; refer to APMs section on page 219 for definitions and reconciliations and note 2 of the financial statements for reconciliation of Adjusted EBIT/EBITDA.

Marketing activities

Marketing Adjusted EBITDA and EBIT increased by 42% to $3,732 million and by 41% to $3,339 million, respectively. As noted above, the scale and number of macro forces in H1 2020 (primarily Covid linked, but also OPEC+'s supply response deliberations), and in H2 a rebound in demand for commodities coupled with supply constraints, led to extreme levels of market volatility, amid rapidly and materially changing underlying supply and demand scenarios. This backdrop provided overall supportive physical commodity marketing conditions. Metals and minerals Adjusted EBIT was up 53%, or a more comparable 16%, adjusting for the $350 million of largely non-cash cobalt accounting losses recognised in the base period. Energy products Adjusted EBIT was up 33% over 2019, as exceptional price movements and dislocations across crude oil and refined products, combined with soaring demand for and prices of storage and logistics, enabled our oil department to deliver a record yearly performance. Our 50% share of earnings from the Viterra (formerly Glencore Agri) agricultural business (captured within Corporate and Other) was $211 million (post-interest and tax) compared to $58 million in 2019, also reflecting good business opportunities captured during the year and strong procurement margins on the back of generally healthy crop sizes.

Industrial activities

Industrial Adjusted EBITDA decreased by 13% to $7,828 million (Adjusted EBIT was $1,077 million, compared to $1,785 million in 2019). The decrease was primarily driven by overall weaker average year-over-year commodity prices (coal being the main driver) and the impacts of the pandemic on our coal and oil operations, in the form of periods of stopped or reduced work, notably in Colombia, South Africa and Chad, followed by market-related supply reductions in Australia through H2.

EARNINGS

A summary of the differences between reported Adjusted EBIT and income attributable to equity holders, including significant items, is set out in the following table:

US$ million	**2020**	2019
Adjusted EBIT◊	4,416	4,151
Net finance and income tax expense in relevant material associates and joint ventures[1]	(580)	(337)
Proportionate adjustment Volcan[1]	(46)	(106)
Net finance costs	(1,453)	(1,713)
Income tax expense[2]	(306)	(369)
Non-controlling interests	454	816
Income attributable to equity holders of the Parent pre-significant items	2,485	2,442
Earnings per share (Basic) pre-significant items (US$)[3◊]	0.19	0.18
Significant items◊		
Share of Associates' significant items[4]	(92)	(292)
Movement in unrealised inter-segment profit elimination[5]	(760)	468
Net loss on disposals of non-current assets[6]	(36)	(43)
Other expense – net[7]	(173)	(173)
Impairments[8]	(6,392)	(2,843)
Income tax credit/(expense)[2]	1,476	(249)
Non-controlling interests' share of significant items[9]	1,589	286
Total significant items	(4,388)	(2,846)
(Loss)/income attributable to equity holders of the Parent	(1,903)	(404)
(Loss)/earnings per share (Basic) (US$)	(0.14)	(0.03)

1 Refer to note 2 of the financial statements and to APMs section for reconciliations.
2 Refer to other reconciliations section for the allocation of the total income tax expense between pre-significant and significant items.
3 Based on weighted average number of shares, refer to note 17 of the financial statements.
4 Recognised within share of income from associates and joint ventures, see note 2 of the financial statements.
5 Recognised within cost of goods sold, see note 2 of the financial statements.
6 Refer to note 4 of the financial statements and to APMs section for reconciliations.
7 Recognised within other expense – net, see note 5 of the financial statements and to APMs section for reconciliations.
8 Refer to note 6 and 10 of the financial statements and to APMs section for reconciliations.
9 Recognised within non-controlling interests, refer to APMs section.

Significant items

Significant items are items of income and expense, which, due to their nature and variable financial impact or the expected infrequency of the events giving rise to them, are separated for internal reporting, and analysis of Glencore's results to aid in providing an understanding and comparative basis of the underlying financial performance.

In 2020, Glencore recognised a net expense of $4,388 million (2019: $2,846 million) in significant items comprised primarily of:

- Expenses of $92 million (2019: $292 million) relating to Glencore's share of significant expenses recognised directly by our associates. 2020 had no individually material items. In 2019, the expense primarily related to impairments and other items in Viterra (net $73 million), Trevali ($65 million) and Oil vessels' entities ($62 million).
- Net loss on disposals of non-current assets of $36 million (2019: $43 million) see note 4.
- Income tax credit of $1,476 million (2019: expense of $249 million) – see income taxes below.
- Other income/(expense) – net expenses of $173 million (2019: $173 million) see note 5. Balance primarily comprises:
  - $438 million (2019: $47 million) of mark-to-market gains on equity investments / derivative positions accounted for as held for trading, including the commodity price linked deferred consideration related to the sale of Mototolo in 2018.
  - $192 million net loss (2019: $70 million) on foreign exchange movements.
  - $113 million (2019: $159 million) relating to certain legal matters and the ongoing investigations (legal, expert and compliance) related costs (see note 31).
  - $214 million (2019: $173 million) of closure and severance costs, primarily relating to suspension of operations at Prodeco coal in Colombia and the closure of the Aguilar zinc mine in Argentina. 2019 related to transition of the Mutanda operation to temporary care and maintenance, ongoing mine optimisation review at Katanga and closure of the Brunswick lead smelter.
  - $Nil (2019: gain of $325 million). The 2019 gain related to the settlement of an outstanding claim (reversing a prior period provision of the same amount), through the effective sale of previously recognised liabilities that the Group assumed in 2018, following termination of a 50:50 consortium with Qatar Investment Authority and its associated investment in OSJC Rosneft
- Impairments of $6,392 million (2019: $2,843 million), see notes 6 and 10. The 2020 charge primarily relates to the:
  - Chad oil operations ($673 million), due to lower oil price assumptions and operational impacts from Covid-19 restrictions to international mobility.
  - Astron oil refinery ($480 million), primarily due to lower projected oil refining margins, following the global macro-economic impact of Covid-19 on refined petroleum product demand and resulting global refinery overcapacity.
  - Prodeco coal operations ($835 million) owing to continued pressure on the API 2 European coal market and seeking to place the operations on extended care and maintenance, which application was rejected by the government.
  - In addition, a $445 million impairment was recognised within share of income from associates relating to our investment in Cerrejón, our 33.3% interest in a Colombian coal operation (see note 11).

- Mopani copper operations ($1,041 million), owing to persistent operational challenges, results from further technical analysis, delays in key development projects and cost increases, resulting in the decision to transition mining operations to care and maintenance, and ultimately culminating in an agreed sale to ZCCM expected to close in H1 2021.
- Volcan zinc operations ($2,347 million), resulting in a Glencore attributable amount of $380 million (after tax and non-controlling interest), reflecting revised confidence levels in deploying capital to longer-term greenfield projects / resources.
- Lydenburg ferrochrome smelter ($116 million), owing to the challenging operating, cost and market environment across the South African ferrochrome industry, necessitating Glencore to make production and cost reductions.

The 2019 impairments related primarily to the Prodeco coal operations ($514 million), the Chad oil operations ($538 million), the Mutanda copper operations in the DRC ($300 million), Oxidos and Cerro de Pasco operations ($378 million) and VAT impairments in respect of long overdue claims, predominantly in Zambia ($162 million).

Net finance costs

Net finance costs were $1,453 million during 2020, a 15% decrease compared to $1,713 million in the comparable reporting period, primarily due to lower average base rates (mainly US$ Libor). Interest expense for 2020 was $1,573 million, down 19% over 2019 and interest income was $120 million compared to $227 million in the prior year.

Income taxes

An income tax credit of $1,170 million was recognised during 2020, compared to an expense of $618 million in 2019. Adjusting for $1,476 million (2019: net expense of $249 million) of net income tax credit related to significant items (primarily impairments and tax losses recognised/not recognised), the 2020 pre-significant items income tax expense was $306 million (2019: $369 million). The 2020 effective tax rate, pre-significant items, was 29.7%, consistent with the 30.5% in 2019.

STATEMENT OF FINANCIAL POSITION

Current and non-current assets

Total assets were $118,000 million as at 31 December 2020, compared to $124,076 million as at 31 December 2019. Current assets increased from $41,410 million to $43,212 million, primarily due to an increase in marketing inventories on account of higher metals commodity prices (copper, zinc and aluminium up 26%, 20% and 11% respectively) and higher carried oil volumes at year-end relative to 2019. Non-current assets decreased from $82,666 million to $74,788 million, primarily due to impairments to property, plant and equipment of $5,250 million, transfer of Mopani to 'assets held for sale', lower capital expenditure over the period (below depreciation and amortisation expense) and mark-to-market adjustments (loss of $630 million) with respect to our investments carried at fair value through other comprehensive income (see note 10).

Current and non-current liabilities

Total liabilities were $83,598 million as at 31 December 2020, compared to $84,840 million as at 31 December 2019. Current liabilities were broadly consistent with the prior year at $39,441 million. Non-current liabilities decreased from $45,832 million to $44,157 million, primarily due to a decrease in deferred tax liabilities of $1,373 million resulting from the tax-effect of impairments noted above.

Movements relating to current and non-current borrowings are set out below in the net funding and net debt movement reconciliation.

Equity

Total equity was $34,402 million as at 31 December 2020, compared to $39,236 million as at 31 December 2019, the movement primarily reflecting the loss for the year of $3,946 million, including non-controlling interests, and the movements in other comprehensive income/(loss) noted below.

Other comprehensive income/(loss)

A loss of $885 million was recognised during 2020, compared to a gain of $285 million in 2019 primarily relating to mark-to-market losses of $630 million, mainly with respect to our investment in Russneft (see note 10) and exchange losses on translation of foreign operations of $189 million, primarily relating to our South African ZAR-denominated subsidiaries.

CASH FLOW AND NET FUNDING/DEBT

The reconciliation in the table overleaf is the method by which management reviews movements in net funding and net debt and comprises key movements in cash and any significant non-cash movements in net funding items.

Net funding as at 31 December 2020 increased by $1,062 million to $35,428 million and net debt (net funding less readily marketable inventories) decreased by $1,712 million over the period to $15,844 million.

Funds from operations were up 6% compared to 2019, more than covering the full increase in working capital of $4,318 million (including inventories) and the $3,921 million of net capital expenditure.

Business and investment acquisitions and disposals

Net outflows from acquisitions and investments were $265 million (2019: $147 million) over the year, comprising primarily cash derecognised upon disposal of Minera Alumbrera Limited, the finalisation of acquiring a 30% interest in PT CITA Mineral Investindo Tbk and the acquisition of the remaining 0.5% minority interest held in Katanga Mining Limited. The net outflow in 2019 was primarily the minority buy-outs within existing operations (additional 10% in Ulan and 2.7% in Hail Creek).

Liquidity and funding activities

In 2020, the following significant financing activities took place:

- In March 2020 (effective May 2020), Glencore refinanced and extended its committed revolving credit facilities on the same commercial terms as 2019. As at 31 December 2020, the facilities comprise:
  - a $9,975 million 12-month revolving credit facility with a 12-month term-out option at Glencore's discretion, and a 12-month extension option; and
  - a $4,650 million 5-year revolving credit facility, with a 12-month extension option.
- In September 2020, issued:
  - 7.5 year EUR 850 million, 1.125% coupon bonds
  - 5.5 year CHF 225 million, 1.000% coupon bonds
  - 5 year $1,000 million, 1.625% coupon bonds
  - 10 year $1,000 million, 2.500% coupon bonds
- In December 2020, issued 7.5 year EUR 100 million, 1.125% coupon bonds

As at 31 December 2020, Glencore had available committed liquidity amounting to $10.3 billion.

CASH FLOW AND NET FUNDING/DEBT

Net funding

US$ million	31.12.2020	31.12.2019
Total borrowings as per financial statements	37,479	37,043
Proportionate adjustment – net funding[1]	(553)	(778)
Cash and cash equivalents	(1,498)	(1,899)
Net funding◊	**35,428**	**34,366**

Cash and non-cash movements in net funding

US$ million	31.12.2020	31.12.2019
Cash generated by operating activities before working capital changes	8,568	10,346
Proportionate adjustment – Adjusted EBITDA[1]	1,930	1,522
Other non-cash adjustments included within EBITDA	15	13
Net interest paid[1]	(1,042)	(1,368)
Tax paid[1]	(1,189)	(2,814)
Dividends received from associates[1]	43	166
Funds from operations◊	**8,325**	**7,865**
Net working capital changes[2]	(4,318)	2,175
Acquisition and disposal of subsidiaries – net[2]	(222)	(117)
Purchase and sale of investments – net[2]	13	(6)
Purchase and sale of property, plant and equipment – net[2]	(3,921)	(4,966)
Net margin receipts in respect of financing related hedging activities	1,040	529
Acquisition of non-controlling interests in subsidiaries	(56)	(24)
Distributions paid and transactions of own shares – net	(127)	(5,327)
Cash movement in net funding	**734**	**129**
Net funding acquired in business combinations	–	(225)
Impact of adoption of IFRS 16	–	(865)
Change in lease obligations	(457)	(582)
Foreign currency revaluation of borrowings and other non-cash items	(1,339)	(685)
Total movement in net funding	**(1,062)**	**(2,228)**
Net funding◊, beginning of the year	(34,366)	(32,138)
Net funding◊, end of year	**(35,428)**	**(34,366)**
Less: Readily marketable inventories[2]	19,584	16,810
Net debt◊, end of year	**(15,844)**	**(17,556)**

1 Refer to APMs section for definition and reconciliations.
2 Refer to Other reconciliations section.

CREDIT RATINGS

In light of the Group's extensive funding activities, maintaining investment grade credit rating status is a financial priority. The Group's credit ratings are currently Baa1 (negative outlook) from Moody's and BBB+ (stable) from Standard & Poor's. Glencore's publicly stated objective, as part of its overall financial policy package, is to seek and maintain strong Baa/BBB credit ratings from Moody's and Standard & Poor's respectively. In support thereof, Glencore targets a maximum 2x Net debt/Adjusted EBITDA ratio through the cycle, augmented by an upper Net debt cap of c.$16 billion, excluding Marketing related lease liabilities ($0.7 billion as at 31 December 2020, representing primarily chartered vessels and various storage facilities, where the majority of such commitments expire within 2 years).

RECOMMENDED DISTRIBUTION

The Directors have recommended a 2020 financial year cash distribution of $0.12 per share amounting to $1.6 billion, accounting for own shares held as at 31 December 2020. Payment will be effected as a $0.06 per share distribution in May 2021 and a $0.06 per share distribution in September 2021 (in accordance with the Company's announcement of the 2021 Distribution timetable made on 16 February 2021).

The distribution is to be effected as a reduction of the capital contribution reserves of the Company. As such, this distribution would be exempt from Swiss withholding tax. As at 31 December 2020, Glencore plc had CHF 27 billion of such capital contribution reserves in its statutory accounts. The distribution is subject to shareholders' approval at Glencore's AGM on 29 April 2021.

The distribution is ordinarily paid in US dollars. Shareholders on the Jersey register may elect to receive the distribution in sterling, euros or Swiss francs, the exchange rates of which will be determined by reference to the rates applicable to the US dollar around this time. Shareholders on the Johannesburg register will receive their distribution in South African rand. Further details on distribution payments, together with currency election and distribution mandate forms, are available from the Group's website **glencore.com** or from the Company's Registrars.

Basis of presentation

The financial information in the Financial and Operational Review is on a segmental measurement basis, including all references to revenue (see note 2) and has been prepared on the basis as outlined in note 1 of the financial statements, with the exception of the accounting treatment applied to relevant material associates and joint ventures for which Glencore's attributable share of revenues and expenses are presented. In addition, the Peruvian listed Volcan, while a subsidiary of the Group, is accounted for under the equity method for internal reporting and analysis due to the relatively low economic interest (23%) held by the Group.

The Group's results are presented on an "adjusted" basis, using alternative performance measures (APMs) which are not defined or specified under the requirements of IFRS, but are derived from the financial statements, prepared in accordance with IFRS, reflecting how Glencore's management assess the performance of the Group. The APMs are provided in addition to IFRS measures to aid in the comparability of information between reporting periods and segments and to aid in the understanding of the activities taking place across the Group by adjusting for Significant items and by aggregating or disaggregating (notably in the case of relevant material associates and joint ventures accounted for on an equity basis) certain IFRS measures. APMs are also used to approximate the underlying operating cash flow generation of the operations (Adjusted EBITDA). Significant items (see reconciliation below) are items of income and expense, which, due to their nature and variable financial impact or the expected infrequency of the events giving rise to them, are separated for internal reporting, and analysis of Glencore's results, to aid in providing an understanding and comparative basis of the underlying financial performance.

Alternative performance measures are denoted by the symbol◊ and are further defined and reconciled to the underlying IFRS measures in the APMs section on page 219.

Non-financial information statement

We aim to comply with the Non-Financial Reporting Directive requirements from sections 414CA and 414CB of the UK Companies Act 2006. The table below sets out where relevant information is located in this report

Reporting requirements	Policies	Reference in 2020 annual report
1. Environmental Matters	• Sustainability Policy • Code of Conduct	• Climate change, page 16 • Climate change risk, pages 82 – 83 • Health, safety, environment risk, pages 80 – 81 • Sustainability, page 32
2. Employees	• Code of Conduct • SafeWork programme • Conflict of Interest Policy • Sustainability Policy • Diversity Policy • Corporate Anti-Discrimination and Harassment Policy • Corporate Recruiting Policy	• Operating risk, page 79 • Our people, page 27 • Ethics and Compliance, page 38
3. Human Rights	• Human Rights Policy • Annual Modern Slavery Statement • Sustainability Policy • Code of Conduct	• Community and human rights risk pages 83 – 84 • Sustainability, page 32
4. Social Matters	• Code of Conduct • Sustainability Policy	• Community and human rights risk, pages 83 – 84 • Sustainability, page 32 • Our people, page 27
5.Anti-corruption and anti-bribery	• Code of Conduct • Global Anti-Corruption Policy	• Laws and enforcement risk, pages 76 – 77 • Ethics and Compliance, page 38
6. Business model		• Business model, page 8
7. Principal Risk and Uncertainties		• Risk management, page 70
8. Non-financial key performance indicators		• Non-financial key performance indicators, page 23

STORIES FROM THE YEAR

Recycling: A case study

DECADES OF RECYCLING EXPERTISE

Giving metals and minerals a second life: a profile of our recycling activities

Recycling is becoming an increasingly important part of Glencore's business and reflects our purpose of responsibly sourcing the commodities needed to advance everyday life.

As the world's population increases and countries continue to develop and industrialise, society will need more metals and minerals. Although we will still need mining to meet global demand, recycling is playing an essential role.

Our recycling activities are carried out both by our dedicated business, Glencore Recycling, and by our commodity businesses, in particular Nickel and Zinc. Through these activities, we give recyclable materials a second life and divert them from landfill, helping minimising the environmental impacts.

GLENCORE RECYCLING

Glencore Recycling is a market leader in the recycling of copper and precious metals, with decades of experience in the industry, recycling more than one million tonnes of scrap electronics since the 1990s. In 2020, we recovered approximately 27kt copper, 132koz gold, 1.3moz silver, 16koz palladium, and 5koz platinum from recyclable input feeds.

This fully integrated business, with facilities in the United States and Canada, sources recyclable materials from original equipment manufacturers (OEMs), other end-of-life sources and processors before sampling and determining value. It then smelts and refines the materials, before marketing them directly to our customers.

Its approach is underpinned by three core areas: leading technological expertise, a commitment to customer excellence and embedding sustainability across the business.

Our plants, laboratories and technical capabilities enable us to accurately sample and treat a wide range of complex materials, while through our smelting and refining capabilities we produce London Metal Exchange (LME) grade copper and precious metals.

We work closely and flexibly with customers to understand their requirements, ensuring prompt turnaround times and logistics solutions, and helping them maximise returns.

By working to the electronics industry's leading responsible recycling standards, and undergoing third party health, safety and environmental management assurance at our facilities, we close the loop between processors, manufacturers and consumers.

RECYCLING WITHIN OUR NICKEL AND ZINC BUSINESSES

In Canada, our Sudbury Integrated Nickel Operations (INO) is one of the world's largest processors of secondary nickel and cobalt bearing materials, including alloy scrap, battery materials, plating residues and spent catalysts. Sudbury INO has built a solid reputation for recycling, established over 30 years in the areas of receiving, sampling and the effective recovery of metals contained in end-of-life materials. In 2020, we recovered approximately 4.6kt of nickel and 2kt cobalt. The secondary materials processed are then further refined at our Nikkelverk refinery in Norway into finished products with purities amongst the highest in the world.

Our Portovesme lead and zinc smelter in Sardinia, Italy, processes electric arc furnace (EAF) steel dust. EAF dust is a zinc-containing by-product of the steel production process, and our recycling and processing of this material avoids it being sent to landfill. In 2020, we recovered approximately 57kt zinc directly from EAF dust. Glencore smelters recovered a further 103kt zinc from treatment of waelz oxides, which are also derived from steel industry EAF dust residues.

Any lead recovered from this process is also treated on site, together with spent car battery paste, mined lead concentrates and zinc smelter residues to produce refined lead.

To learn more about our recycling activities, visit **glencore.com/what-we-do/recycling**

Although we still need mining to meet global demand, recycling is playing an essential role

Kunal explains how a mobile phone or laptop is recycled: "Through collection and sorting stages, devices end up with an electronics pre-processor or recycler who dismantles them. Then, via automated or manual sorting, parts of the device will end up in three categories – plastics, steel or aluminium, and non-ferrous. This last category, which still has a significant amount of plastic, is sent to Glencore for recycling. At one of our recycling sites, such a feed will go through further processing to homogenise it.

The processed electronics feed will be sent to one of our copper smelters, and blended along with copper concentrates to produce copper anodes. The precious metals in the electronics feed will end up in the slimes. Both the anodes and the slimes then go to our copper refinery, and the output of that process is market grade copper cathodes, as well as gold and silver bars."

Breaking it down

Last year, we recovered approximately

27kt
copper

132koz
gold

1.25moz
silver

16koz
palladium

5koz
platinum

4.6kt
nickel

2kt
cobalt

160kt
zinc

OUR MARKETING BUSINESS

We responsibly source the commodities that advance everyday life – this means moving them from where they are plentiful to where they are needed

Ivan Glasenberg
Chief Executive Officer

MARKET INSIGHT AND CUSTOMER UNDERSTANDING

Our global scale and presence in more than 60 commodities across 35 countries gives us extensive market knowledge and insight to help us fully understand the needs of our customers.

ANTICIPATING SUPPLY AND DEMAND

Our strategy seeks to maximise value through our integrated marketing and industrial businesses working side-by-side to give us presence across the entire supply chain, delivering in-depth knowledge of physical market supply and demand dynamics and an ability to rapidly adjust to market conditions.

CREATING OPPORTUNITIES

The significant scale of both our own production and the volumes secured from third parties allows us to create margin opportunities from our ability to supply the exact commodities the market needs through processing and/or blending and optimisation of qualities.

GENERATING RETURNS

We generate returns as a fee-like income from distribution of physical commodities and arbitrage, including blending and other optimisation opportunities. Our use of hedging instruments results in profitability being largely determined by these activities rather than by absolute price movements.

Marketed volumes (tonnes/bbl)

Copper 3.4m	**Zinc** 2.8m
Nickel 149k	**Ferroalloys** 8.5m
Lead 1.0m	**Coal** 68.4m
Alumina/ aluminium 7.2m	**Crude oil** 791m

GETTING COMMODITIES TO WHERE THEY NEED TO BE

ARBITRAGE OPPORTUNITIES

Many of the physical commodity markets in which we operate are fragmented or periodically volatile. This can result in arbitrage: price discrepancies between the prices for the same commodities in different geographic locations or time periods.

Other factors with arbitrage opportunities include freight and product quality.

GEOGRAPHIC ARBITRAGE

Disparity

Different prices for the same product in different geographic regions, taking into account transportation and transaction costs.

Execution

Leverage global relationships and production, processing and logistical capabilities to source product in one location and deliver in another.

PRODUCT ARBITRAGE

Disparity

Pricing differences between blends, grades or types of commodity, taking into account processing and substitution costs.

Execution

Ensure optionality with commodity supply contracts, and look to lock-in profitable price differentials through blending, processing or end-product substitution.

TIME ARBITRAGE

Disparity

Different prices for a commodity depending on whether delivery is immediate or at a future date, taking into account storage and financing costs.

Execution

Book “carry trades” that benefit from competitive sources of storage, insurance and financing.

MARKET REVIEW AND OUTLOOK

Pandemic-related uncertainty drove industrial metal prices down in the first half, before a rapid recovery on robust Asian demand, and markets pricing in Covid's impact on commodity supply. Energy markets had a tough year, which also presented trading opportunities

Financial overview

US$ million	**Metals and minerals**	**Energy products**	**Corporate and other[1]**	**2020**	Metals and minerals	Energy products	Corporate and other[1]	2019
Revenue◊	54,847	69,290	–	124,137	73,561	120,627	–	194,188
Adjusted EBITDA◊	1,768	2,053	(89)	3,732	1,169	1,515	(47)	2,637
Adjusted EBIT◊	1,667	1,761	(89)	3,339	1,089	1,324	(47)	2,366
Adjusted EBITDA margin	3.2%	3.0%	n.m.	3.0%	1.6%	1.3%	n.m.	1.4%

1 Corporate and other Marketing activities includes $211 million (2019: $58 million) of Glencore's equity accounted share of Glencore Agri.

HIGHLIGHTS

Marketing delivered an outstanding performance. Adjusted EBIT of $3,339 million was up 41% up on 2019, building on the record first half contribution, which particularly benefitted from heightened market volatility, dislocation and supportive pricing curve structures. Financial and commodity markets were extremely volatile in the face of Covid uncertainty, where risk assets were initially heavily sold in March/April, later being met by enormous liquidty injections and economic stimulus worldwide and selective industrial demand recovery, particularly in China. Our diverse suite of commodities responded at different times through this period:

- base metals initially plunged to multi-year lows on demand-side fears, but many have since reached multi-year highs. The market's confidence in demand has returned, also recognising that supply growth has been weak, having itself been disrupted by the pandemic;
- energy prices were depressed through most of 2020, but ended the year on an upward trajectory as economic activity, particularly in China, picked up and supply reductions began to take hold;
- average prices for precious metals were markedly higher due to their often countercyclical characteristics

Our major commodity trading units performed well during this difficult year. Year-over-year EBIT increased by approximately $1 billion, of which $578 million was attributable to the Metals business, partly reflecting the reversal of the challenging cobalt market conditions from 2019 which led to significant marketing inventory writedowns in the base period. Energy Products EBIT increased by $437 million as exceptional price movements and dislocations across crude oil and refined products, combined with soaring demand for and prices of storage and logistics, enabled our oil department to deliver a record yearly performance.

Our 50% share of earnings from the Viterra agricultural business (captured within Corporate and Other) was $211 million (post-interest and tax) compared to $58 million in 2019.

Selected marketing volumes sold

	Units	**2020**	2019	Change %
Copper metal and concentrates[1]	mt	3.4	4.1	(17)
Zinc metal and concentrates[1]	mt	2.8	3.1	(10)
Lead metal and concentrates[1]	mt	1.0	1.1	(9)
Gold	moz	2.0	2.1	(5)
Silver	moz	64.9	68.3	(5)
Nickel	kt	149	181	(18)
Ferroalloys (incl. agency)	mt	8.5	9.5	(11)
Alumina/aluminium	mt	7.2	11.0	(35)
Iron ore	mt	57.6	65.5	(12)
Thermal coal[2]	mt	67.1	86.7	(23)
Metallurgical coal[2]	mt	1.3	6.5	(80)
Crude oil	mbbl	791	973	(19)
Oil products	mbbl	738	779	(5)

1 Estimated metal unit contained.
2 Includes agency volumes.

Market highlights

Copper

2020E global copper mine production[1]
-1.4%

Global visible copper inventory end-2020
c.11 days'
consumption[1]

Incremental copper demand from grid distribution and storage by 2050[2]
8.7Mt

1Mtpa
Forecast annual average demand growth from 2020 to 2050 under a Rapid Transition decarbonisation pathway[3]

Zinc

2016-2020E cumulative global zinc metal deficit[5]
c.2Mt

Global visible zinc exchange inventory end-2020
c.6 days'
consumption[6]

2020E growth in Chinese zinc metal consumption[5]
+1.0%
2020E global zinc metal demand growth: -5.5%[5]

2020E zinc mine supply[4]
12.5Mt
2020 forecast one year ago: 14Mt

Nickel

2016-2020E cumulative nickel market deficit[7]
40kt

Global visible nickel inventory end-2020
c.35 days'
consumption[7]

Primary nickel demand in batteries: 2016-2020E CAGR[8]
+25%

c.1Mt
Incremental primary nickel demand from EV batteries by 2030[8]

Coal

2020E Pacific seaborne thermal coal demand growth[8]
-7.2%

Coal share of 2030 forecast primary energy demand[9]
17%

2020E Pacific share of global seaborne thermal coal demand[8]
89%

2030E coal demand[9]
4.9bt
vs 2019 coal demand of 7.8bt

1 Wood Mackenzie Copper long-term outlook Q4 2020. Visible inventories comprise LME, SHFE, Comex and estimated Chinese bonded warehouse stock
2 Glencore modelled estimates under a Rapid Transition (IEA SDS) scenario, compared to 2020
3 Glencore, 2020 Investor Update, 4 December 2020, Slide 6
4 Wood Mackenzie Zinc long-term outlook Q4 2020 update compared with Q4 2019 update
5 Wood Mackenzie Zinc long-term outlook Q4 2020 update
6 Wood Mackenzie Zinc long-term outlook Q4 2020 update, exchange inventories comprise LME and SHFE.
7 Glencore estimates, visible inventories comprise LME and SHFE
8 Glencore estimates
9 Glencore modelled estimates under a Rapid Transition (IEA SDS) scenario

MARKET VARIABLES

Select average commodity prices

	Spot 31 Dec 2020	Spot 31 Dec 2019	Average 2020	Average 2019	Change in average %
S&P GSCI Industrial Metals Index	382	324	318	326	(2)
S&P GSCI Energy Index	164	207	138	199	(31)
LME (cash) copper price ($/t)	7,749	6,149	6,186	6,005	3
LME (cash) zinc price ($/t)	2,729	2,280	2,269	2,548	(11)
LME (cash) lead price ($/t)	1,976	1,914	1,826	1,999	(9)
LME (cash) nickel price ($/t)	16,554	13,950	13,803	13,944	1
Gold price ($/oz)	1,898	1,517	1,771	1,393	27
Silver price ($/oz)	26	18	21	16	31
Metal Bulletin cobalt price 99.3% ($/lb)	15	15	15	16	(6)
Ferro-chrome 50% Cr import, CIF main Chinese ports, contained Cr (¢/lb)	73	70	70	77	(9)
Iron ore (Platts 62% CFR North China) price ($/DMT)	154	86	105	90	17
Coal API4 ($/t)	93	79	64	72	(11)
Coal Newcastle (6,000) ($/t)	82	68	61	78	(22)
Oil price – Brent ($/bbl)	52	66	43	64	(33)

Currency table

	Spot 31 Dec 2020	Spot 31 Dec 2019	Average 2020	Average 2019	Change in average %
AUD : USD	0.77	0.70	0.69	0.69	–
USD : CAD	1.27	1.30	1.34	1.33	1
EUR : USD	1.22	1.12	1.14	1.12	2
GBP : USD	1.37	1.33	1.28	1.28	–
USD : CHF	0.89	0.97	0.94	0.99	(5)
USD : KZT	421	383	414	383	8
USD : ZAR	14.69	14.00	16.46	14.45	14

COPPER

Having started the year above $6,000/t, the spread of Covid-19 and the associated deteriorating demand outlook resulted in copper prices reaching a low of $4,372/t in March. Up to this point, the impacts to mine and scrap supply were limited. The low price environment was temporary, as supply disruptions from containment measures extended globally, particularly mine supply from South and Central America, while consumption in China began to improve, supported by significant monetary and fiscal stimulus. Refined copper inventories subsequently reached multi-year lows, signaling a tight physical market. Net imports of refined copper to China increased to record monthly levels from mid-2020. Cathode premiums consequently improved to their highest levels in five years and strong competition for concentrates saw treatment and refining charges moving to levels last seen in 2012.

The improving global demand conditions during the second half of the year and continued financial stimulus measures, resulted in a strong recovery in copper prices, supported by ongoing strong demand from China, declining visible inventories and more recently, improved demand growth expectations with regards to the longer term energy transition. Mine supply and logistics disruptions persisted into the second half, although to a lesser extent. Net-speculative positioning continued to move long in the run-up to year end and the copper price moved above $8,000/t in December, an increase of more than 80% from the low-point in March, and reaching the highest level since early 2013.

Looking forward, mine supply is expected to continue to be impacted by measures taken to contain the spread of Covid-19, with projects under construction likely to experience further delays. Supply growth is also constrained by ageing assets, declining ore grades and a diminished project pipeline. For 2021, annual treatment and refining charges settled at their lowest levels in 10 years and benchmark annual cathode premiums rolled over at 2020 levels, reflecting the positive demand outlook for copper consumption and anticipated restocking through supply chains. In the near term, we expect demand to continue to recover ex-China and to remain strong in China, supported by economic stimulus measures, Covid vaccine rollouts and a return to steady growth rates longer term, driven by population growth and rising living standards in emerging economies. In addition, climate change policies will be a key driver for copper growth sectors going forward, from renewable power generation and distribution, to energy storage and electric vehicles.

COBALT

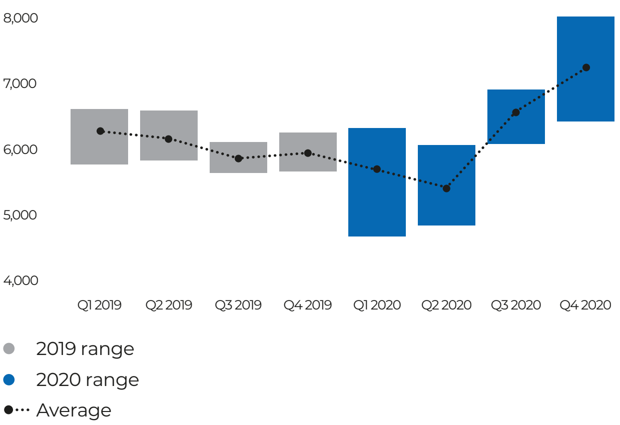
Late 2019 brought stability in the cobalt price at c.$15/lb, with lower stock levels across the cobalt supply chain and expectations of improved demand conditions into 2020. This materialised with an initial 13% price rally to a 2020 high of $17.00/lb, before the pandemic-related retracement to reach a 2020 low of $13.75/lb in July. The average price for the year was $15.40/lb, 4% lower than 2019. Metal demand sectors, notably aerospace, suffered a more pronounced impact than battery and other sectors.

Cobalt hydroxide payability was relatively resilient over the first half of the year, maintaining a range of 60-70% with the support of logistics disruptions, emerging European EV sector demand and solid consumer goods battery demand. African logistics disruptions associated with Covid-19 reduced availability of hydroxide from the DRC, which is responsible for c.70% of global supply and almost all cobalt in the form of hydroxide. Although bottlenecks eased during H2, given stronger European EV demand and Chinese EV demand showing solid signs of recovery, payability pushed above 80% in the last quarter.

2021 has started strongly from a demand and pricing perspective, most notably as Chinese and European EV demand builds momentum. A level of stockpiling of key strategic materials, particularly in China, has also supported demand. EV model releases by global automakers, coupled with strong consumer demand and government support, should underpin EV sales growth in key markets, pointing to a constructive cobalt market. Vaccination roll-out is expected to bolster a wider economic recovery, benefiting non-battery demand segments including aerospace.

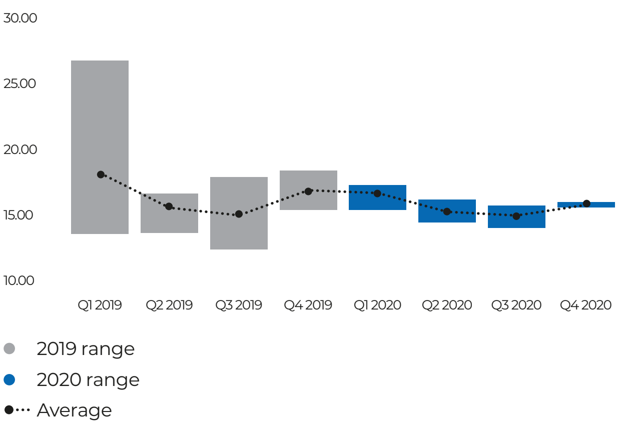
LME copper price (high, low, average)
($/t)

As the pandemic took hold, copper and other industrial metal prices reached multi-year lows due to demand uncertainty. With overall demand proving relatively resilient and growing fears on mine supply, prices increased dramatically.



MB cobalt price (high, low, average)
($/lb)

Cobalt was one of the more stable markets in 2020.



ZINC

Covid-related disruptions on the supply side resulted in an unanticipated zinc concentrates deficit in 2020 and, in turn, lower metal production than initially expected. However, global metal demand fell faster than supply, resulting in higher visible metal stocks, although still only representing seven days relative to global demand. Average metal prices reduced by 11% to $2,269 in 2020, but by year end, demand had recovered, with prices rising to $2,631 on average in Q4 2021.

The demand recovery in H2 2020 was stronger in China than in the rest of the world, as evidenced by SHFE stocks at similar levels in both December 2019 and 2020, while other exchange stocks increased. Meanwhile, Chinese mine production slightly decreased in 2020 per NBS (-1.8% YoY), metal imports were curtailed by Covid disruption elsewhere and Chinese smelters continued to process at full capacity, driving concentrates imports up 20.1%, which absorbed excess concentrates stocks ex-China. Spot TCs reduced from c.$300/dmt in Q1 2020 to $85/dmt in December 2020, as smelters competed for concentrates.

Towards the end of the year, market publications revised their zinc metal surplus estimates for 2020 to below 0.5mt, compared to earlier forecasts of a 1mt surplus in the midst of the crisis in Q2 2020. The recovery in the zinc price throughout H2 reflects renewed optimism for metal demand in 2021, while pricing in potential additional disruptions in mine supply and a weaker US dollar.

We expect ex-China mine supply to recover in 2021 (although with risk as Covid measures remain) and be absorbed by post-Covid increases in ex-China smelter production and some global smelter restocking. Indications for demand recovery are encouraging, underpinned by economic stimulus.

In lead markets, Covid disruptions drove TCs down from $180/dmt in January to $100/dmt by December. Refined metal production was not severely affected by the mine disruptions (-2.4% YoY) and metal consumption fell by 4% YoY, in which context, the average price for the year reduced by 9% to $1,826

NICKEL

In 2020, primary nickel consumption declined year on year, whilst supply growth was driven by Indonesia. The resulting surplus was larger in H1 2020 as the outbreak of Covid-19 had a greater impact on demand than on mine supply, however it then narrowed in H2 2020 on increased nickel consumption from Chinese stainless steel producers.

Global stainless steel production was down on the prior year due to the pandemic. Notable exceptions were China and Indonesia, whose production, particularly for the high-nickel containing 300-series, experienced a strong rebound from Q2 with total 2020 melt exceeding levels seen in 2019.

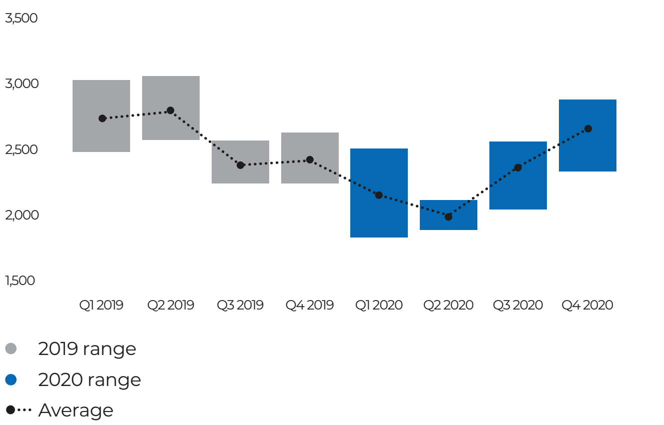
Outside the stainless steel segment, nickel demand from alloys and special steels was negatively affected by the pandemic's impact on key end-use sectors such as aerospace, oil and gas and automotive. The consequences of travel restrictions and stay-at-home orders for the aerospace industry have been dramatic and the effects on downstream demand are likely to be long lasting. Automotive production significantly declined in the second quarter, prompting year on year double-digit sales declines in almost all markets, except China, where the drop was more modest. Conversely, after a weak first quarter, the electric and hybrid vehicle markets exceeded even the most optimistic forecasts, albeit from a lower base than traditional automotive. In Europe, the strong policy response prompted by Covid-19 pushed sales above 1 million units, turning it into the world's largest EV market. In China, from August, New Energy Vehicles sales were back to growth mode. We expect the recent positive trend to support a strong rebound in 2021 nickel demand, as major economies and automakers have committed to aggressively support the transformation to EVs.

Meanwhile on the supply side, pandemic-related production losses from traditional nickel suppliers were not as large as initially feared and these were more than offset by continued growth in production of nickel pig iron ("NPI") in Indonesia, which for the first time, surpassed China as the world largest producer of NPI.

Despite the positive demand outlook, we expect the market to remain in surplus in 2021, driven by increasing nickel supply from Indonesia.

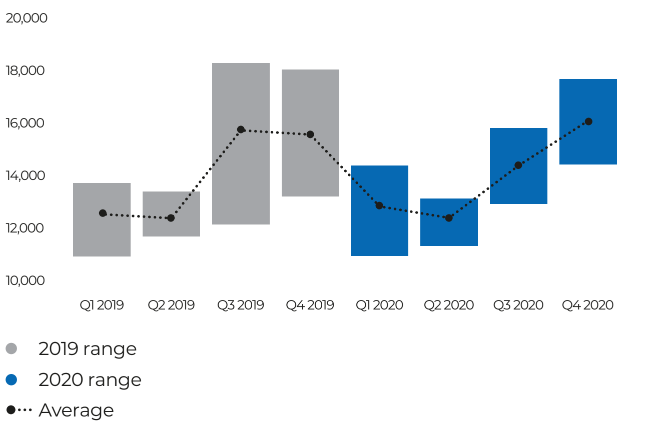
LME zinc price (high, low, average)
($/t)

China's consumption of zinc broadly continued at 2019 levels.



LME nickel price (high, low, average)
($/t)

Nickel is closely tied to stainless steel markets, and the development of NPI production in Indonesia.



FERROALLOYS

Global ferrochrome production decreased by 11% in 2020, with South Africa declining 25% year on year due to rising cost pressures and Covid lockdown restrictions. South African chrome ore exports reduced by 10% (basis YTD November)

Chrome demand recovered during H2, mainly supported by growth in stainless steel production in China and Indonesia, with all other major regions decreasing production in 2020.

Vanadium consumption from carbon steel production decreased considerably during H1 2020 due to Covid-19 related impacts. Demand from the aerospace industry was particularly weak. H2 demand improved, largely due to the carbon steel industry in China.

ALUMINIUM

The aluminium and alumina markets experienced a turbulent 2020 due to the pandemic.

The LME 3M contract reached a 4-year low of $1,462 towards the end of H1, as Covid-19 impaired ex-China demand, causing a large supply surplus. In China, a strong demand rebound lead to higher domestic prices, opening the import arbitrage window which supported ex-China prices and attracted 10-year record primary aluminium imports. With this dynamic in place and an improved global macro sentiment, the LME 3M closing price reached a yearly high of $2,055 before ending the year at $1,974.

In the U.S., with demand weakening, the delivered Midwest premium declined in H1 from 14.5c/lb to 9c/lb, before staging a recovery in H2 to end the year at 14.65c/lb, on the back of demand recovery and re-introduction of quotas on Canadian imports. The CIF Main Japanese Port premium finished the year at $127/t, up from $78/t at the beginning of the year, as customers sought to draw aluminium shipments away from China.

China alumina imports throughout the year also offered a floor to ex-China alumina prices. Price levels were beneficial to smelters during H2 as LME prices outperformed alumina prices.

IRON ORE

Chinese steel production reached record levels in 2020, led by strong infrastructure spending, which in turn led to the iron ore market being in deficit for most of year. Iron ore prices rose to levels not seen over the last five years. In H2 2020, ex-China demand also returned, with prices responding. Despite iron ore prices at multi-year highs, steel mill margins have generally been positive, having been able to pass on the higher raw material costs to their customers. Prospects for a significant increase in iron ore supply are limited in the near term, with prices thereby supported, subject always to the demand side of the equation.

OIL

2020 marked one of the most dramatic periods in the history of oil markets, the implications of which are far-reaching and structural across many industries. The start of 2020 saw oil prices at their highs for the year, with Brent over $69 per barrel. By the end of January, the fear of Covid spreading and its anticipated impact on oil demand caused market panic, starting a rout in oil prices.

The collapse of the OPEC+ production cut agreement in early March, temporarily increasing supply, exacerbated the sell-off. Volatility surged to historical highs, with near dated Brent implied volatility topping 100%. Due to the global pandemic, most countries entered some form of lockdown at different stages. With transportation severely curtailed, in particular air travel, near term global oil demand destruction was expected to reach unprecedented levels, even as actual supply was increasing. With oil prices in free fall, OPEC+ finally came to an agreement for production cuts on a massive scale of close to 10 million barrels per day.

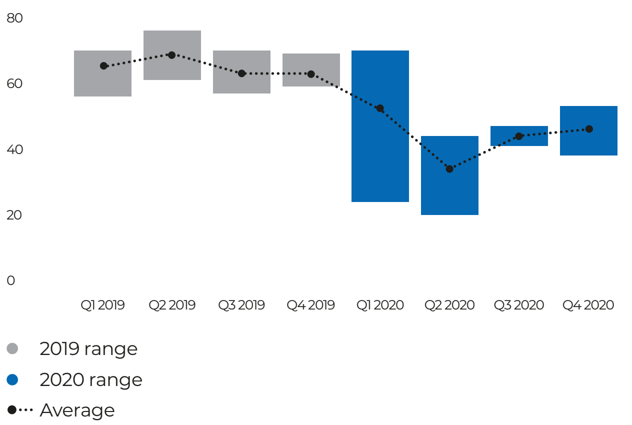
As governments extended lockdowns, global oil storage edged towards capacity. Tanker freight rates surged and the oil price curve structure moved into deep contango, as the market forced more oil into storage. Brent dropped below $20 per barrel, its lowest level in more than 20 years. Oil in some parts of the world, in particular the US, even priced negative for a short period.

In May, oil prices started to recover as more countries lifted restrictions. Oil inventories looked to have peaked, demand showed signs of recovery and OPEC+ extended production cuts. The optimism was short lived as Covid-19 second waves hit a number of countries in Q3, resulting in renewed restrictions, which kept a lid on oil prices and the curve dropped back into a deep contango. It was only midway through Q4, when reports emerged of possible high-efficacy vaccines, that the oil price strength resumed, closing around $52 per barrel by the end of the year. At the same time, the price curve moved from contango into a strong backwardation, signaling expectations for a tightening in future market conditions.

The oil market has been working to find price equilibrium in an extraordinarily disruptive period, creating material market imbalances and volatility. Physical oil traders, like ourselves, saw the usage of storage and logistics soar and unprecedented price dislocations in markets for crude oil, refined products and freight, generating material trading opportunities.

Brent crude (high, low, average)
($/bbl)

Demand shock in March/April 2020 met ultimately with supply reductions. Key tensions are OPEC+ policies and the range of scenarios for demand growth.



COAL

Seaborne coal trade was dramatically impacted during 2020 by the economic fallout from Covid-19 and the necessary reshuffling of trade flows as China restricted Australian coal purchases. The rapid drop in global energy demand created oversupply, which drove prices to unsustainable lows, comparable with the 2016 downturn. By September, producers had realigned thermal coal production in line with prevailing demand. Further economic recovery in Q4 and a cold northern hemisphere winter led prices higher, particularly domestically in China. At year end, coking coal markets remained temporarily subdued due to the overhang of market players needing to resell excess inventory of Australian coal destined for China.

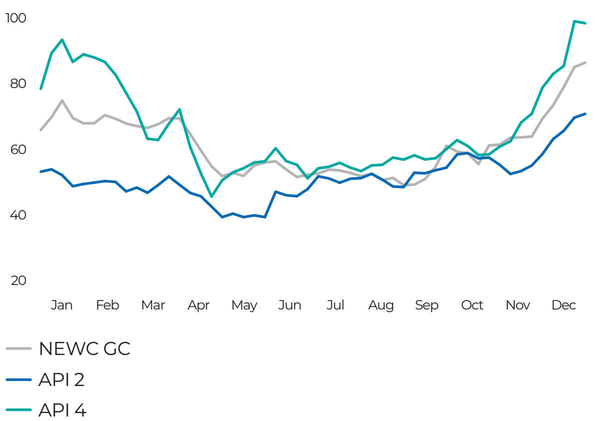
Global seaborne thermal coal demand in 2020 declined by in excess of 100Mt or 10%, however important pockets of growth could be seen in Vietnam, Malaysia, Indonesia, Pakistan and Bangladesh. In Asia overall, demand fell by some 60Mt, mainly into China, South Korea (preferential use of LNG) and India, due its extended Covid-19 shutdown. Atlantic market demand declined by 40Mt against a backdrop of Covid-19 demand declines, record low LNG import prices, higher carbon prices and growth in renewables power.

Overall, seaborne thermal markets ended 2020 in a balanced position due to lower supply, mainly from the USA, Colombia, Indonesia and Australia, in each case, as producers responded to the lower demand and price environment.

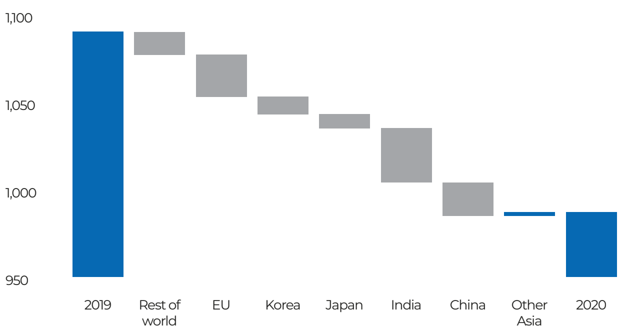
Despite markets starting the year in good shape, noting the above, prices were weak from late February until mid-September, as markets reached a balance, sparking a price recovery from unsustainably low levels. For the year to September, the Newcastle, API4 and API2 indices fell 26%, 42% and 27% from their opening levels to their lows, at which point nearly 60% of the global seaborne supply was selling at cash negative margins. Towards year end, prices improved substantially with Newcastle, API4 and API2 closing the year 32%, 26% and 34% above their year opening price levels. Overall for 2020, the average index prices for Newcastle, API4 and API2 were 22%, 11% and 18% respectively lower than during 2019.

Global pig iron production was down slightly YoY, however metallurgical coal import countries ex-China reported a 14% reduction in production. The resulting reduction in global seaborne coking coal demand caused spot HCC prices to fall from above $160/t during February to below $110/t at the end of August. Recovery of global steel production ex-China in H2 2020 provided brief support for prices during September / October before the Chinese restrictions on Australian coal imports pushed prices to $100/t levels by year end, leaving some 40% of seaborne suppliers facing negative cash margins. Improving demand, and destocking of coking coal and coke, has since supported a price recovery in early 2021

Coal prices (major relevant indices in 2020)
($/t)



Changes in thermal coal imports (2019-2020)
(Mt)



Source: IEA

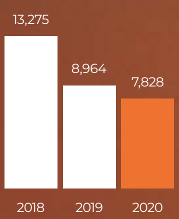
OUR INDUSTRIAL BUSINESS

We are a major producer of commodities that support the energy and mobility transition, including copper, cobalt, nickel and zinc, while our high-quality coal provides affordable and reliable energy

Our industrial business proved resilient to the challenges of operating in the current environment. Following a challenging first half, Covid-safe working practices were embedded and production was largely restored in the second half of the year

Peter Freyberg
Head of Industrial Assets

Adjusted EBITDA
(US$ million)



Metals and minerals mining margin

36%

2019: 28%

Katanga ramping up towards nameplate capacity

Energy products margin

17%

2019: 37%

Lower demand for energy in lockdown conditions

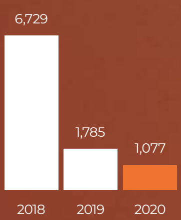
Sustaining capex

$3.1bn

2019: $4.1bn

Lower spend on C&M assets such as Mutanda and Prodeco, and a level of Covid-related deferrals

Adjusted EBIT
(US$ million)



Katanga copper production

271kt

2019: 235kt

Ramp-up executed to plan

Equity coal production

106mt

2019: 140mt

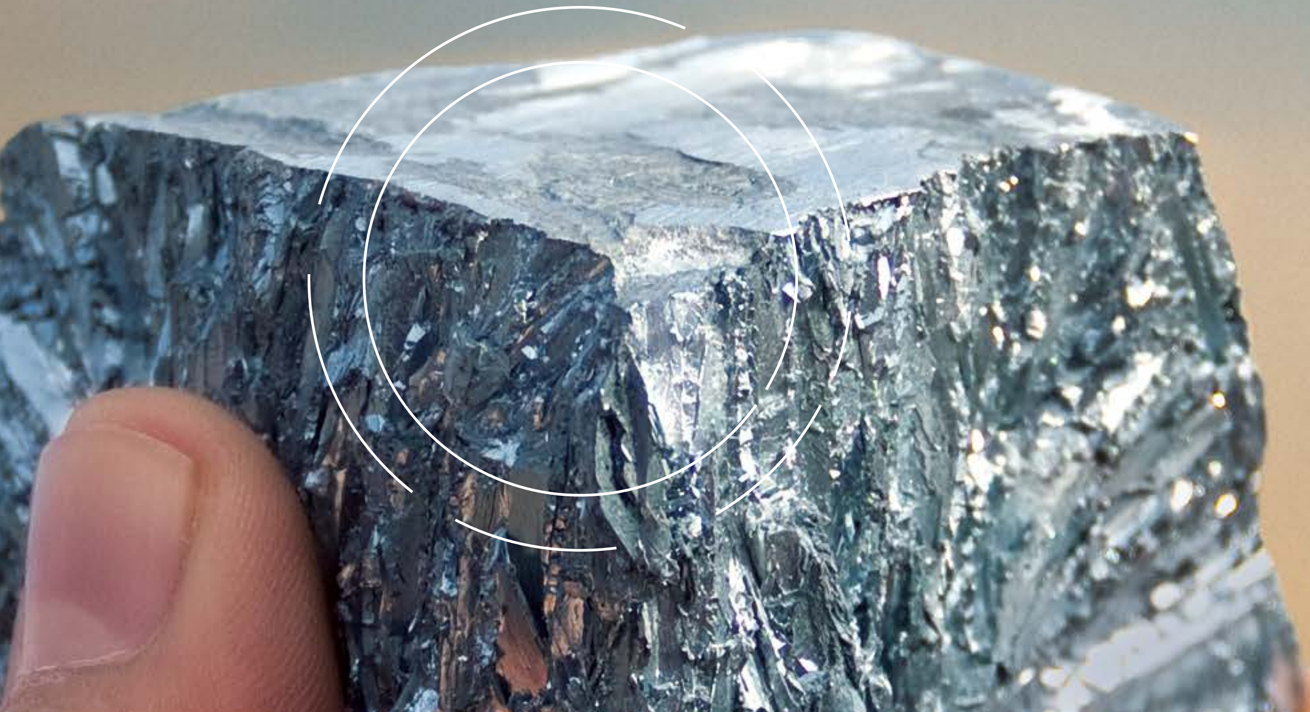
Covid-related shutdowns and voluntary reductions during tough market conditions

Expansion capex

$1.0bn

Projects in Africa (copper/cobalt), Kazakhstan (zinc) and Canada (nickel)

SUPPORTING THE ENERGY AND MOBILITY TRANSITION



Own mineral resources Reserve Life (portfolio weighted average, approx. years)

Copper	Zinc	Nickel	Coal
23	15	26	15

In-house smelting/refining capability (ktpy)

Copper metal	Zinc metal	Lead metal	Ferrochrome	Nickel metal
1,160 Excludes idled capacity at Mutanda	1,390	360	1,800 Excludes idled capacity at Lydenburg	139

Own sourced production in 2020

Copper (kt)	Zinc (kt)	Lead (kt)	Ferrochrome (kt)	Nickel (kt)
1,258	1,170	259	1,029	110

Coal (mt)	Oil (mbbl)	Cobalt (kt)
106	3.9	27

Safe working

Fatalities	TRIFR	LTIFR
8 2019: 17	2.65 2019: 2.86	0.94 2019: 0.99

Socio-economic contribution

Community support initiatives

$95m

Financial overview

US$ million	Metals and minerals	Energy products	Corporate and other	2020	Metals and minerals	Energy products	Corporate and other	2019
Revenue◊	30,303	11,145	5	41,453	27,672	15,067	4	42,743
Adjusted EBITDA◊	7,285	1,039	(496)	7,828	5,555	3,854	(445)	8,964
Adjusted EBIT◊	3,054	(1,365)	(612)	1,077	1,016	1,274	(505)	1,785
Adjusted EBITDA mining margin	36%	17%			28%	37%		

HIGHLIGHTS

The direct and indirect impacts of Covid-19 played out differently in various parts of the business. On the Metals side, asset suspensions were relatively short-term, while the market's assessment of supply and demand generated sustained commodity price increases in H2 2020. Meanwhile energy prices remained especially low through most of the year.

As a result, while overall Industrial Adjusted EBITDA of $7,828 million was down 13% on 2019, the Metals component was up 31% and Energy down 73%.

There were notable successes, during 2020, a year in which our sites responded to the challenges of adjusting working practices to be sustainable and safe in the pandemic era. Katanga delivered on its ramp-up plans, lifting the African copper portfolio to Adjusted EBITDA of $712 million, a $1bn improvement on 2019, which was the key factor in lifting the Metals Adjusted EBITDA mining margin from 28% to 36%. On the other hand, the equivalent Energy Adjusted EBITDA margin declined from 37% to 17%, reflecting the significant reductions in international coal and oil price benchmarks, and to a lesser extent, lower production volumes on account of various extended suspensions in Colombia and Chad and market-related coal supply reductions in Australia.

Capex of $4,082 million (2019: $5,349 million) was 23% lower year over year, reflecting a mix of targeted reductions/deferrals, and "involuntary" reductions as planned work was delayed by pandemic-related restrictions.

Financial information

US$ million	2020	2019	Change %
Revenue◊			
Copper assets			
Africa (Katanga, Mutanda, Mopani)	3,105	2,829	10
Collahuasi[1]	1,732	1,385	25
Antamina[1]	1,055	1,025	3
Other South America (Lomas Bayas, Antapaccay)	2,025	1,709	18
Australia (Mount Isa, Ernest Henry, Townsville, Cobar)	1,988	1,836	8
Custom metallurgical (Altonorte, Pasar, Horne, CCR)	7,842	7,107	10
Intergroup revenue elimination	(308)	(212)	n.m.
Copper	17,439	15,679	11
Zinc assets			
Kazzinc	3,031	2,906	4
Australia (Mount Isa, McArthur River)	1,219	1,292	(6)
European custom metallurgical (Portovesme, San Juan de Nieva, Nordenham, Northfleet)	2,883	922	213
North America (Matagami, Kidd, CEZ Refinery)	1,746	2,226	(22)
Other Zinc (Argentina, Bolivia, Peru)	317	400	(21)
Zinc	9,196	7,746	19
Nickel assets			
Integrated Nickel Operations (Sudbury, Raglan, Nikkelverk)	1,461	1,551	(6)
Australia (Murrin Murrin)	646	664	(3)
Koniambo	239	315	(24)
Nickel	2,346	2,530	(7)
Ferroalloys	1,,321	1,716	(23)
Aluminium/Alumina	1	1	–
Metals and minerals revenue◊	30,303	27,672	10
Coking Australia	971	1,544	(37)
Thermal Australia	4,031	5,951	(32)
Thermal South Africa	969	1,279	(24)
Prodeco	357	793	(55)
Cerrejòn[1]	208	494	(58)
Coal revenue (own production)	**6,536**	**10,061**	**(35)**
Coal other revenue (buy-in coal)	400	768	(48)
Oil E&P assets	111	350	(68)
Oil refining assets[2]	4,098	3,888	5
Energy products revenue◊	**11,145**	**15,067**	**(26)**
Corporate and other revenue	5	4	25
Total Industrial Activities revenue◊	**41,453**	**42,743**	**(3)**

1 Represents the Group's share of these JVs.
2 Controlling interest acquired in April 2019, see note 25.

US$ million	Adjusted EBITDA◊ 2020	2019	Change %	Adjusted EBIT◊ 2020	2019	Change %
Copper assets						
Africa	712	(349)	n.m.	148	(1,279)	n.m.
Collahuasi[1]	1,301	885	47	1,011	603	68
Antamina[1]	755	737	2	472	462	2
Other South America	1,042	859	21	518	264	96
Australia	385	449	(14)	79	121	(35)
Polymet	(20)	(7)	n.m.	(20)	(7)	n.m.
Custom metallurgical	336	377	(11)	162	227	(29)
Copper	**4,511**	**2,951**	**29%**	**2,370**	**391**	506
Adjusted EBITDA mining margin[2]	*42%*	*29%*				
Zinc assets						
Kazzinc	1,228	1,097	12	824	641	29
Australia	384	406	(5)	(63)	6	n.m.
European custom metallurgical	327	166	97	181	50	262
North America	240	155	55	74	(59)	n.m.
Volcan	(33)	(44)	n.m.	(33)	(44)	n.m.
Other Zinc	(21)	(5)	n.m.	(292)	(109)	n.m.
Zinc	**2,125**	**1,775**	**20**	**691**	**485**	**42**
Adjusted EBITDA mining margin[2]	*35%*	*33%*				
Nickel assets						
Integrated Nickel Operations	670	657	2	235	235	–
Australia	117	105	11	92	81	14
Koniambo	(196)	(136)	n.m.	(298)	(249)	n.m.
Nickel	**591**	**626**	**(6)**	**29**	**67**	**(57)**
Adjusted EBITDA margin	*25%*	*25%*				
Adjusted EBITDA margin excl. Koniambo	*37%*	*34%*				
Ferroalloys	**133**	**246**	**(46)**	**39**	**116**	**(66)**
Aluminium/Alumina	**(73)**	**(40)**	**n.m.**	**(73)**	**(40)**	**n.m.**
Iron ore	**(2)**	**(3)**	**n.m.**	**(2)**	**(3)**	**n.m.**
Metals and minerals Adjusted EBITDA/EBIT◊	**7,285**	**5,555**	**31**	**3,054**	**1,016**	**201**
Adjusted EBITDA mining margin[2]	*36%*	*28%*				
Coking Australia	244	793	(69)	(1)	546	n.m.
Thermal Australia	799	2,332	(66)	(528)	1,018	n.m.
Thermal South Africa	183	324	(44)	(164)	23	n.m.
Prodeco	(72)	43	n.m.	(133)	(180)	n.m.
Cerrejòn[1]	5	132	(96)	(105)	(56)	n.m.
Coal	**1,159**	**3,624**	**(68)**	**(931)**	**1,351**	n.m.
Adjusted EBITDA margin[3]	*18%*	*36%*				
Oil E&P assets	(15)	215	n.m.	(187)	–	n.m.
Oil refining assets	(105)	15	n.m.	(247)	(77)	n.m.
Energy products Adjusted EBITDA/EBIT◊	**1,039**	**3,854**	**(73)**	**(1,365)**	**1,274**	**n.m.**
Adjusted EBITDA margin[3]	17%	37%				
Corporate and other	(496)	(445)	n.m.	(612)	(505)	n.m.
Industrial activities Adjusted EBITDA/EBIT◊	**7,828**	**8,964**	**(13)**	**1,077**	**1,785**	**(40)**

1 Represents the Group's share of these JVs.
2 Adjusted EBITDA mining margin for Metals and Minerals is Adjusted EBITDA excluding non-mining assets as described below ($6,488 million (2019: $4,941 million)) divided by Revenue excluding non-mining assets and intergroup revenue elimination ($18,139 million (2019: $17,628 million)) i.e. the weighted average EBITDA margin of the mining assets. Non-mining assets are the Copper custom metallurgical assets, Zinc European custom metallurgical assets, Zinc North America (principally smelting/processing), the Aluminium/Alumina group and Volcan (equity accounted with no relevant revenue) as noted in the table above.
3 Energy products EBITDA margin is Adjusted EBITDA for coal and Oil E&P (but excluding Oil refining) ($1,144 million (2019: $3,839 million)), divided by the sum of coal revenue from own production and Oil E&P revenue ($6,647 million (2019: $10,411 million)).

US$ million	2020 Sustaining	2020 Expansion	2020 Total	2019 Sustaining	2019 Expansion	2019 Total
Capital expenditure◊						
Copper assets						
Africa	220	196	416	381	477	858
Collahuasi[1]	287	44	331	298	25	323
Antamina[1]	180	10	190	228	5	233
Other South America	309	12	321	403	21	424
Australia	208	–	208	203	–	203
Polymet	8	–	8	–	9	9
Custom metallurgical	144	–	144	234	–	234
Copper	**1,356**	**262**	**1,618**	**1,747**	**537**	**2,284**
Zinc assets						
Kazzinc	201	193	394	209	236	445
Australia	173	–	173	293	–	293
European custom metallurgical	80	25	105	106	–	106
North America	52	–	52	68	6	74
Other Zinc	47	–	47	104	–	104
Zinc	**553**	**218**	**771**	**780**	**242**	**1,022**
Nickel assets						
Integrated Nickel Operations	142	306	448	164	289	453
Australia	33	–	33	16	–	16
Koniambo	38	–	38	39	–	39
Nickel	**213**	**306**	**519**	**219**	**289**	**508**
Ferroalloys	**87**	**28**	**115**	**141**	**8**	**149**
Aluminium/Alumina	**–**	**–**	**–**	**–**	**–**	**–**
Metals and minerals capital expenditure◊	**2,209**	**814**	**3,023**	**2,887**	**1,076**	**3,963**
Australia (thermal and coking)	394	152	546	358	121	479
Thermal South Africa	147	28	175	200	29	229
Prodeco	44	–	44	229	–	229
Cerrejòn	22	–	22	53	–	53
Coal	**607**	**180**	**787**	**840**	**150**	**990**
Oil E&P assets	119	–	119	201	–	201
Oil refining assets	125	–	125	121	–	121
Energy products capital expenditure◊	**851**	**180**	**1,031**	**1,162**	**150**	**1,312**
Corporate and other	–	28	28	–	74	74
Industrial activities capital expenditure◊	**3,060**	**1,022**	**4,082**	**4,049**	**1,300**	**5,349**

1 Represents the Group's share of these JVs.

Operating highlights

COPPER ASSETS

Own sourced copper production of 1,258,100 tonnes was 113,100 tonnes (8%) lower than 2019, mainly reflecting Mutanda being on care and maintenance in 2020 (partly offset by Katanga's successful ramp-up), with Covid-19 related suspensions being a much smaller factor.

Own sourced cobalt production of 27,400 tonnes was 18,900 tonnes (41%) lower than 2019, mainly reflecting Mutanda on care and maintenance. On a standalone basis, Katanga's cobalt production was up 6,800 tonnes (40%).

Africa

Own sourced copper production of 301,000 tonnes was 68,900 tonnes (19%) lower than 2019, and cobalt production of 23,900 tonnes was 18,300 tonnes (43%) lower, in each case reflecting Mutanda's care and maintenance status during 2020, partly offset by Katanga's ramp-up.

In January 2021, Glencore agreed terms for the sale of its interest in Mopani to ZCCM, with completion expected in H1 2021.

Collahuasi

Attributable copper production of 276,800 tonnes was 28,000 tonnes (11%) higher than 2019, reflecting higher milled throughput following an investment programme in the plant over recent years. The lower production in Q4 of 59,200 tonnes (down 18% on Q4 2019) related to expected ore head grades during the period, with a sequential increase expected in Q1 2021.

Antamina

Mining operations were suspended from mid-April to late May as part of Peru's overall Covid-19 response.

Accordingly, attributable copper production of 127,700 tonnes was 23,700 tonnes (16%) lower than 2019. Zinc production of 142,400 tonnes was up 40,000 tonnes (39%), as expected higher zinc grades in the current phase of the mine plan more than offset the impact of the Covid suspension.

Other South America

Own sourced copper production of 259,700 tonnes was 16,800 tonnes (6%) lower than 2019, mainly reflecting expected lower grades at Antapaccay.

In December 2020, Glencore contributed its share of the Alumbrera mine, plant and infrastructure (on care and maintenance) into a 25% interest in a newly established and larger resourced MARA joint venture.

Australia

Own sourced copper production of 185,000 tonnes was 9,600 tonnes (5%) lower than 2019, mainly reflecting temporary access restrictions to parts of the Mount Isa underground mine in Q4 2020, and a higher number of required smelter shutdown days to maintain air quality and emissions standards.

Custom metallurgical assets

Copper cathode production of 482,600 tonnes was 49,700 tonnes (11%) higher than 2019, reflecting increased output from Pasar and CCR.

Copper anode production of 490,100 tonnes was 20,600 tonnes (4%) lower than 2019, mainly reflecting planned maintenance at Altonorte and Horne.

ZINC ASSETS

Own sourced zinc production of 1,170,400 tonnes was 92,900 tonnes (9%) higher than 2019, mainly reflecting: (i) higher zinc content from Antamina noted above (40,000 tonnes); (ii) improved output from the Mount Isa operations (27,800 tonnes); and (iii) the net positive effect of 18,700 tonnes from Other South America, owing to restarting the short-life Iscaycruz mine in Peru, offset by Covid-related suspensions and shutdowns.

Kazzinc

Own sourced zinc production of 167,500 tonnes was 5,000 tonnes (3%) lower than 2019.

Own sourced lead production of 25,600 tonnes was 8,800 tonnes (26%) lower than 2019, reflecting maintenance on the lead smelter and mining from the Ushkatyn mine in the base period, which has now ceased.

Own sourced copper production of 37,000 tonnes was 7,000 tonnes (16%) lower than 2019 due to expected lower grades at Maleevsky mine, and maintenance at the Ridder-Sokolny concentrator.

Own sourced gold production of 659,000 ounces was 25,000 ounces (4%) higher than 2019, mainly reflecting higher grades and recoveries at Vasilkovsky.

Australia

Zinc production of 633,500 tonnes was 35,900 tonnes (6%) higher than 2019 due to drawing down accumulated ore stock at Mount Isa, now at normal levels, while lead production of 216,800 tonnes was in line with last year.

North America

Zinc production of 114,700 tonnes and copper production of 40,700 tonnes were modestly up on 2019 levels.

South America

Zinc production of 112,300 tonnes was 18,700 tonnes (20%) higher than 2019, mainly reflecting the restart of the short-life Iscaycruz mine in Peru in Q3 2019, which more than offset the effect of Covid-related mine suspensions and shutdowns in 2020.

European custom metallurgical assets

Zinc production of 787,200 tonnes was modestly lower than 2019, while lead production of 198,000 tonnes was in line with 2019.

NICKEL ASSETS

Own sourced nickel production of 110,200 tonnes was 10,400 tonnes (9%) lower than 2019, reflecting Koniambo operating as a single-line operation for the majority of 2020, with Covid-related mobility restrictions affecting its maintenance schedule. The expected decline in grades at the existing Sudbury mines (INO) also contributed.

Integrated Nickel Operations (INO)

Own sourced nickel production of 56,900 tonnes was 3,400 tonnes (6%) lower than 2019, mainly reflecting the expected decline in existing Sudbury mines' head grades. Refinery production including third party material was in line with 2019.

Own sourced copper production of 28,600 tonnes was 15,600 tonnes (35%) lower than 2019, mainly reflecting the expected decline in copper from the existing Sudbury mines.

Murrin Murrin

Own sourced nickel production of 36,400 tonnes was in line with 2019.

Koniambo

Nickel production of 16,900 tonnes was 6,800 tonnes (29%) lower than 2019, with the operation having effectively been run on one furnace (rather than two) for the majority of 2020. One of the furnaces was undergoing scheduled maintenance when Covid-19 restrictions were introduced in March, delaying its restart until October.

The second furnace was taken down for its own maintenance in January 2021, with a restart expected in March.

FERROALLOYS ASSETS

Attributable ferrochrome production of 1,029,000 tonnes was 409,000 tonnes (28%) lower than 2019, reflecting the South African lockdown and resulting suspension of smelting operations in Q2, with a phased restart thereafter. Lydenburg smelter has been placed on extended care and maintenance. The remaining four smelters were fully operational from Q4, resulting in materially higher quarter on quarter production.

COAL ASSETS

Coal production of 106.2 million tonnes was 33.3 million tonnes (24%) lower than in 2019, reflecting the impacts of the pandemic via stopped or reduced work periods in Colombia and South Africa, extended care and maintenance at Prodeco, plus market-related supply reductions in Australia in H2 2020.

Australian coking

Production of 7.6 million tonnes was 1.6 million tonnes (17%) down on 2019, reflecting downtime at Oaky Creek with an additional longwall move in the current period, timing of coking coal processing at Newlands and planned wash plant maintenance at Hail Creek.

Australian thermal and semi-soft

Production of 66.7 million tonnes was 12.5 million tonnes (16%) down on 2019, mainly reflecting targeted volume reductions in H2 2020, in response to the weak coal price environment.

South African thermal

Production of 24.0 million tonnes was 2.9 million tonnes (11%) down on 2019, reflecting various Covid-19 impacts, including self-isolation requirements for staff and contractors.

Prodeco

Prodeco has been on temporary care and maintenance since March 2020. An application for longer-term care and maintenance was refused in December 2020. On 4 February 2021, Glencore announced that Prodeco would commence the process of handing its mining contracts back to the Republic of Colombia through the National Mining Agency and that the mines would remain on care and maintenance until the formal process of relinquishing the contracts was complete.

Cerrejòn

Cerrejón production was interrupted initially by a mandated shutdown from Q2-Q3, and subsequently by strike action in Q3-Q4. Production restarted in December 2020, later than initially expected.

OIL ASSETS

Exploration and production

Entitlement interest oil production of 3.9 million barrels was 1.6 million barrels (29%) lower than 2019. Operated fields in Chad were placed on care and maintenance in March/April 2020 and are yet to be restarted, given continued pandemic-related challenges in international mobility (2.3 million barrels decrease). The balance reflects year over year production increases in Equatorial Guinea and Cameroon since new wells were drilled.

Quarter on quarter, production in Equatorial Guinea reduced as a result of a scheduled temporary shut-in to tie in gas pipeline-related infrastructure. The Alen field is moving into a natural gas production phase with first gas expected in Q1 2021.

PRODUCTION DATA

Production from own sources – Total[1]

		2020	2019	Change %
Copper	kt	1,258.1	1,371.2	(8)
Cobalt	kt	27.4	46.3	(41)
Zinc	kt	1,170.4	1,077.5	9
Lead	kt	259.4	280.0	(7)
Nickel	kt	110.2	120.6	(9)
Gold	koz	916	886	3
Silver	koz	32,766	32,018	2
Ferrochrome	kt	1,029	1,438	(28)

Production from own sources – Copper assets[1]

		2020	2019	Change %
African Copper (Katanga, Mutanda, Mopani)				
Copper metal	kt	301.0	359.3	(16)
Copper in concentrates	kt	–	10.6	(100)
Cobalt[2]	kt	23.9	42.2	(43)
Collahuasi[3]				
Copper in concentrates	kt	276.8	248.8	11
Gold in concentrates[4]	koz	53	38	39
Silver in concentrates	koz	3,961	2,878	38
Antamina[5]				
Copper in concentrates	kt	127.7	151.4	(16)
Zinc in concentrates	kt	142.4	102.4	39
Silver in concentrates	koz	5,535	5,051	10
Other South America (Alumbrera, Lomas Bayas, Antapaccay)				
Copper metal	kt	74.1	78.9	(6)
Copper in concentrates	kt	185.6	197.6	(6)
Gold in concentrates and in doré	koz	90	85	6
Silver in concentrates and in doré	koz	1,298	1,576	(18)
Australia (Mount Isa, Ernest Henry, Townsville, Cobar)				
Copper metal	kt	138.8	151.1	(8)
Copper in concentrates	kt	46.2	43.5	6
Gold	koz	93	100	(7)
Silver	koz	1,271	1.615	(21)
Total Copper department				
Copper	**kt**	**1,150.2**	**1,241.2**	(7)
Cobalt	**kt**	**23.9**	**42.2**	(43)
Zinc	**kt**	**142.4**	**102.4**	39
Gold	**koz**	**236**	**185**	6
Silver	**koz**	**12,065**	**11,120**	8

Production from own sources – Zinc assets[1]

		2020	2019	Change %
Kazzinc				
Zinc metal	kt	167.5	172.5	(3)
Lead metal	kt	25.6	31.6	(10)
Lead in concentrates	kt	–	2.8	(100)
Copper metal[6]	kt	37.0	44.0	(16)
Gold	koz	659	634	4
Silver	koz	4,712	4,546	4
Silver in concentrates	koz	–	92	(100)
Australia (Mount Isa, McArthur River)				
Zinc in concentrates	kt	633.5	597.6	6
Lead in concentrates	kt	216.8	213.3	2
Silver in concentrates	koz	7,404	7,193	3
North America (Matagami, Kidd)				
Zinc in concentrates	kt	114.7	111.4	3
Copper in concentrates	kt	40.7	39.1	4
Silver in concentrates	koz	2,125	1,654	28
Other Zinc: South America (Argentina, Bolivia, Peru)[7]				
Zinc in concentrates	kt	112.3	93.6	20
Lead in concentrates	kt	17.0	32.3	(47)
Copper in concentrates	kt	1.6	2.7	(41)
Silver in concentrates	koz	6,121	6,906	(11)
Total Zinc department				
Zinc	**kt**	**1,028.0**	**975.1**	5
Lead	**kt**	**259.4**	**280.0**	(7)
Copper	**kt**	**79.3**	**85.8**	(8)
Gold	**koz**	**659**	**634**	4
Silver	**koz**	**20,362**	**20,391**	–

Production from own sources – Nickel assets[1]

		2020	2019	Change %
Integrated Nickel Operations (INO) (Sudbury, Raglan, Nikkelverk)				
Nickel metal	kt	56.5	59.8	(6)
Nickel in concentrates	kt	0.4	0.5	(20)
Copper metal	kt	13.5	15.8	(15)
Copper in concentrates	kt	15.1	28.4	(47)
Cobalt metal	kt	0.6	0.7	(14)
Gold	koz	21	29	(28)
Silver	koz	339	507	(33)
Platinum	koz	40	51	(22)
Palladium	koz	101	112	(10)
Rhodium	koz	4	4	–
Murrin Murrin				
Nickel metal	kt	36.4	36.6	(1)
Cobalt metal	kt	2.9	3.4	(15)
Koniambo				
Nickel in ferronickel	kt	16.9	23.7	(29)
Total Nickel department				
Nickel	**kt**	**110.2**	**120.6**	(9)
Copper	**kt**	**28.6**	**44.2**	(35)
Cobalt	**kt**	**3.5**	**4.1**	(15)
Gold	**koz**	**21**	**29**	(28)
Silver	**koz**	**339**	**507**	(33)
Platinum	**koz**	**40**	**51**	(22)
Palladium	**koz**	**101**	**112**	(10)
Rhodium	**koz**	**4**	**4**	–

Production from own sources – Ferroalloys assets[1]

		2020	2019	Change %
Ferrochrome[8]	kt	1,029	1,438	(28)
Vanadium Pentoxide	mlb	19.5	20.2	(3)

Total production – Custom metallurgical assets[1]

		2020	2019	Change %
Copper (Altonorte, Pasar, Horne, CCR)				
Copper metal	kt	482.6	432.9	11
Copper anode	kt	490.1	510.7	(4)
Zinc (Portovesme, San Juan de Nieva, Nordenham, Northfleet)				
Zinc metal	kt	787.2	805.7	(2)
Lead metal	kt	198.0	190.5	4

Coal assets[1]

		2020	2019	Change %
Australian coking coal	mt	7.6	9.2	(17)
Australian semi-soft coal	mt	4.6	6.4	(28)
Australian thermal coal (export)	mt	55.7	64.2	(13)
Australian thermal coal (domestic)	mt	6.4	8.6	(26)
South African thermal coal (export)	mt	14.8	13.0	14
South African thermal coal (domestic)	mt	9.2	13.9	(34)
Prodeco	mt	3.8	15.6	(76)
Cerrejòn[9]	mt	4.1	8.6	(52)
Total Coal department	**mt**	**106.2**	**139.5**	**(24)**

Oil assets

		2020	2019	Change %
Glencore entitlement interest basis				
Equatorial Guinea	kbbl	1,960	1,895	3
Chad	kbbl	1,112	3,371	(67)
Cameroon	kbbl	872	252	246
Total Oil department	**kbbl**	**3,944**	**5,518**	(29)
Gross basis				
Equatorial Guinea	kbbl	10,435	9,236	13
Chad	kbbl	1,521	4,608	(67)
Cameroon	kbbl	2,528	730	246
Total Oil department	**kbbl**	**14,484**	**14,574**	(1)

1 Controlled industrial assets and joint ventures only. Production is on a 100% basis, except for joint ventures, where the Group's attributable share of production is included.
2 Cobalt contained in concentrates and hydroxides.
3 The Group's pro-rata share of Collahuasi production (44%).
4 Reported from Q4 2020 given higher gold price and production, with resulting increased materiality. Comparatives updated accordingly.
5 The Group's pro-rata share of Antamina production (33.75%).
6 Copper metal includes copper contained in copper concentrates and blister.
7 South American production excludes Volcan Compania Minera.
8 The Group's attributable 79.5% share of the Glencore-Merafe Chrome Venture.
9 The Group's pro-rata share of Cerrejòn production (33.3%).

RISK MANAGEMENT

Risk management is one of the core responsibilities of the Group's leadership and it is central to our decision-making processes. The Group's leadership fundamental duties as to risk management are:

- making a robust assessment of emerging and principal risks
- monitoring risk management and internal controls
- promoting a risk aware culture

The Board also assesses and approves our overall risk appetite and monitors our risk exposure. This process is supported by the Audit, HSEC and ECC Committees, whose roles include evaluating and monitoring the risks inherent in their respective areas as described below and to whom the Group's applicable corporate functions (Risk Management, Compliance, Legal, HSEC, Sustainable Development, HR and IT) report.

Effective risk management is crucial in helping the Group achieve its objectives of preserving its overall financial strength for the benefit of all stakeholders, and safeguarding its ability to continue as a going concern, while generating sustainable long-term returns.

The Board, through the ECC and HSEC Committees, reviews and determines the appropriate level of risk management oversight for the Group's material JVs. We ensure that our material risk management programmes are implemented at all JVs that we operate. In other JVs, we seek to influence our JV partners to adopt our commitment to responsible business practices and implement appropriate programmes in respect of their main business risks.

RISK MANAGEMENT FRAMEWORK

Our Group functions support senior management and those with responsibilities for risk within the business in the development and maintenance of an appropriate institutional risk culture mitigating risk across the Group, as appropriate.

INDUSTRIAL RISK MANAGEMENT

We believe that every employee should be accountable for the risks related to their role. As a result, we encourage our employees to escalate risks (not limited to hazards), whether potential or realised, to their immediate supervisors. This enables risks to be tackled and mitigated at an early stage by the team with the relevant level of expertise.

Led by the Head of Industrial Assets and the Industrial Leads across each commodity department, management teams at each industrial operation are responsible for implementing processes that identify, assess and manage risk.

The risks that may impact on business objectives and plans are maintained in business risk registers. They include strategic, compliance, operational and reporting risks.

HSEC & SUSTAINABILITY RISK MANAGEMENT

These risk management processes are managed at asset level, with the support and guidance from the central Sustainability and HSEC and HR teams, and subject to the leadership and oversight of the HSEC Committee.

The Group's internal HSEC Audit programme focuses on catastrophic risks, assessing and monitoring compliance with leading practices.

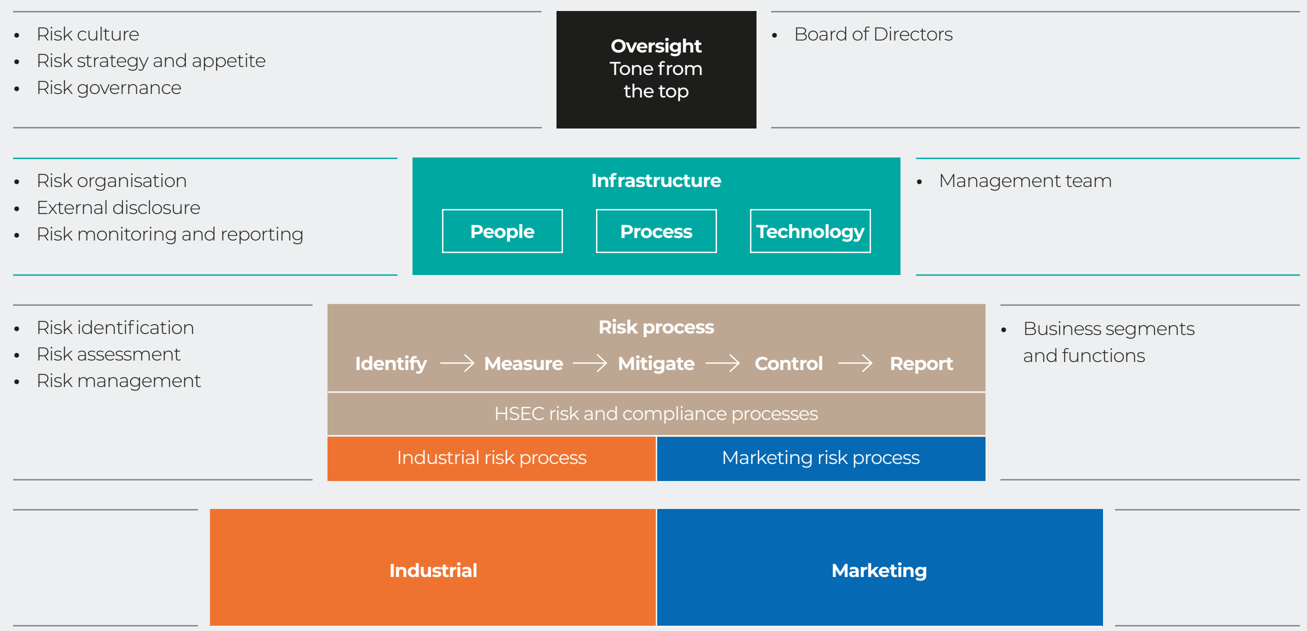
Further information is provided in the report from the HSEC Committee on page 96 and will be published in the Group's sustainability report for 2020.

MARKETING RISK (MR) MANAGEMENT

Glencore's marketing activities are exposed to a variety of risks, such as commodity price, basis, volatility, foreign exchange, interest rate, credit and performance, liquidity and regulatory. Glencore devotes significant resources to developing and implementing policies and procedures to identify, monitor and manage these risks.

Glencore's MR is managed at an individual, business and central level. Initial responsibility for risk management is provided by the businesses in accordance with and complementing their commercial decision-making. A support, challenge and

Risk management framework



verification role is provided by the central MR function headed by the Chief Risk Officer (CRO) via its daily risk reporting and analysis which is split by market and credit risk.

The MR function monitors and analyses the large transactional flows across many locations using its timely and comprehensive transaction recording, ongoing reporting of the transactions and resultant exposures, which provides all encompassing positional reporting, and continually assessing universal counterparty credit exposure.

The MR team provides a wide array of daily and weekly reporting. For example, daily risk reports showing Group Value at Risk (VaR) and various other stress tests and analysis are distributed to the CEO, CFO and CRO. Additionally, business risk summaries showing positional exposure and other relevant metrics, together with potential margin call requirements, are also circulated daily. The MR function strives to enhance its stress and scenario testing as well as improve measures to capture risk exposure within the specific areas of the business, e.g. within metals, concentrate treatment and refining charges are analysed.

The Group continues to make extensive use of credit enhancement tools, seeking letters of credit, insurance cover, discounting and other means of reducing credit risk from counterparts. In addition, mark-to-market exposures in relation to hedging contracts are regularly and substantially collateralised (primarily with cash) pursuant to margining agreements in place with such hedge counterparts.

The Group-wide Credit Risk Policy governs higher levels of credit risk exposure, with an established threshold for referral of credit decisions by business heads to the CFO and the CEO (relating to unsecured amounts in excess of $75 million with BBB (or equivalent) or lower rated counterparts). At lower levels of materiality, decisions may be taken by the business heads where key strategic transactions or established relationships, together with credit analysis, suggest that some level of open account exposure may be warranted.

LEGAL AND COMPLIANCE

For legal and compliance risk, see Ethics and Compliance section pages 38 – 43, and laws and enforcement risk pages 76 – 77.

INTERNAL AUDIT

Glencore's Internal Audit function reports directly to the Audit Committee. Its role is to evaluate and improve the effectiveness of business risk management, control, and business governance processes.

A risk-based audit approach is applied in order to focus on high-risk areas during the audit process. It involves discussions with management on key risk areas identified in the Group's budgeting process, emerging risks, operational changes, new investments and capital projects. Internal Audit reviews these areas of potential risk, and suggests controls to mitigate exposures identified.

In recognition of the need to conduct assurance on the global Covid-19 related response across our operations, Corporate HSEC worked with Internal Audit to develop a remote audit program, which was implemented in May 2020.

The Audit Committee considers and approves the risk-based Internal Audit plan, areas of audit focus and resources and is regularly updated on audits performed and relevant findings, as well as the progress on implementing the actions arising. In particular, the Committee considers Internal Audit's main conclusions, its KPIs and the effectiveness and timeliness of management's responses to its findings. The Audit Committee has concluded that the Internal Audit function remains effective.

Value at risk

The Group monitors its commodity price risk exposure by using a VaR computation assessing "open" commodity positions which are subject to price risks. VaR is one of the risk measurement techniques the Group uses to monitor and limit its primary market exposure related to its physical marketing exposures and related derivative positions. VaR estimates the potential loss in value of open positions that could occur as a result of adverse market movements over a defined time horizon, given a specific level of confidence. The methodology is a statistically defined, probability based approach that takes into account market volatilities, as well as risk diversification benefits by recognising offsetting positions and correlations between commodities and markets. In this way, risks can be compared across all markets and commodities and risk exposures can be aggregated to derive a single risk value.

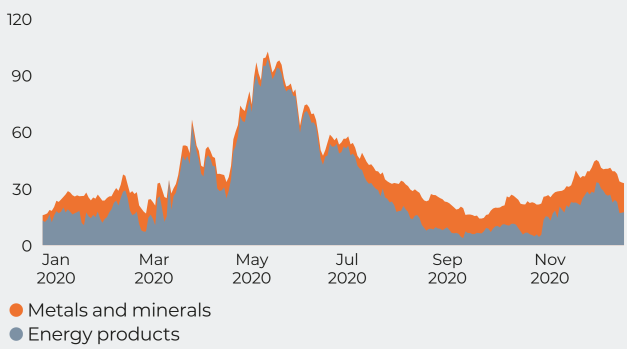
Last year, the Board approved the Audit Committee's recommendation of a one day, 95% VaR limit of $100 million, consistent with the previous year. This limit is subject to review and approval on an annual basis. It was temporarily increased to $120 million to reflect the exceptional trading conditions in oil markets during part of Q2 2020. The purpose of this Group limit is to assist senior management in controlling the Group's overall risk profile, within this tolerance threshold. During the year Glencore's reported average daily VaR was approximately $39 million, with an observed high of $102 million and a low of $14 million.

There were no breaches in the limit during the year.

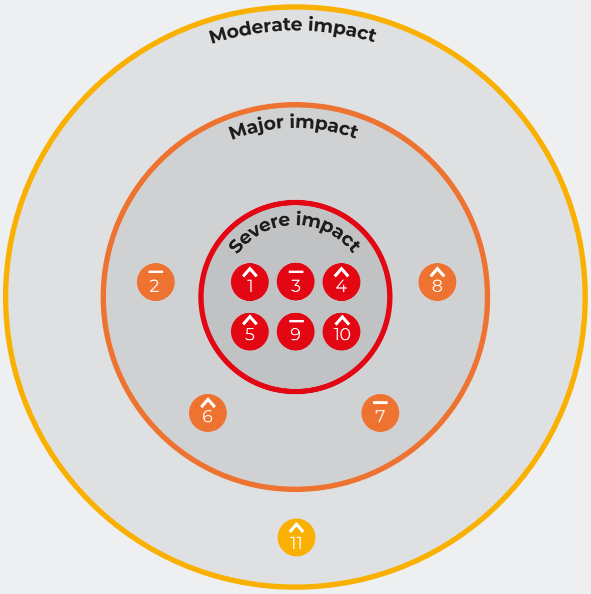
The Group remains aware of the extent of coverage of risk exposures and their limitations. In addition, VaR does not purport to represent actual gains or losses in fair value on earnings to be incurred by the Group, nor are these VaR results considered indicative of future market movements or representative of any actual impact on its future results. VaR remains viewed in the context of its limitations; notably, the use of historical data as a proxy for estimating future events, market illiquidity risks and risks associated with longer time horizons as well as tail risks. Recognising these limitations, the Group complements and refines this risk analysis through the use of stress and scenario analysis. The Group regularly back-tests its VaR to establish adequacy of accuracy and to facilitate analysis of significant differences, if any.

The Board has again approved the Audit Committee's recommendation of a one day, 95% VaR limit of $100 million for 2021.

VaR development ($m)



2020 developments and overview of principal risks and uncertainties



KEY

External risks
1 ● Supply, demand and prices of commodities
2 ● Currency exchange rates
3 ● Geopolitical, permits and licences to operate
4 ● Laws and enforcement
5 ● Liquidity

Business risks
6 ● Counterparty credit and performance
7 ● Operating
8 ● Cyber

Sustainability risks
9 ● Health, Safety, Environment
10 ● Climate change
11 ● Community relations and human rights

Risk impact
● Moderate ● Major ● Severe

Risk probability change in 2020 v 2019
^ Increase — Stable

PRINCIPAL RISKS AND UNCERTAINTIES

Glencore is exposed to a variety of risks that can have an impact on our business and prospects, future performance, financial position, liquidity, asset values, growth potential, sustainable development, reputation and licence to operate. Our principal risks and uncertainties are highly dynamic and our assessment and our responses to them are critical to our future business and prospects.

In accordance with UK Financial Reporting Council guidance, we define a principal risk as a risk or combination of risks that could seriously affect the performance, future prospects or reputation of Glencore. These include those risks which would threaten the business model, future performance, solvency or liquidity of the Group.

We define an emerging risk as a risk that has not yet occurred but is at an early stage of becoming known and/or coming into being and expected to grow greatly in significance in the longer term.

The Board mandates its ECC, HSEC and Audit Committees to identify, assess and monitor the principal and emerging risks relevant to their respective remits. These Committees usually meet five times a year and are always followed by a meeting of the Board to review and discuss their work.

The assessment of our principal risks, according to exposure and impact, is detailed on the following pages.

The commentary on the risks in this section should be read in conjunction with the explanatory text under *Understanding our risks information* which is set out on page 73.

EVOLUTION IN PRINCIPAL RISKS

Impact of Covid-19

Globally, Covid-19 has resulted in immense operational disruptions. Challenges for Glencore have included safeguarding the health and safety of employees, government enforced shut downs, strained supply chains, liquidity constraints, counterparty financial strains and abrupt shifts to remote working. Covid-19's impact on us has been uneven. Key mining regions such as Australia and Canada have been relatively unimpacted, while Peru, Colombia and South Africa suffered significantly more disruption.

The continued high incidence of Covid-19 at the date of this report make the outlook over the short-term uncertain and, notably for various energy based business (coal and oil producing companies), given the continued acceleration and momentum surrounding decarbonisation, highly more uncertain over the medium to longer term.

Consistent with the prior year, there are 11 principal risks for the Group, of which, the 6 most significant and potentially posing a material and adverse effect on the Group are:

1. supply, demand and prices of commodities,
2. geopolitical, permits and licences to operate,
3. laws and enforcement,
4. health, safety, environment, including catastrophic hazards,
5. liquidity, and
6. climate change risks.

Further details on each risk is set out on the following pages.

LONGER–TERM VIABILITY

In accordance with the requirements of the UK Corporate Governance Code, the Board has assessed the prospects of the Group's viability over the four-year period from 1 January 2021. This period is consistent with the Group's established annual business planning and forecasting processes and cycle, which is subject to review and approval each year by the Board.

The Board also assessed the medium- and long-term impact of climate change on the outlook for our commodity businesses, under a range of possible scenarios, as set out on page 18. Such impacts are uncertain, being particularly dependent on long-term changes in the energy mix related to power generation and transportation, as well as consumption efficiencies, behavioural change and co-ordinated implementation of government policy and regulation frameworks, which will materially fall outside the four-year period selected for assessment of longer term viability. This analysis, however, indicates stable or improving opportunities across the portfolio in the Current Pathway scenario. In the Rapid Transformation and Radical Transition scenarios, we project significant coal demand decline over the longer term, more than compensated however (from a financial perspective) by materially stronger demand for battery and new energy infrastructure required metals.

The Board has considered the potential risks arising from Brexit and determined there to be no material impact on longer-term viability.

The four-year plan considers Glencore's Adjusted EBITDA, capital expenditure, funds from operations (FFO) and Net debt, and the key financial ratios of Net debt to adjusted EBITDA and FFO to Net debt over the forecast years and incorporates stress tests to simulate the potential impacts of exposure to the Group's principal risks and uncertainties.

For the 2021-24 plan these scenarios included:

- a prolonged downturn in the price and demand of commodities most impacting Glencore's operations. Prices and FX over Q2 2020 (lowest average quarter in 2020, accounting for Covid-19) are assumed to prevail for the outlook period to 2024;
- foreign exchange movements to which the Group is exposed as a result of its global operations;
- adverse consequences resulting from an increased regulatory environment;
- actions at the Group's disposal to mitigate the adverse impacts of the above, principally the ability to defer or cancel capital expenditure, to manage the working capital cycle and to reduce or stop distributions to shareholders; and
- consideration of the potential impact of adverse movements in macroeconomic assumptions and their effect on the above key financial KPIs and ratios which could increase the Group's access to or cost of funding.

The scenarios were assessed taking into account current risk appetite and any mitigating actions Glencore could take, as required, in response to the potential realisation of any of the stressed scenarios.

Based on the results of the related analysis, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the four-year period of this assessment. They also believe that the review period of four years is appropriate having regard to the Group's business model, strategy, principal risks and uncertainties, and viability.

Understanding our risks information

There are many risks and uncertainties which have the potential to significantly impact our business. The order in which these risks and uncertainties appear does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse effect on our business.

We have sought to provide examples of specific risks. However, in every case these do not attempt to be an exhaustive list. These principal risks and uncertainties should be considered in connection with any forward looking statements in this document as explained on page 244.

Identifying, quantifying and managing risk is complex and challenging. Although it is our policy to identify and, where appropriate and practical, actively manage risk, our policies and procedures may not adequately identify, monitor and quantify all risks.

This section describes our attempts to manage, balance or offset risk. Risk is, however, by its very nature uncertain and inevitably events may lead to our policies and procedures not having a material mitigating effect on the negative impacts of the occurrence of a particular event. Our scenario planning and stress testing may accordingly prove to be optimistic, particularly in situations where material negative events occur in close proximity. Since many risks are connected, our analysis should be read against all risks to which it may be relevant.

In this section, we have sought to update our explanations, reflecting our current outlook. Mostly this entails emphasising certain risks more strongly than other risks rather than the elimination of, or creation of, risks. Certain investors may also be familiar with the risk factors that are published in the Group debt or equity prospectuses or listing documents. These provide in part some differing descriptions of our principal risks.

A recent example is available on our website at: **glencore.com/who-we-are/governance**

In addition, more information on our risks is available in the relevant sections of our website.

To provide for concise text:

- where we hold minority interests in certain businesses, although these entities are not generally subsidiaries and would not usually be subject to the Group's operational control, these interests should be assumed to be subject to these risks ."Business" refers to these and any business of the Group
- where we refer to natural hazards, events of nature or similar phraseology we are referring to matters such as earthquake, flood, severe weather and other natural phenomena
- where we refer to "mitigation" we do not intend to suggest that we eliminate the risk, but rather it refers to the Group's attempt to reduce or manage the risk. Our mitigation of risks will usually include the taking out of insurance where it is customary and economic to do so
- this section should be read as a whole – often commentary in one section is relevant to other risks
- "commodity/ies" will usually refer to those commodities which the Group produces or sells
- "law" includes regulation of any type
- "risk" includes uncertainty and hazard and together with "material adverse effect on the business" should be understood as a negative change which can seriously affect the performance, future prospects or reputation of the Group. These include those risks which would threaten the business model, future performance, reputation, solvency or liquidity of the Group
- a reference to a note is a note to the 2020 financial statements
- a reference to the sustainability report is our 2020 sustainability report to be published in Q2 of 2021

Strategic priorities

Responsible production and supply

Responsible portfolio management

Responsible product use

External risks

1

Supply, demand and prices of commodities

Risk movement in 2020: Increase

Link to strategic priorities

RISK APPETITE

Medium. Being a resources company, we are subject to the inherent risk to the business of sustained low prices of our main commodities. We seek to ensure this risk is ameliorated through scale of sufficiently low cost operations and diversity of product. For marketing activities, our market risk appetite is relatively low and our positions are usually hedged, when possible.

DESCRIPTION AND POTENTIAL IMPACT

The revenue and earnings of substantial parts of our industrial asset activities and, to a lesser extent, our marketing activities, are dependent upon prevailing commodity prices. Commodity prices are influenced by a number of external factors, including the supply of and demand for commodities, speculative activities by market participants, global political and economic conditions, related industry cycles and production costs in major producing countries.

The dependence of the Group (especially our industrial business) on commodity prices, supply and demand of commodities, make this the Group's foremost risk.

We are dependent on the expected volumes of supply or demand for commodities which can vary for many reasons, such as competitor supply policies, changes in resource availability, government policies and regulation, costs of production, global and regional economic conditions and demand in end markets for products in which the commodities are used. Supply and demand volumes can also be impacted by technological developments, fluctuations in global production capacity, global and regional weather conditions, natural disasters and diseases, all of which impact global markets and demand for commodities.

Future demand for certain commodities might decline (e.g. fossil fuels), whereas others might increase (such as copper, cobalt, and nickel for their use in electric vehicles and batteries more broadly), taking into consideration the transition to a low carbon economy.

Furthermore, changes in expected supply and demand conditions impact the expected future prices (and thus the price curve) of each commodity and significant falls in the prices of certain commodities (e.g. copper, coal, zinc and cobalt) can have a severe drag on our financial performance, impede shareholder returns and could lead to concerns by external stakeholders as to the strength of the Group's balance sheet.

This risk is more prevalent in certain commodities, such as steel, coal and oil. In particular, it is a widely held view that demand for coal will reduce due to political pressures, cost reductions for alternatives (renewables and LNG) and possible carbon taxes. Oil production/processing is significantly less material for the Group.

New or improved energy production possibilities and/or technologies can reduce the demand for some commodities such as coal.

Any adverse economic developments, particularly impacting China and fast growing developing countries, could lead to reductions in demand for, and consequently price reductions of, commodities.

DEVELOPMENTS

The demand shock to the global economy from Covid-19 initially led to significantly lower commodity prices, particularly in energy products. Notwithstanding a healthy level of recovery in many commodities in the second half of last year, markets continue to be uncertain and potentially volatile.

Due primarily to statistical modelling outcomes in oil marketing, the Group temporarily increased its Value at Risk tolerance limit by $20 million in Q2, cancelling this shortly afterwards.

Industrial operations sought to reduce capital expenditure. For certain operations that were cash negative, difficult decisions were made to suspend some operations.

Major decisions by governments can also lead to lower demand for our commodities in their countries or regions, for example China's restrictions on certain Australian sourced commodities which began in 2020.

See the Chief Executive Officer's review on page 2, our market and emerging drivers on page 6 and the financial review on page 44.

MITIGATING FACTORS

We continue to maintain focus on cost discipline and achieving greater operational efficiency.

We actively manage marketing risk, including daily analysis of Group value at risk (VaR).

We maintain both a diverse portfolio of commodities, geographies, assets and liabilities and a global portfolio of customers and contracts.

We prepare for anticipated shifts in commodity demand, for example by putting a special focus on the parts of the business that will potentially grow with increases in usage of electric vehicles and battery production, and by closely monitoring fossil fuel (particularly thermal coal) demands. We can also reduce the production of any commodity within our portfolio in response to changing market condition.

External risks continued

2

Currency exchange rates

Risk movement in 2020: Stable

Link to strategic priorities

RISK APPETITE

Low. Where possible, foreign exchange (FX) exposure to non-operating FX risks is hedged. FX risk inherent in the operating costs of industrial activities is typically naturally hedged through movements in commodity prices.

DESCRIPTION AND POTENTIAL IMPACT

FX changes happen all the time but are often difficult to predict. Producer country currencies tend to increase in correlation with relevant higher commodity prices. Similarly, decreases in commodity prices are generally associated with increases in the US dollar relative to local producer currencies.

The vast majority of our sales transactions are denominated in US dollars, while operating costs are spread across many different countries, the currencies of which fluctuate against the US dollar. A depreciation in the value of the US dollar against one or more of these currencies will result in an increase in the cost base of the relevant operations in US dollar terms.

The main currency exchange rate exposure is through our industrial assets, as a large proportion of the costs incurred by these operations is denominated in the currency of the country in which each asset is located.

The largest of these exposures are to the currencies listed on page 55.

DEVELOPMENTS

A level of producer country FX depreciation occurred during 2020, providing some local currency cost relief relative to the US dollar.

Near term confidence in stability of global demand (and thus indirectly FX rates for relevant producer countries) hinges on many factors, particularly those that relate to the prospects of global economic growth, including the U.S./China trade developments, political/economic stability in the Middle East and the ongoing disruption caused by the coronavirus pandemic.

MITIGATING FACTORS

The inverse FX correlation (against USD commodity prices) usually provides a partial natural FX hedge for the industrial business. In respect of commodity purchase and sale transactions denominated in currencies other than US dollars, the Group's policy is usually to hedge the specific future commitment through a forward exchange contract. From time to time, the Group may hedge a portion of its currency exposures and requirements in an attempt to limit any adverse effect of exchange rate fluctuations.

We monitor internally financial impacts resulting from foreign currency movements.

3

Geopolitical, permits and licences to operate

Risk movement in 2020: Stable

Link to strategic priorities

RISK APPETITE

High. We operate in various countries with less developed political and regulatory regimes. To be considered a truly diversified commodities group, operations in these jurisdictions are required.

DESCRIPTION AND POTENTIAL IMPACT

We operate and own assets in a large number of geographic regions and countries, some of which are categorised as developing, complex or having unstable political or social fabrics. As a result, we are exposed to a wide range of political, economic, regulatory, social and tax environments. The Group transacts business in locations where it is exposed to a risk of overt or effective expropriation or nationalisation. Our operations may also be affected by political and economic instability, including terrorism, civil disorder, violent crime, war and social unrest.

Increased scrutiny by governments and tax authorities in pursuit of perceived aggressive tax structuring by multinational companies has elevated potential tax exposures for the Group. Additionally, governments have sought additional sources of revenue by increasing rates of taxation, royalties or resource rent taxes or may increase sustainability obligations sometimes in breach of existing stability undertakings.

The terms attaching to any permit or licence to operate may be onerous and obtaining these and other approvals, which may be revoked, can be particularly difficult. Furthermore, in certain countries, title to land and rights and permits in respect of resources are not always clear or may be challenged.

Adverse actions by governments and others can result in operational/project delays or loss of permits or licences to operate. Policies or laws in the countries in which we do business may change in a manner that may negatively affect the Group.

The suspension or loss of our permits or licences to operate could have a material adverse effect on the Group and could also preclude Glencore from participating in bids and tenders for future business and projects, therefore affecting the Group's long-term viability.

Our licences to operate through mining or drilling rights are dependent on a number of factors, including compliance with regulations. It also depends on constructive relationships with a wide and diverse range of stakeholders.

The continued operation of our existing assets and future plans are in part dependent upon broad support, our "social licence to operate", and a healthy relationship with the respective local communities – see further Community Relations and Operating risks concerning workforce disputes.

External risks continued

DEVELOPMENTS

Covid-19 has given rise to new or increased concerns with various stakeholders, including our workers, host communities and governments, in relation to public health and the broad economic impacts of reduced demand and potentially lower production levels.

Resource nationalism continues to be a challenging issue in many countries.

We published our latest annual Payments to Governments report for 2019 which provided details on the total government contributions of over $7.7 billion. It also set out details of payments on a project by project basis. We expect to publish our report on 2020 in the middle of this year.

A new law on procurement in the DRC is now being enforced providing among other matters for obligatory contracting with DRC majority-owned firms and payment of a 1.2% levy on the value of contracts.

Also see Community and Human Rights risk on pages 83 – 84.

MITIGATING FACTORS

The Group's industrial assets are diversified across various countries. The Group also continues to actively engage with governmental authorities, particularly against any backdrop of material upcoming changes and developments in legislation and enforcement policies.

We endeavour to design and execute our projects according to high legal, ethical, social, and human rights standards, and to ensure that our presence in host countries leaves a positive lasting legacy (see sustainability risks later in this section). This commitment is important in assisting in the management of these risks and to maintain our permits and licences to operate.

The Group has an active engagement strategy with the governments, regulators and other stakeholders within the countries in which it operates or intends to operate. Through strong relationships with stakeholders we endeavour to secure and maintain our licences to operate.

The Group has increased its engagement due to Covid-19 with employees, relevant governmental authorities, regulators and other stakeholders.

4

Laws and enforcement

Risk movement in 2020: Increase

Link to strategic priorities

RISK APPETITE

Medium. The Group maintains programmes which seek to ensure that we comply with the laws and external requirements applicable to our business and products, and has invested significant resources in enhancing these compliance programmes in recent years. This investment reflects the fact that the Group has a low risk appetite when considering entering into transactions or business activities that present compliance risk. Nevertheless, some of our existing industrial and marketing activities are located in countries that are categorised as developing or as having complex political or social climates, and/or where corruption is generally understood to exist, and therefore there will always be residual risk in relation to our compliance with laws and external requirements.

DESCRIPTION AND POTENTIAL IMPACT

We are exposed to extensive laws, including those relating to bribery and corruption, sanctions, taxation, anti-trust, market conduct rules and regulation, environmental protection, use of hazardous substances, product safety and dangerous goods regulations, development of natural resources, licences over resources, exploration, production and post-closure reclamation, employment of labour and occupational health and safety standards. The legal system and dispute resolution mechanisms in some countries in which we operate may be uncertain, meaning that we may be unable to enforce our understanding of our rights and obligations under these laws.

The costs associated with compliance with these laws and regulations, including the costs of regulatory permits, are substantial and increasing. Any changes to these laws or their more stringent enforcement or restrictive interpretation could cause additional significant expenditure to be incurred and/or cause suspensions of operations and delays in the development of industrial assets. Failure to obtain or renew a necessary permit or the occurrence of other disputes could mean that we would be unable to proceed with the development or continued operation of an asset and/or impede our ability to develop new industrial properties.

As a diversified sourcing, marketing and distribution company conducting complex transactions globally, we are particularly exposed to the risks of fraud, corruption, market abuse, sanctions breaches and other unlawful activities both internally and externally. Our marketing operations are large in scale, which may make fraudulent, corrupt or other unlawful transactions difficult to detect.

In addition, some of our industrial activities are located in countries where corruption is more commonly seen; and some of our counterparties have in the past, and may in the future, become the targets of economic sanctions. Corruption and sanctions risks remain highly relevant for businesses operating in international markets, as shown by recent enforcement actions both inside and outside the resources sector.

Governmental and other authorities have commenced, and may in the future commence, investigations against the Group (including those listed on page 212) in relation to alleged non-compliance with these laws, and/or may bring proceedings against the Group in relation to alleged non-compliance. The cost of cooperating with the existing investigations and/or defending proceedings is substantial. Investigations or proceedings could lead to reputational damage, the imposition of material fines, penalties, redress or other restitution requirements, or other civil or criminal sanctions on the Group (and/or on individual employees of the Group), the curtailment or cessation of operations, orders to pay compensation, orders to remedy the effects of violations and/or orders to take preventative steps against possible future violations. The impact of any monetary fines, penalties, redress or other restitution requirements, and the reputational damage that could be associated with them as a result of proceedings that are decided adversely to the Group, could be material.

External risks continued

In addition, the Group may be the subject of legal claims brought by private parties in connection with alleged non-compliance with these laws, including class action suits in connection with governmental and other investigations and proceedings, and lawsuits based upon damage resulting from operations. Any successful claims brought against the Group could result in material damages being awarded against the Group, the cessation of operations, compensation and remedial and/or preventative orders.

DEVELOPMENTS

On 19 June 2020, the Company was notified by the Office of the Attorney General of Switzerland (OAG) that it had opened a criminal investigation into Glencore International AG for failure to have the organisational measures in place to prevent alleged corruption in the DRC.

The current main investigations are summarised in note 31. The Group is continuing to cooperate fully with each of the relevant authorities concerning these investigations. The Investigations Committee of the Board manages the Group's responses to these investigations.

It is also possible that the various investigations may expand and/or other authorities may open investigations into the Group.

The final scope and outcome of the investigations listed above is not possible to predict or estimate.

MITIGATING FACTORS

We seek to ensure compliance through our commitment to complying with or exceeding the laws and regulations applicable to our operations and products and through monitoring of legislative requirements, engagement with government and regulators, and compliance with the terms of permits and licences.

We seek to mitigate the risk of breaching applicable laws and external requirements through our risk management framework.

We have implemented a Group Ethics and Compliance programme that includes a range of policies, standards, procedures, guidelines, training and awareness, monitoring and investigations.

We have increased in recent years our focus on, and resources dedicated to, the Group Ethics and Compliance programme, including through increasing the number of dedicated compliance professionals, enhancing our compliance policies and procedures and controls and strengthening the Group's Raising Concerns programme and investigations function – see pages 42.

However, there can be no assurance that such policies, standards, procedures and controls will adequately protect the Group against fraud, corruption, market abuse, sanctions breaches or other unlawful activities.

5

Liquidity

Risk movement in 2020: Increase

Link to strategic priorities

RISK APPETITE

Low. It is the Group's policy to operate a strong BBB rated balance sheet and to ensure that a minimum level of cash and/or committed funding is available at any given time.

DESCRIPTION AND POTENTIAL IMPACT

Liquidity risk is the risk that we are unable to meet our payment obligations when due, or are unable, on an ongoing basis, to borrow funds in the market at an acceptable price to fund our commitments. While we adjust our minimum internal liquidity threshold from time to time in response to changes in market conditions, this minimum internal liquidity target may be breached due to circumstances we are unable to control, such as general market disruptions, sharp movements in commodity prices or an operational problem that affects our banks, suppliers, customers or ourselves.

Our failure to access funds (liquidity) would severely limit our ability to engage in desired activities.

A lack of liquidity may mean that we will not have sufficient funds available for our marketing and industrial activities, both of which employ substantial amounts of capital. If we do not have funds available for these activities then they will decrease.

Debt costs may rise owing to ratings agency downgrades and the possibility of more restricted access to funding.

DEVELOPMENTS

Note 27 details the fair value of our financial assets and liabilities. Note 26 details our financial and capital risk management including liquidity risk.

The Group's Net debt has reduced from $19.7 billion at 30 June 2020 to $15.8 billion at year end. The elevated debt position earlier in 2020, coupled with the prevailing market uncertainty and the adoption of a cautious approach from a broader stakeholder and rating agencies perspective, led to the Board's decision not to proceed with a 2020 cash distribution.

Our net funding at 30 December 2020 was $35.4 billion (31 December 2019: $34.4 billion).

The Group's business model relies on ready access to substantial borrowings at reasonable cost, which has continued to be forthcoming, noting the Group's successful issuance of circa $3.5 billion long-term bonds in Q3 2020 at attractive interest rates.

Covid-19 initially resulted in lower commodity prices for many of our key commodities, though this reversed during H2 as noted in the section on our Marketing business. During the very volatile end of Q1 period, Glencore refinanced and extended its core revolving credit facilities, thereby maintaining and lengthening our committed available liquidity levels at around $10 billion.

Business risks

MITIGATING FACTORS

Diversification of our funding sources (bank borrowings, bonds and trade finance, further diversified by currency, interest rate and maturity).

In light of the Group's extensive funding activities, maintaining investment grade credit rating status is a financial priority. The Group's credit ratings are currently Baa1 (negative outlook) from Moody's and BBB+ (stable outlook) from Standard & Poor's. Glencore's publicly stated objective, as part of its overall financial policy package, is to seek and maintain strong Baa/BBB credit ratings from Moody's and Standard & Poor's respectively. In support of this, Glencore targets a maximum 2x Net debt/Adjusted EBITDA ratio through the cycle, augmented by an upper Net debt cap of ~$16 billion, excluding marketing lease liabilities (c.$650 million as at 31 December 2020). This financial policy facilitates access to funds, even in periods of market volatility. It is a priority to reduce the Net debt balance over the medium term to the lower end of the $10-16bn range (below $13bn by the end of 2021), which is being aided by the current healthy free cash flow generation.

It should be noted that the credit ratings agencies make certain adjustments, including a discount to the value of our Readily Marketable Inventory, such that their calculated net debt is considerably higher.

6

Counterparty credit and performance

Risk movement in 2020: Increase

Link to strategic priorities

RISK APPETITE

Medium. Where possible, credit exposures are to be covered through credit mitigation products.

DESCRIPTION AND POTENTIAL IMPACT

Financial assets consisting principally of receivables and advances, derivative instruments and long-term advances and loans can expose us to concentrations of credit risk.

Furthermore, we are subject to non-performance risk by our suppliers, customers and hedging counterparties, in particular via our marketing activities.

Non-performance by suppliers, customers and hedging counterparties may occur and cause losses in a range of situations, such as:

- a significant increase in commodity prices resulting in suppliers being unwilling to honour their contractual commitments to sell commodities at pre-agreed prices
- a significant reduction in commodity prices resulting in customers being unwilling or unable to honour their contractual commitments to purchase commodities at pre-agreed prices
- suppliers subject to prepayment may find themselves unable to honour their contractual obligations due to financial distress or other reasons

Open account risk is taken but this is generally guided by the Group-wide Credit Risk Policy for higher levels of credit risk exposure, with an established threshold for referral of credit decisions by department heads to CFO/CEO, relating to unsecured amounts in excess of $75 million with BBB or lower rated counterparts, which occurs from time to time, in respect of various key strategic relationships.

DEVELOPMENTS

Many of our customers and suppliers are experiencing uncertainty and in some cases, financial hardship. We have regular contact with our key counterparties and, in the vast majority of cases, deliveries and payments have continued in the normal course of business.

Additionally, due to Covid-19 related uncertainties, certain accounts receivable insurance limits have been significantly reduced.

Exposures relating to material oil pre-payments are a particular area of focus.

Our trade receivables were approximately $2 billion lower year on year, in a generally higher commodity price environment, reflecting steady collections.

The Group's accounts receivable balance, including assessment of doubtful accounts, is set out in note 13.

MITIGATING FACTORS

We seek to diversify our counterparties.

We place limits on open accounts, and we monitor these.

The Group continues to make extensive use of credit enhancement tools, seeking letters of credit, insurance cover, discounting and other means of reducing credit risk with counterparts.

We monitor the credit quality of our physical and hedge counterparties and seek to reduce the risk of customer default or non-performance by requiring credit support from creditworthy financial institutions.

Our teams monitor and report regularly to the management on financial and operating results.

Business risks continued

7

Operating

Risk movement in 2020: Increase

Link to strategic priorities

RISK APPETITE

Low. It is the Company's strategic objective to focus on its people and to conduct safe, reliable and efficient operations.

DESCRIPTION AND POTENTIAL IMPACT

Our industrial activities are subject to numerous risks and hazards normally associated with the initiation, development, operation and/or expansion of natural resource projects, many of which risks and hazards are beyond our control. These include unanticipated variations in grade and other geological problems (so that anticipated or stated reserves, may not conform to expectations). Other examples include natural hazards, processing problems, technical malfunctions, unavailability of materials and equipment, unreliability and/or constraints of infrastructure, industrial accidents, labour force challenges, disasters, protests, force majeure factors, cost overruns, delays in permitting or other regulatory matters, vandalism and crime.

The maintenance of positive employee and union relations and engagement, and the ability to attract and retain skilled workers, including senior management, are key to our success. This attraction and retention of highly qualified and skilled personnel can be challenging, especially, but not only, in locations experiencing political or civil unrest, or in which employees may be exposed to other hazardous conditions.

Many employees, especially at the Group's industrial activities, are represented by labour unions under various collective labour agreements. Their employing company may not be able to satisfactorily renegotiate its collective labour agreements when they expire and may face tougher negotiations or higher wage demands than would be the case for non-unionised labour. In addition, existing labour agreements may not prevent a strike or work stoppage.

The development and operating of assets may lead to future upward revisions in estimated costs, delays or other operational difficulties or damage to properties or facilities. This may cause production to be reduced or to cease and may further result in personal injury or death, third party damage or loss or require greater infrastructure spending. Also, the realisation of these risks could require significant additional capital and operating expenditures.

Some of the Group's interests in industrial assets do not constitute controlling stakes. Although the Group has various agreements in place which seek to protect its position where it does not exercise control, the management of such operations and other shareholders may have interests or goals that are inconsistent with ours. They may take action contrary to the Group's interests or be unable or unwilling to fulfil their obligations.

Severe operating or market difficulties may result in impairments, details of which are recorded in note 6.

DEVELOPMENTS

Business continuity planning has been challenging in many countries. The response to the pandemic has varied by jurisdiction, with authorities imposing different requirements, often changing as the crisis evolved. Almost all operations were impacted by changed protocols / working practises, while many were required to fully suspend production for a period of time.

The Group engaged with relevant government authorities and advisors to seek to ensure that its responses and measures focused on the health of its workforce and communities, while allowing its operations to continue, where reasonably practicable. Management ensured that Business Continuity Plans (BCP) were in place across its business.

Cost control and reduction remains a significant area of management focus, noting that in the context of mineral resources, absolute costs will tend to increase over time as incremental resources are likely further from the processing plant and/or deeper, and dilution factors may be higher. A number of operations have adopted structured programmes to analyse their costs, identify marginal savings and implement these. Maintenance and, where possible, reduction of unit costs is regularly reviewed by management.

Infrastructure availability remains a key risk, though this has been mitigated by certain long-term measures taken. Katanga's metallurgical plant received sufficient continuous high-voltage power to deliver on its ramp-up on schedule, although we are not complacent and continue to monitor the situation. In South Africa, the operations at our Ferroalloys smelters were impacted by power disruptions and an explosion occurred at Astron Energy refinery resulting in the loss of two lives and a lengthy shutdown.

Despite the challenges created by the global pandemic, we have maintained engagement campaigns with employees to receive direct feedback on the Group's culture and practices.

MITIGATING FACTORS

Development and operating risks and hazards are managed through our ongoing project status evaluation and reporting processes and ongoing assessment, reporting and communication of the risks that affect our operations along with updates to the risk register.

We publish our production results quarterly and our assessment of reserves and resources based on available drilling and other data sources annually. Conversion of resources to reserves and, eventually, reserves to production is an ongoing process that takes into account technical and operational factors, economics of the particular commodities concerned and the impact on the communities in which we operate.

Local cost control measures are complemented by global procurement that leverages our scale to seek to achieve favourable terms on high-consumption materials such as fuel, explosives and tyres.

One of the key factors in our success is a good and trustworthy relationship with our people and developing a direct engagement with them. This priority is reflected in the principles of our programme and related guidance, which require regular, open, fair and respectful communication, zero tolerance for human rights violations, fair remuneration and, above all, a safe working environment as outlined on our website at: **glencore.com/careers/our-culture** and in the Our people section on page 27.

Business risks continued

8

Cyber

Risk movement in 2020: Increase

Link to strategic priorities

RISK APPETITE

Low. Where possible, cyber exposure risks are mitigated through layered cyber security, proactive monitoring and cyber security penetration testing to confirm the security of systems.

DESCRIPTION AND POTENTIAL IMPACT

Cyber risks for firms have increased significantly in recent years owing in part to the proliferation of new digital technologies, increasing degree of connectivity and a material increase in monetisation of cybercrime.

A cybersecurity breach, incident or failure of Glencore's IT systems could disrupt our businesses, put employees at risk, result in the disclosure of confidential information, damage our reputation and create significant financial and legal exposure for the Group.

Our activities depend on technology for industrial production, efficient operations, environmental management, health and safety, communications, transaction processing and risk management. We recognise that the increasing convergence of IT and Operational Technology (OT) networks will create new risks and demand additional management time and focus. We also depend on third parties in long supply chains that are exposed to the same cyber risks but which are largely outside our control.

The security of long interconnected commodity supply chains is an area of increasing concern that we monitor closely. Although Glencore invests heavily to monitor, maintain and regularly upgrade its systems, processes and networks, absolute security is not possible.

DEVELOPMENTS

Our IT security monitoring platforms frequently detect attempts to breach our networks and systems. During 2020, none of these events resulted in a material breach of our IT environment nor resulted in a material business impact.

In March 2020, we initiated our BCP to facilitate a significant degree of remote working at our operations globally in response to the Covid-19 pandemic. With more of our people working from home, we are more reliant, not only on our own corporate network, but also Internet service providers to the home. Our IT security monitoring platforms also detected a material increase in phishing fraud attempts linked to Covid-19.

The emergence of machine learning and artificial intelligence will increase the volume and sophistication of fraud attempts. The rise of "Deepfake" technology using machine learning makes it easier to manipulate audio content that could be used in phishing or fraud attacks by impersonating senior executives. We continue to monitor developments in this space.

We also expect an increase in "supply chain attacks" through which legitimate third party software is manipulated in an attempt to spread malware or gain access to systems.

MITIGATING FACTORS

We publish IT security standards and proactively educate our employees in order to raise awareness of cyber security threats.

Where possible, cyber exposure risks are mitigated through layered cyber security, proactive monitoring and cyber security penetration testing to confirm the security of systems.

We seek to keep our system software patches up to date and have global platforms to manage patch compliance. We have adopted strict privileged access management to ensure administrator rights on critical systems are protected. We have multiple layers of email security and harden our computers and servers to protect against malware. Corporate applications and communications are secured with multiple layers of security including two-factor authentication and VPN technology for remote access.

We use global IT security platforms in order to proactively monitor and manage our cyber risks. We routinely conduct third party penetration tests to independently assess the security of our IT systems. We have a dedicated programme to enhance the monitoring and security of our OT platforms.

Our IT Security Council sets the global cybersecurity strategy, conducts regular risk assessments and designs cyber security solutions that seek to defend against emerging malware, viruses, vulnerabilities and other cyber threats. Our Cyber Defence Centre is responsible for day-to-day monitoring of cyber vulnerabilities across the Group and driving remediation of threats. We have an incident response team that is responsible for coordinating the response in the event of a major cyber incident.

Sustainability risks

9

Health, safety, environment

Risk movement in 2020: Stable

Link to strategic priorities

RISK APPETITE

Medium. We impose HSEC policies and standards designed to protect our people and ensure we comply with laws and external regulations.

DESCRIPTION AND POTENTIAL IMPACT

We are committed to ensuring the safety and wellbeing of our people and the communities and environment around us. Catastrophic events that take place in the natural resource sector can have disastrous impacts on workers, communities, the environment and corporate reputation, as well as a substantial financial cost.

The success of our business is dependent on a safe and healthy workforce. Managing risks to the safety and health of our people is essential for their long-term wellbeing. It also helps us to maintain our productivity and reduce the likelihood of workplace compensation claims.

A number of our assets are in regions with little or no access to health facilities and, due to cultural and/or historical reasons,

Sustainability risks continued

have poor working conditions, organisational cultures and approaches towards personal safety. Our presence in these regions can address these challenges through implementing strong occupational health and safety management systems. Our operations can have direct and indirect impacts on the environment. Our ability to manage and mitigate these may impact our operating licences as well as affect future projects and acquisitions.

Our operations are often located close to communities with limited healthcare. Local health services might be in the early stages of development, or local authorities may not have the resources to cope with the scale of need.

We work with national and regional authorities to identify how Glencore's presence can support domestic healthcare programmes.

Environmental, safety and health regulations may result in increased costs or, in the event of non-compliance or incidents causing injury or death or other damage at or to our facilities or surrounding areas, may result in significant losses. These include, those arising from (1) interruptions in production, litigation and imposition of penalties and sanctions and (2) having licences and permits withdrawn or suspended while being forced to undertake extensive remedial clean-up action or to pay for government-ordered remedial clean-up actions.

Liability may also arise from the actions of any previous or subsequent owners or operators of the property, by any past or present owners of adjacent properties, or by third parties.

We operate in some countries characterised with complex and challenging political and/or social climates. This results in a residual risk for compliance with our HSEC policies and standards, as well as with external laws and regulations.

DEVELOPMENTS

In response to Covid-19, Glencore focused on efforts to ensure the resilience of the business, including daily monitoring of global conditions, anticipation of potential impacts, and development of action plans and controls to mitigate risks. At the start of the crisis, the corporate Covid-19 Global Response Steering Committee and Incident Management Team were established to maintain continuous communication and response support for our global industrial and marketing teams, resolving potential threats to business continuity, and focusing on the health and well-being of our workforce.

During 2020, we have also remained focused on other significant risks facing our industry, arising from operational catastrophes such as the mining dam collapses in Brazil in the last five years. During 2020, the HSEC Committee continued to sponsor and monitor the Group's sustainability risks assurance process. Its focus continues to be on the Group's HSEC catastrophic hazards. As well, we continued implementation of our Group-wide Tailings Storage Facility and Dam Management Standard, throughout the business and participated in the development of the new Global Industry Standard on Tailings Management (GISTM), in association with International Council on Mining & Metals (ICMM) member companies.

We continue to take a flexible local approach to transforming our workforces' safety and health attitudes and culture. We review and strengthen our policies as technology and methodologies change and regularly assess their implementation. We continue to strive to achieve our ambitions of zero workplace fatalities or catastrophic environmental incidents.

We regret that we have recorded 8 fatalities at our operations (2019: 17). Our Board and senior management are committed to ongoing efforts to improve practices in order to provide a safe working environment. To underscore these efforts and commitment, we initiated a comprehensive review of our safety performance expectations and aim to relaunch our SafeWork programme in early 2021 – see page 35. No major or catastrophic environmental (category 4-5 and above) incidents have occurred during the year.

MITIGATING FACTORS

Our approach to the management of health, safety and environment, and our expectations of our workers and our business partners are outlined in our policies and standards. These underpin our approach towards social, environmental, safety and compliance indicators, providing clear guidance on the standards we expect all our operations to achieve.

In 2020 a new corporate Health, Safety, Environment, and Community and Human Rights team was established under the Head of Industrial Assets and Head of HSEC-HR. The objective of this team is to enhance group-level HSEC-HR governance and technical standards to ensure an efficient and consistent approach to managing HSEC-HR related issues across the business. We conducted a review of our SafeWork program, which is Glencore's approach to eliminating fatalities. The programme focuses on identifying and managing the hazards in every workplace and is built on a set of minimum expectations and mandatory protocols, standards, behaviours and safety tools. Well-led, consistent application of SafeWork will drive operating discipline and prevent fatal accidents at our assets. This will be launched in Q1 2021.

Our commitment to complying with or exceeding the health, safety and environmental laws, regulations and best practice guidelines applicable to our operations and products is driven through our sustainability framework.

We remain focused on the significant risks facing our industry arising from operational catastrophic events. For example, the considerable verification work and enhanced monitoring of tailings storage facilities is assisting in greater visibility and control of these risks, and we continue to undertake work to improve the safety and stability of these facilities.

We monitor catastrophic risks across our portfolio and operate emergency response programmes. We are working towards creating a workplace without fatalities, injuries or occupational diseases through establishing a positive safety culture.

We work with local authorities, local community representatives and other partners, such as NGOs, to help to overcome major public health issues in the regions where we work, such as Covid-19, HIV/AIDS, malaria and tuberculosis.

See also the Sustainability review on page 35 and the HSEC Committee report on page 96. Further details will also be published in our 2020 Sustainability Report.

There can be no assurances that our policies and procedures will protect the Group against health, safety and environmental risks.

Sustainability risks continued

10

Climate change

Risk movement in 2020: Increase

Link to strategic priorities

RISK APPETITE

High. Climate change is a material issue that can affect our business through regulations to reduce emissions, carbon pricing mechanisms, extreme climatic events, access to capital, permitting risks and energy costs, as well as changing demand for the commodities we produce and market. We consider our risk appetite as high due to our significant exposure to coal producing assets.

DESCRIPTION AND POTENTIAL IMPACT

A number of governments have already introduced, or are contemplating the introduction of regulatory responses to support the achievement of the goals of the Paris Agreement and the transition to a low-carbon economy. This includes countries where we have assets such as Australia, Canada, Chile and South Africa, as well as our customer markets such as China, South Korea, Japan and Europe.

A transition to a low-carbon economy and its associated public policy and regulatory developments may lead to:

- the imposition of new regulations, and climate change related policies adverse to our interests in fossil fuels by actual or potential investors, customers and banks, potentially impacting Glencore's reputation, access to capital and financial performance
- increased costs for energy and for other resources, which may impact the productivity of our assets and associated costs
- the imposition of levies related to greenhouse gas emissions
- increased costs for monitoring and reporting related to our carbon footprint
- impacts on the development or maintenance of our assets due to restrictions in operating permits, licences or similar authorisations

Variations in commodity use from emerging technologies, moves towards renewable energy generation and policy changes may affect demand for our products, both positively and negatively.

Climate change may increase physical risks to our assets and related infrastructure, largely driven from extreme weather events and water related risks such as flooding or water scarcity.

There has been a significant increase in litigation (including class actions), in which climate change and its impacts are a contributing or key consideration, including administrative law cases, tortious cases and claims brought by investors. In particular, a number of lawsuits have been brought against companies with fossil fuel operations in various jurisdictions seeking damages related to climate change.

DEVELOPMENTS

Due to falling demand for coal in Europe, and fall in oil price respectively, during 2020, the Group wrote down the value of its Colombian coal and Chad oil assets by c.$2.2 billion.

During the year, the Covid-19 global pandemic led to a projected 8% decrease in global energy demand for 2020-2021, which affected all energy providers and resulted in a lower demand for coal, including in Asia, as well as for seaborne coal. As global economies recover from the pandemic's impacts, demand for coal is expected to improve. However, the likely focus of government stimulus packages on low carbon technologies and ongoing reductions in the cost of renewables has the potential to accelerate the reduction in demand for fossil fuels over the medium to long term.

The commitments made by a number of countries, including China, to achieve carbon neutrality by 2050 or 2060 are a strong indicator of the pace of change and the longer-term global trajectory. New European regulation, particularly the 'EU Taxonomy' and the "EU Green Deal' is likely to accelerate the flow of capital to products and technologies needed in the low-carbon economy, and place greater scrutiny on the carbon footprint of European industrial companies, as well as on those importing products into the Eurozone. This is relevant for Glencore as a large producer of seaborne thermal coal and a marketer of fossil fuels more generally.

As a result of these factors, some market participants and analysts take a bearish view (some strongly so) on the market fundamentals for coal and oil. Some may choose not to invest in or transact with us, due to our fossil fuels operations.

MITIGATING FACTORS

We integrate climate considerations, such as energy and climate policies in countries where we operate and sell our products, expectations of our value chains, and the various commitments to achieve the goals of the Paris Agreement, into our strategic decisions and day-to-day operational management.

Our internal, cross-function and multi-commodity working group, led by our Chairman, co-ordinates our understanding and planning for the effects of climate change on our business.

We have set ourselves a 1.5°C pathway aligned target of an absolute 40% reduction of our total emissions (Scope 1, 2 and 3) by 2035 on 2019 levels, consistent with the midpoint of Intergovernmental Panel on Climate Change's 1.5°C scenarios. Post 2035, we have set ourselves the ambition to achieve, with a supportive policy environment, net zero total emissions by 2050.

This commitment is supported by our diverse portfolio, which uniquely allows us to reduce our Scope 3 emissions through investing in our metals portfolio, reducing our coal production over time and supporting deployment of low emission technologies.

Through our focused climate change programme, we strive to ensure emissions and climate change issues are identified, understood and monitored in order to meet international best practice standards, ensure regulatory compliance and meet the commitments we have made in support of the goals of the Paris Agreement.

We continuously monitor and report our Scope 1, 2 and 3 emissions, and use this data in managing our operational carbon footprint, as well as the development and tracking of our targets.

To understand better and plan for the effects of climate change on our business, we have a framework for identifying, understanding, quantifying and, ultimately, managing climate-related challenges and opportunities facing our portfolio:

- Government policy: we take an active and constructive role in public policy development of carbon and energy issues, both directly and through our industry organisations. We seek to ensure that there is a balanced debate with regard to the ongoing use of fossil fuels

Sustainability risks continued

- Lobbying activities: we acknowledge IIGCC Investor Expectations on Corporate Climate Lobbying and recognise the importance of ensuring that our membership in relevant trade associations does not undermine our support for the Paris Agreement and its Goals
- Carbon pricing: we operate successfully in multiple jurisdictions that have direct and indirect carbon pricing or regulation. We have identified some parts of our business that would likely experience financial stress in a high carbon price environment. However, our conclusion is that our business overall remains resilient. We consider local regulation and carbon price sensitivities as part of our ongoing business planning for existing industrial assets, new investments and as part of our marketing activities. We are working with relevant industry organisations on developing lifecycle analysis to calculate our commodities' carbon footprint
- Energy costs: we consider energy costs and our carbon footprint in our annual business planning process. Commodity departments are required to provide energy and GHG emissions forecasts for each asset over the forward planning period and provide details of mitigation projects that may reduce such emissions, including identifying and developing renewable energy generation opportunities.
- Physical impacts: we track changing weather conditions and amend operating processes as appropriate, as well as incorporate climate risk into our design and planning. We regularly review the integrity of our assets, including tailings storage facilities, against the potential impact of extreme weather events.
- Access to capital: we regularly review our banks' climate change-related policies and evolving applicable restrictions, if any. Through maintaining a strong relationship with our lenders, we continue to have a broad range of sources from which to access funds.
- Permitting risk: we engage with a broad range of stakeholders on diverse topics including climate change and related areas of concern. Our engagement with our local communities and those directly affected by our operations is transparent and honest. Where we identify differing opinions, we look for opportunities to find constructive solutions.
- Product demand: we track and respond to regulatory and technology developments. There are near-term opportunities in positively repositioning many of our products that enable the decarbonisation transition.
- Litigation: our climate change programme strives to ensure that we identify, understand and monitor our emissions and climate change issues in order to meet international best practice standards, ensure regulatory compliance and meet our commitments that support the goals of the Paris Agreement.

Further information is available at: **glencore.com/sustainability/climate-change**

11

Community and human rights

Risk movement in 2020: Increase

Link to strategic priorities

RISK APPETITE

Low. Our approach is to minimise the impacts of our business, engage openly and honestly to build lasting relationships and foster socio-economic resilient communities

DESCRIPTION AND POTENTIAL IMPACT

Respecting human rights and building strong relationships are fundamental to the current and future viability of our business.

Due to the scale and nature of our business, we have the potential to make a significant positive contribution to local communities, countries and broader society. Positive impacts range from the production of the raw materials for social progress, payment of taxes and royalties to governments and provision of employment and business opportunities. Conversely, we must also identify, mitigate and manage any potential negative risks inherent in our operations. Areas that we carefully monitor and manage to avoid negative impacts include health and safety of our workforce and surrounding communities, environmental management of air, land and water and interactions with individuals and groups who live and work in or near our local communities. Poor performance could contribute to social instability and the perceived and real value depreciation of our assets.

We have a geographically diverse business, operating in both developed and developing countries in an array of different contexts. In a number of regions where we operate, the socio-political environment is complex which presents additional business, social and security risks if not well understood and managed. While our Group policies and standards apply to all our businesses, we tailor our community approach to be relevant and appropriate to the local context

A perception that we are not respecting human rights or generating local sustainable benefits could have a negative impact on our ability to operate effectively, our ability to secure access to new resources, our capacity to attract and retain the best talent and ultimately, our financial performance. The consequences of adverse community reactions or allegations of human rights incidents could also have a material adverse impact on the cost, profitability, ability to finance or even the viability of an operation and the safety and security of our workforce and assets. In addition, global connectivity means that local issues can quickly escalate to a regional, national and global level potentially resulting in reputational damage and social instability.

Some of our mining operations are in remote areas where they are a major employer in the region. This presents particular social challenges when the mine's resources are depleted to an extent that it is no longer economic to operate and must be closed. Robust planning and stakeholder engagement are key to mitigate environmental and social closure risks.

Sustainability risks continued

DEVELOPMENTS

During 2020, Covid-19 impacted people's quality-of-life and increased uncertainty around the world.

The ensuing economic impacts of Covid-19 have amplified existing inequalities around the world, resulting in an escalation of civil unrest in many countries. In the Espinar region of Peru, social protests impacted our Antapaccay operation. The government deployed public security to return law and order in the region around the operation without harm to community members, security forces or our workforce.

We expect the economic impacts of the pandemic to continue for some time and our operations will continue to respond by providing social support, in partnership with governments and development organisations.

Artisanal and small-scale mining (ASM) continues to be a challenge at certain operations, most notably in the DRC.

The destruction of Indigenous cultural heritage during mining activities in Australia has highlighted the need for effective management processes and engagement, to protect areas and items of cultural significance, and to avoid business and reputation risks.

MITIGATING FACTORS

We strive to uphold and respect the human rights of our workforce, local communities and others who may be affected by our activities, in line with the United Nations Guiding Principles on Business and human rights (UN GPs). We have processes to identify, prevent and mitigate human rights risks and impacts across our business. In the event that we cause or contribute to a negative impact on human rights, we strive to provide appropriate remedy to those affected in line with the UN GPs.

We seek to apply the UN Voluntary Principles on Security and human rights in regions where there is a high risk to human rights from the deployment of public and private security forces.

We respect communities' perspectives and actively seek them to inform our decision-making. Our ambition is to be a responsible, engaged and valued company wherever we operate and contribute to healthy, resilient communities. We support the advancement of the interests of both our host communities and our assets.

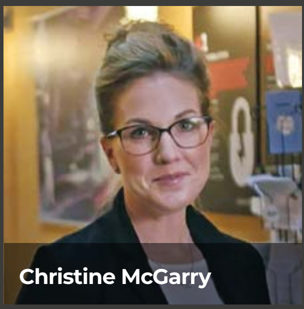
We seek to build enduring and trusting relationships by engaging openly and honestly and participating as an active member of society. We focus our social investments on initiatives and programs to deliver long-term benefits fostering socio-economic resilience.

We implement locally appropriate complaints and grievance processes and welcome feedback and comments on our performance. We review all complaints received and take actions when necessary to address the issues raised.

Our first and foremost priority during the Covid-19 pandemic has been the health and wellbeing of our employees and communities, especially vulnerable groups. At the beginning of the pandemic, we responded to the immediate medical crisis in our communities by augmenting communication programs to promote prevention measures, providing basic sanitation and medical materials and supporting local health systems and services. As time progresses, we will adapt our programs to support economic recovery of our communities and regions.

During 2020, we revised our approach to ASM to explore how ASM and large-scale mining can sustainably co-exist as distinct yet complementary sectors of a successful mining industry. We believe that legal ASM can play an important and sustainable role in many economies when carried out responsibly and transparently, including the DRC. One manifestation of our new approach is our partnership with the Fair Cobalt Coalition, an NGO aiming to positively transform ASM in the DRC. It is working towards eliminating child and forced labour, improving work practices in ASM operations and supporting alternative livelihoods to help increase incomes and reduce poverty.

Further information is available on our website at: **glencore.com/sustainability/community-and-human-rights**



Labour Relations & Disability Management Specialist – Sudbury INO, Canada

SAFETY

Christine has worked with the Human Resources team at Sudbury since 2005. Her role encompasses Occupational Health initiatives, because keeping people safe isn't only about their physical safety at work.

"We ask if they are fit for duty, and it's not just 'do they have something physical that you can see?' We also ask about their mental wellbeing. Individuals have told us that we have saved their lives, saved their families and saved their ability to keep working."

Learn more about our culture and how we work safely on www.glencore.com

Legal Counsel – Democratic Republic of the Congo

INTEGRITY

Emile has worked as a Legal Counsel for Glencore in the Democratic Republic of the Congo for four years.

"Integrity is doing the right thing at the right moment, even when no one is watching. It's not always easy to live with integrity. But whatever your background, we all have a common ground, and that means we need to live with a sense of wrong and right."

Learn more about our culture and how we work with integrity on www.glencore.com

CORPORATE GOVERNANCE

CHAIRMAN'S GOVERNANCE STATEMENT

Anthony Hayward

Chairman

DEAR SHAREHOLDERS

2020 has seen a marked acceleration in the focus on Environmental, Social and Governance issues, and increasing expectations for transparent and consistent reporting on these topics. The actions of the extractives sector necessarily draw intense scrutiny from stakeholders and third parties. Companies such as ours must work hard to meet society's reasonable expectations as to our activities and impacts.

A major challenge for the investment community is the current alphabet soup of differing reporting requirements and the varying expectations of stakeholders on ESG matters. We are actively contributing to this debate and look forward to progress on a consensus for the requirements for a single reporting framework.

As the CEO and I have emphasised at the beginning of this report, Glencore has an important and critical role in helping the world achieve the goals of the Paris Agreement. Decarbonising the global energy system requires a significant increase in the supply of the metals needed to electrify energy usage.

The challenges in the resources sector require strong leadership and the Board has worked with Ivan over the past two and a half years to oversee a seamless transition to the next generation of leaders across Glencore's business. We are confident that Gary Nagle, as our next CEO, has the right skill set and qualities to lead the Glencore of the future. We have now announced the completion of our management succession plan which by June this year will have seen all of the senior departmental management team in place at the time of the Company's IPO replaced by internal successors.

A significant succession process is also being undertaken within the Board. At the end of last year Leonard Fischer retired, whom I thank again for his significant contribution to the Board across nine years, in particular as chair of the Audit Committee and through his insights on financial risk management. In the last 12 months we have been joined by Kalidas Madhavpeddi and Cynthia Carroll. We are extremely pleased to have secured such strong industry experts. We recognise the importance of avoiding groupthink and maintaining strong independence and variety of thought in the boardroom, but this must not be at the expense of considerable industry knowledge and our Board continues to reflect this. As we evolve the membership of our Board, we will continue to look to ensure that we have an appropriate mix of skills, experience and background.

As noted last year, the 2018 UK Corporate Governance Code (the Code) provides that the chairman should be subject to a nine year term limit from first appointment as a director. However, the Board recommended to shareholders that I remain as Chairman while the senior management succession is concluded and for the ongoing investigations. We have consulted with a number of our leading shareholders regarding this issue and they support a second and final extension to my term as a Chairman which the Board will recommend to shareholders. I will step down at the latest by next year's AGM. A search for my successor is underway.

The Board continued to focus during 2020 on a range of ESG issues including:

Firstly, as I commented on page 1, the various investigations continue and we remain focussed on having the appropriate governance and oversight over our response through our Investigations Committee.

Secondly, since his appointment as General Counsel five years ago, Shaun Teichner has worked tirelessly to improve our compliance function across the Group so that it can be considered world class and support a strong ethical culture across the Group. Having made great strides in this area, last year we reached the point where it was important to have a leader of this function whose sole responsibilities are for compliance. The Company therefore last year appointed a separate Head of Compliance, Daniel Silver. At every set of Board and Committee meetings, we carefully review the progress of our ethics and compliance programme and in another session, oversee our Raising Concerns programme and its related investigations. The Board also separately receives training on material compliance issues. We have also expanded our reporting on compliance and I would encourage stakeholders to consider this carefully – see pages 38 to 43.

Thirdly, Peter Freyberg, as Head of Industrial Assets, continues to provide energetic leadership on HSEC matters, strongly supported by our HSEC-Human Rights team. I also encourage careful reading of our work in this area, including the summaries in our Sustainability section – page 32 – and HSEC Committee report – page 96. With regard to health and safety, while certain of our operations have particular HSEC challenges, we believe these are surmountable and are targeting continued improvement, not only to the crucial and humbling fatality number, but also across all sustainability measures for those businesses. Management's work on simplifying our business through the planned disposal of certain of our 'tail' assets will also assist with this.

Fourthly, our new strategy which we announced in December is set out in our Climate report 2020: pathway to net zero. This is the culmination of a lengthy process of detailed analysis and collaboration by our climate working group which comprises a number of senior people across our businesses and corporate functions.

Lastly, management broadened the scope of its former Business Ethics Committee, which is now the Environmental, Social and Governance committee, allowing it to focus on key ESG matters for the Group. This management committee reports directly to the Board and its Committees, as appropriate. We also initiated a review of our entire policy architecture and framework and will be releasing later this year a complete suite of revised policies, which have been reviewed and approved by the Board, reflecting our commitments to operate responsibly and ethically.

We trust that this annual report provides a considered yet concise overview of our business and its governance.

Tony Hayward
Chairman
10 March 2021

As the CEO and I have emphasised at the beginning of this report, Glencore has an important and critical role in helping the world achieve the goals of the Paris Agreement.

DIRECTORS AND OFFICERS

Directors

Anthony Hayward

Chairman (63)

E H I

Chairman since May 2013; he joined the Board in 2011 as the Senior Independent Director. Chair of Nomination Committee during 2019.

EXPERIENCE

Dr Hayward is managing partner of St James's Asset Management, a partner and member of the European advisory Board of AEA Capital and has other private equity interests.

He was CEO of BP plc from 2007–10, having joined BP in 1982. He became group treasurer in 2000, chief executive for BP upstream activities and a member of the main board of BP in 2003.

From 2011–15 he was founder and CEO of Genel Energy plc and chairman from 2015–17.

Dr Hayward studied geology at Aston University in Birmingham and completed a Ph.D at Edinburgh University. He is a fellow of the Royal Society of Edinburgh.

Ivan Glasenberg

Chief Executive Officer (64)

H

Joined Glencore in April 1984; Chief Executive Officer since January 2002.

EXPERIENCE

Initially worked in Glencore's coal department in South Africa as a marketer. Following time in Australian and Asian offices, in 1990 he was made head of Glencore's coal marketing and industrial businesses, and remained in this role until he became Group CEO in January 2002.

Mr Glasenberg is a Chartered Accountant of South Africa, holds a Bachelor of Accountancy from the University of Witwatersrand and an MBA from the University of Southern California.

Martin Gilbert

Senior Independent Director (65)

A I R

Senior Independent Director since May 2018; appointed in May 2017.

EXPERIENCE

Mr Gilbert is chairman of Revolut Limited and deputy chairman of River and Mercantile Group PLC (LON:RIV).

Mr Gilbert co-founded Aberdeen Asset Management in 1983, leading the company for 34 years and overseeing its 2017 merger with Standard Life. He is also chair of Toscafund and a non-executive director of ASSETCO and Saranac Partners. He was deputy chair of the board of Sky PLC until 2018. He was formerly co-CEO of Standard Life Aberdeen and co-founder of Aberdeen Asset Management, which was established in 1983.

Mr Gilbert is a member of the International Advisory Board of British American Business.

Mr Gilbert was educated in Aberdeen. He has an LLB, an MA in Accountancy and is a Chartered Accountant.

Peter Coates AO

Non-Executive Director (75)

E H

Non-Executive Director since January 2014; previously Executive Director from June to December 2013 and Non-Executive Director from April 2011 to May 2013.

EXPERIENCE

Mr Coates worked in senior positions in a range of resource companies before joining Glencore's coal unit as a senior executive in 1994. When Glencore sold its Australian and South African coal assets to Xstrata in 2002 he became CEO of Xstrata's coal business, stepping down in December 2007.

He was non-executive chairman of Xstrata Australia (2008–09), Minara Resources Ltd (2008–11) and Santos Ltd (2009–13 and 2015–18). He is currently a non-executive director of Event Hospitality and Entertainment Ltd (ASX:EVT).

Mr Coates holds a Bachelor of Science degree in Mining Engineering from the University of New South Wales. He was appointed as an Officer of the Order of Australia in June 2009 and awarded the Australasian Institute of Mining and Metallurgy Medal for 2010.

Patrice Merrin

Non-Executive Director (72)

E H I N

Appointed in June 2014.

Chair of Nomination Committee from 2020.

EXPERIENCE

Following initial roles with Molson and Canadian Pacific, Ms Merrin worked at Sherritt for ten years until 2004, latterly as COO. She then became CEO of Luscar. She is currently a non-executive director of Samuel, Son & Co. Limited.

She has been a non-executive chair of Detour Gold Corporation (TSX:DGC) from June 2019 to January 2020 and non executive director of Stillwater Mining Company (NYSE:SWC) from 2013 to 2017. Ms Merrin chaired CML Healthcare and was also a director of Arconic Inc., NB Power, and the Alberta Climate Change and Emissions Management Corporation. Ms Merrin is a graduate of Queen's University, Ontario and completed the Advanced Management Programme at INSEAD.

John Mack

Non-Executive Director (76)

R N

Appointed in June 2013.

EXPERIENCE

Mr Mack is a non-executive director of New Fortress Energy (NASDAQ:NFE) and also serves on the board of Tri Alpha. He also serves on the board of Trustees of New York-Presbyterian Hospital and the University Hospitals of both Columbia and Cornell.

Mr Mack previously served as CEO of Morgan Stanley from 2005–09. He retired as chairman in 2011. Mr Mack first joined Morgan Stanley in May 1972, becoming a board director in 1987 and president in 1993.

From 2001 to 2005, Mr Mack served as co-CEO of Credit Suisse.

Mr Mack is a graduate of Duke University.

Gill Marcus

Non-Executive Director
(71)

A E

Appointed in January 2018.
Member of Nomination Committee during 2019.

EXPERIENCE

Ms Marcus was Governor of the South African Reserve Bank from 2009–14.

She worked in exile for the African National Congress from 1970 before returning to South Africa in 1990. In 1994 she was elected to the South African Parliament. In 1996 she was appointed as the deputy minister of finance and from 1999 to 2004 was deputy governor of the Reserve Bank. Ms Marcus was the non-executive chair of the Absa Group from 2007–09 and has been a non-executive director of Gold Fields Ltd and Bidvest. She has acted as chair of a number of South African regulatory bodies. From 2018 to 2019, she was appointed to the Judicial Commission of Inquiry into allegations of impropriety at the Public Investment Corporation. Ms Marcus is a graduate of the University of South Africa.

Kalidas Madhavpeddi

Non-Executive Director
(65)

A N R

Appointed in February 2020.

EXPERIENCE

Mr Madhavpeddi has over 40 years of experience in the international mining industry, including being CEO of China Molybdenum International from 2008 to 2018. His career started at Phelps Dodge, where he worked from 1980 to 2006, ultimately becoming senior VP responsible for the company's global business development, acquisitions and divestments, as well as its global exploration programs. Mr Madhavpeddi is currently a director of Novagold Resources (TSX: NG), Trilogy Metals (TSX:TMQ), and Dundee Precious Metals Inc (TSX: DPM). He was formerly director and chair of the governance committee of Capstone Mining (TSX:CS). He has degrees from the Indian Institute of Technology, Madras, India and the University of Iowa and has completed the Advanced Management Program at Harvard Business School.

Cynthia Carroll

Non-Executive Director
(64)

H

Appointed in February 2021.

EXPERIENCE

Ms Carroll has over 30 years' experience in the resources sector. She began her career as an exploration geologist at Amoco before joining Alcan. She held various executive roles there culminating in being CEO of the Primary Metal Group, Alcan's core business. From 2007 to 2013 she served as CEO of Anglo American plc.

Ms Carroll is currently a non-executive director of Hitachi, Ltd (TYO: 6501), Baker Hughes Company (NYSE: BKR) and Pembina Pipeline Corporation (TSE: PPL).

She is a fellow of the Royal Academy of Engineers and a Fellow of the Institute of Materials, Minerals and Mining.

Ms Carroll holds a Bachelor's degree in Geology from Skidmore College (NY), a Master's degree in Geology from the University of Kansas and a Master's in Business Administration from Harvard University.

Notes

All the Directors are non-executive apart from Mr Glasenberg. The Non-Executive Directors are designated as independent apart from Mr Coates and Dr Hayward. Committee membership is as follows:

A	Audit
E	Ethics, Compliance and Culture (ECC)
H	Health, Safety, Environment and Communities (HSEC)
I	Investigations
N	Nomination
R	Remuneration
◯	denotes Committee chair

Board diversity
page 91

Officers

Steven Kalmin

Chief Financial Officer
(50)

Appointed as Chief Financial Officer in June 2005.

EXPERIENCE

Mr Kalmin joined Glencore in September 1999 as general manager of finance and treasury functions at Glencore's coal industrial unit in Sydney. He moved to Glencore's head office in 2003 to oversee Glencore's accounting functions, becoming CFO in June 2005. From November 2017 to June 2020 he was a director of Katanga Mining Limited (TSX: KAT).

Mr Kalmin holds a Bachelor of Business (with distinction) from the University of Technology, Sydney and is a member of Chartered Accountants Australia and New Zealand and the Financial Services Institute of Australasia.

Before joining Glencore, Mr Kalmin worked for nine years at Horwath Chartered Accountants.

John Burton

Company Secretary
(56)

Appointed Company Secretary in September 2011.

EXPERIENCE

From 2006 to 2011, Mr Burton was company secretary and general counsel of Informa plc, where he established the group legal function and a new company secretarial team. Before that he had been a partner of CMS in London for 8 years, advising on a broad range of corporate and securities law matters.

Mr Burton holds a B.A. degree in Law from Durham University. He was admitted as a Solicitor in England and Wales in 1990.

CORPORATE GOVERNANCE REPORT

This report should be read in conjunction with the Directors' report and the remainder of the Governance section

BOARD GOVERNANCE AND STRUCTURE

This Governance report, along with the Strategic report and the Directors' report, sets out how Glencore has applied the principles of the 2018 UK Corporate Governance Code (the Code) in a manner which enables shareholders to evaluate how these principles have been applied. The Board believes that the Company has throughout the year complied with all relevant provisions contained in the Code.

In accordance with provisions 10 and 19 of the Code, the following serves as explanation for the extended tenure of Mr Leonhard Fischer and Dr Anthony Hayward:

- For the period from May until August, Mr Fischer remained as the Audit Committee chair despite having served for nine years on the Board. As recorded in last year's annual report, major shareholders had been consulted on this temporary extension. Mr Fischer retired from the Board in December 2020. He was considered to remain independent throughout this time.
- Last year we consulted with our largest institutional shareholders regarding Dr Hayward's tenure on the Board as he exceeded nine years in 2020. This had clear support and the shareholder vote at the 2020 AGM in favour of Dr Hayward's reappointment was 96% of those cast. The Board reconsidered this position this year and continues to believe that, due to the management succession taking place and the ongoing investigations, it is in the shareholders' interest that he remains as Chairman for a second and final additional year. The Board has also obtained shareholder support for this position in a similar consultation carried out in recent months.

During 2020 the Board comprised either seven or eight Non-Executive Directors (including the Chairman) and one Executive Director. A list of the current Directors, with their brief biographical details and other significant commitments, is provided in the previous pages. Mr Madhavpeddi joined the Board in February 2020. In August 2020, he replaced Mr Fischer as chair of the Audit Committee. On 2 February 2021, Ms Cynthia Carroll was appointed as Non-Executive Director.

The Chief Financial Officer attends all meetings of the Board and Audit Committee. The Company Secretary attends all meetings of the Board and its Committees.

Division of responsibilities

As a Jersey incorporated company, Glencore has a unitary Board, meaning all Directors share equal responsibility for decisions taken. Glencore has established a clear division between the respective responsibilities of the Non-Executive Chairman and the Chief Executive Officer, which are set out in a schedule of responsibilities approved by the Board and reviewed annually. While the Non-Executive Chairman is responsible for leading the Board's discussions and decision-making, the CEO is responsible for implementing and executing strategy and for leading Glencore's operating performance and day-to-day management. The Company Secretary is responsible for ensuring that there is clear and effective information flow to the Non-Executive Directors.

The CEO, CFO and General Counsel have line of sight across the Group. Together with the Head of Industrial Assets, they lead our management team supported by the heads of each marketing and industrial division and the heads of corporate functions.

Roles and responsibilities

CHAIRMAN

- Leading the Board
- Shaping the culture in the boardroom
- Promoting sound and effective Board governance
- Ensuring effective communication with shareholders
- Leading the annual performance evaluation of the Board

SENIOR INDEPENDENT DIRECTOR

- Acting as confidant of the Chairman and, when appropriate, as an intermediary for other independent Directors
- Acting as Chair of the Board if the Chairman is unable to attend
- Leading the Chairman's performance appraisal along with other independent Directors
- Answering shareholders' queries when usual channels of communication are unavailable

CHIEF EXECUTIVE OFFICER

- Leading the management team
- Developing the Group's strategy in conjunction with the Board
- Implementing the decisions of the Board and its Committees
- Achieving the Group's commercial objectives
- Developing Group policies and ensuring effective implementation

OTHER NON-EXECUTIVE DIRECTORS

- Challenging the Chief Executive Officer and senior management constructively
- Bringing an independent mindset and a variety of backgrounds and experience around the Board table
- Providing leadership and challenge as chairs or members of the Board Committees, which (except HSEC) comprise only Non-Executive Directors
- Assisting the Senior Independent Director in assessing the Chairman's performance and leadership

COMPANY SECRETARY

- Ensuring that Board procedures are complied with and that papers are provided in sufficient detail and on time
- Informing and advising the Board on all governance matters
- Informing the Board on all matters reserved to it
- Assisting the Chairman and the Board regarding the annual performance evaluation process

Board attendance throughout the year

Attendance during the year for all scheduled full agenda Board and all permanent Board Committee meetings is set out in the table below:

	Board of 6	HSEC of 5	ECC of 5	Audit of 5	Rem of 2	Nom of 5
Anthony Hayward	6	5	5			1
Peter Coates	6	5	5			
Leonhard Fischer[1]	6			3	1	1
Martin Gilbert	6			5	2	
Ivan Glasenberg	6	5				
John Mack	6				2	5
Kalidas Madhavpeddi[2]	6			2	1	4
Gill Marcus[3]	6		5	5		1
Patrice Merrin[4]	6	5	5			4

1 Mr Fischer attended all meetings while he was a member of the committees
2 Mr Madhavpeddi attended all meetings after his appointment to the Committees (including as chair of the Audit Committee)
3 Ms Marcus stepped down from the Nomination Committee after its first meeting of the year
4 Ms Merrin attended all meetings of the Nomination Committee after her appointment as chair.

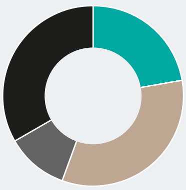
In addition, there were another 6 limited agenda meetings of the Board. Most Directors also attend by invitation the meetings of the Committees of which they are not members.

Board diversity and experience

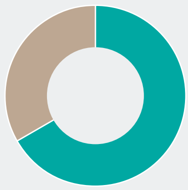
	Tony Hayward British	Ivan Glasenberg S. African	Martin Gilbert British	Cynthia Carroll American	Peter Coates Australian	John Mack American	Gill Marcus S. African	Patrice Merrin Canadian	Kalidas Madhavpeddi American
Experience									
Resources	●	●		●	●			●	●
Non-executive directorship	●	●	●	●	●	●	●	●	●
C-suite	●	●	●	●	●	●	●	●	●
Global transactions	●	●	●	●	●	●		●	●
Technical Skills*									
Leadership & Strategy	●	●	●	●	●	●	●	●	●
Financial Expertise	●	●	●			●	●		●
Ethics & Governance	●	●	●	●	●	●	●	●	●
Health & Safety	●	●	●	●	●			●	●
Investor Relations	●	●	●	●	●	●		●	●
Communications & Reputation	●	●	●	●		●	●	●	●
Risk Management	●	●	●	●	●	●	●	●	●

*The majority of these skills have been acquired through exposure and experience at leadership level, not usually as part of a formal education.

Board tenure



Board gender



Senior Independent Director

Mr Gilbert is the Senior Independent Non-Executive Director. He is available to meet with shareholders and acts as an intermediary between the Chairman and other independent Directors when required. This division of responsibilities, coupled with the schedule of reserved matters for the Board, ensures that no individual has unfettered powers of decision. Further details of these responsibilities are set out on page 90.

Non-Executive Directors

The Company's Non-Executive Directors provide a broad range of skills and experience to the Board (see table above), which assists in their roles in formulating the Company's strategy and in providing constructive challenge to executive management.

Glencore regularly assesses its Non-Executive Directors' independence. Except for Mr Peter Coates (and Mr Fischer from May to December 2020), who was first appointed to the board in May 2011 and the Chairman, all are regarded by the Board as Independent Non-Executive Directors within the meaning of "independent" as defined in the Code and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

Management of conflicts of interest

All Directors endeavour to avoid any situation of conflict of interest with the Company. Potential conflicts can arise and therefore processes and procedures are in place requiring Directors to identify and declare any actual or potential conflict of interest. Any notifications are required to be made by the Directors prior to, or at, a Board meeting and all Directors have a duty to update the whole Board of any changes in circumstances. Glencore's Articles of Association and Jersey law allow for the Board to authorise potential conflicts and the potentially conflicted Director must abstain from any vote accordingly. During the year, no abstention procedures for conflicts had to be activated.

Related Party Transactions

In the course of its business, the Group enters into transactions with organisations which may constitute related parties.

All material related party transactions are required to be reviewed and approved by the Board. If a conflict exists for a Director, he or she will not be allowed to vote on the resolution approving the transaction, as noted above. Additionally, the Company seeks advice whenever an assessment is to be made as to whether any material transaction may be a related party transaction under the terms of FCA Listing Rule 11.

During the year the Board reviewed the proposed sale of our 73% interest in Mopani to ZCCM, a 10% shareholder in Mopani.

Transactions between the Group and its significant joint ventures and associates are summarised in note 32 to the Financial Statements.

Acquisition and disposal of assets

The Board reviews and approves all material proposed transactions, including acquisitions and disposals of assets. Additionally, there is an assessment as to whether material transactions comply with FCA Listing Rule 10 requirements.

If required, the Board may engage an independent third party adviser to review the proposed transaction and provide an independent opinion for the Board to assist in its decision making.

Board Committees

The following permanent Committees are in place to assist the Board in exercising its functions: Audit, Nomination, Remuneration, HSEC and ECC. The Board is provided with technical and commercial updates as appropriate during the year, including as to compliance and our Raising Concerns programme. The Board may also establish temporary committees for specific purposes, such as the Investigations Committee. As each Committee reports to the Board, meetings are held prior to Board meetings, during which the chair of each Committee leads a discussion concerning the Committee's activities since the previous Board meeting.

A report from each chair of the permanent Committees is set out later in this Corporate Governance report.

All permanent Committees' terms of reference are available at:
glencore.com/who-we-are/governance

Each Committee reports to, and has its terms of reference approved by, the Board and the minutes of the Committee meetings are circulated to the Board. Each Committee regularly reviews its terms of reference to ensure they reflect the Board's expectations as to the Committee's role as well as the latest corporate governance requirements and recommended practices.

Investigations

In July 2018, following receipt of a subpoena from the US Department of Justice (DOJ), the Board reconstituted the then existing Investigations Committee to direct the Company's response. The Investigations Committee's mandate has continued and includes oversight of the Company's response to all the investigations listed in note 31. The committee has operated entirely separately from the Group's executives, who have no decision-making power concerning the investigations. It also monitors the Group's exposure arising from the investigations and concludes on the appropriate disclosure in the financial statements: see note 31 for further details.

Oversight of management of climate-related risks and opportunities

Climate change is a Board-level standing agenda item. In 2020, our climate change programme and performance were overseen by the Health, Safety, Environment & Communities Committee, which reviewed progress at all of its five meetings. The development and implementation of the programme are the responsibility of the Climate Change Working Group, which was first established in 2017, and which is chaired by the Chairman and includes the CEO and other members of the senior management team. In 2020, this Working Group oversaw the development and publication of our climate commitments, as well as the publication of our 2020 Climate Report.

Going forward, and in recognition of the significance of climate change for Glencore and its stakeholders, the Board has mandated the following measures:

- The Climate Change Working Group will continue to oversee the climate programme. The CEO will assume the role of the chairman of the Working Group, and will report directly to the Board on progress at its meetings.
- In recognition of the desire of shareholders to have the opportunity directly to advise the Company of their opinion on its plans and their implementation, the Board has resolved to follow the same shareholder engagement model which it uses for remuneration by which a policy is issued at least every three years and a report is published annually on the implementation of that policy, each of which is to be put to an advisory vote.

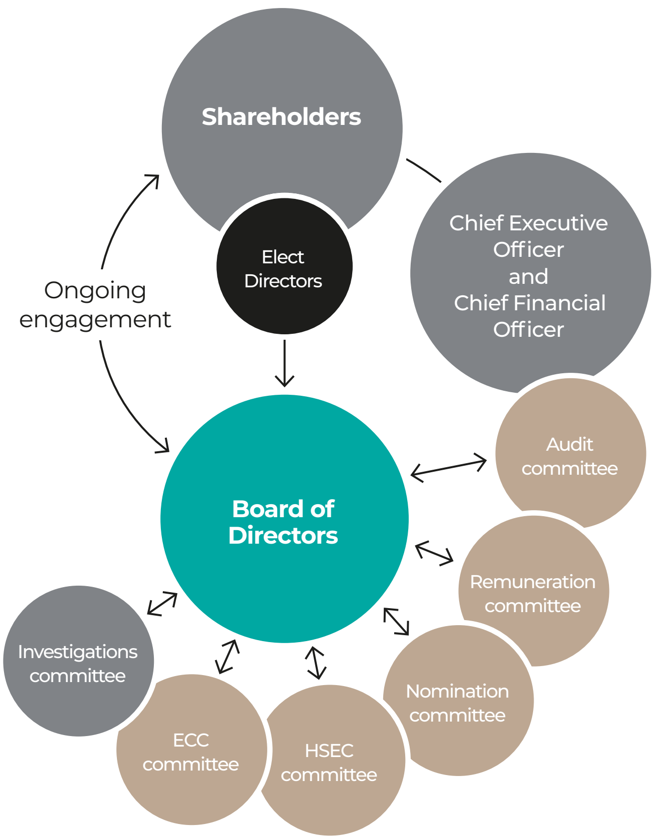
Board meetings

The Board has approved a schedule that sets out the matters reserved for its approval, including Group strategy, financial statements and annual budget, and material acquisitions and disposals. Meetings are usually held at the Company's headquarters in Baar, Switzerland. However, during 2020, due to travel restrictions, most Directors were unable to attend most of the meetings in person.

Details of the main matters considered by Board and Committee meetings held during the year are detailed on page 93.

The Board and its Committees have standing agenda items to cover their proposed business at their scheduled meetings. The Chairman seeks to ensure that the very significant work of the Committees feeds into, and benefits as to feedback from, the full Board. The Board and Committee meetings receive support from senior management through reports and presentations, which among others vary from operational, financial, audit, risk, legal and compliance, governance, and investor relations to cover all aspects of the Group. These reports and presentations allow Directors to further their understanding of the business and provide the insights necessary for defining the Company's strategy and objectives, in turn contributing to a more effective Board. A summary of the Board's main activities last year is set out on the next page.

Corporate Governance



Board and Committees' activities during 2020

Below are details of the main topics which were reviewed, discussed, and when required, approved by the Board during 2020::

Regular updates
- Chairman's report
- Reports from Committee Chairs
- Reports from CEO, CFO, Company Secretary, General Counsel and senior management
- Group performance report
- Customer performance dashboard

Financial & Risk
- Finance reports, forecasts and capital position updates
- Plan to manage remote working risks
- 2021 budget/2022–24 business plan
- Capital management programmes
- Financial statements
- Group risk appetite
- Group risk management framework

Governance & Stakeholders
- Annual report
- AGM and voting results
- Investor relations reports
- Analysts updates
- Corporate governance framework
- Stakeholder engagement

Legal, Regulatory & Compliance
- Group policies
- Legal matters updates and investigations
- Regulatory & Compliance updates
- Group Ethics and Compliance Programme
- Raising Concerns reports

Health, Safety & Environment
- Fatalities, major incidents and other safety issues
- Environmental incidents reports
- Climate target and ambition development
- Human Rights and Communities reports
- Progress in meeting our carbon targets and performance
- Tailings Storage Facilities reviews
- Supply chain traceability

Other activities
- Covid-19 related activities including analysis of risk and checking procedures across all aspects of the business including financial and risk, compliance and HSEC
- Board and Directors' evaluation
- Chairman's performance
- Succession planning for Board and senior management
- Senior management remuneration

Appointment of Non-Executive Directors
All the Non-Executive Directors have letters of appointment and the details of their terms are set out in the Directors' remuneration report. No other contract with the Company or any subsidiary undertaking of the Company in which any Director was materially interested existed during or at the end of the financial year.

Information, management meetings, site visits and professional development
It is considered essential that the Non-Executive Directors attain a good knowledge of the Company and its business and allocate sufficient time to Glencore to discharge their responsibilities effectively. The Board calendar is planned to ensure that Directors are briefed on a wide range of topics.

During 2020, most planned site visits were cancelled due to the global pandemic. However, various virtual site engagements took place – see page 29.

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring the Board procedures are complied with and have access to independent and professional advice at the Company's expense, where they judge this to be necessary to discharge their responsibilities as Directors.

DIRECTOR INDUCTION AND INFORMATION
New Directors receive a full, formal and tailored induction on joining the Board, including meetings with senior management.

The induction process of Cynthia Carroll has commenced and will continue throughout the year, including a comprehensive introduction to the main aspects of the Group, its business and functions, the roles and responsibilities of a UK premium listed company director, and the Company's Code of Conduct.

The Directors receive training on legal and compliance topics and regular updates on relevant business and governance matters.

BOARD PERFORMANCE AND EFFECTIVENESS
Since an external evaluation was carried out during 2018 and no material governance issue arose during 2020, a performance evaluation was conducted internally.

As part of this process, each Director completed questionnaires that covered various key indicators of Board and Committee performance and effectiveness, including the findings from the previous evaluation (summarised in the 2019 Annual Report). Results were provided to the Chairman and the Senior Independent Director by the Company Secretary.

Final results were presented to the Board collectively for discussion.

Issues of focus raised for the Board included:

- health and safety, especially fatalities reduction
- progressing the investigations
- refreshment of the Board including diversity and strong resource industry experience
- senior management transition
- more active remuneration committee
- more work on succession planning
- new carbon strategy
- risk management, compliance, culture and internal audit/controls

DIVERSITY

The diversity policy which is applied to appointments to our administrative, management and supervisory bodies with regard to aspects such as age, gender, or education and professional backgrounds is the same as for all Group employees.

The Board is very cognisant of the ongoing desire from stakeholders for greater diversity in senior management and boards. In particular, leading UK institutional shareholders have set a target for women to comprise 33% of senior management and boards of FTSE 100 companies by the end of 2020. This board target was achieved on 2 February 2021. For senior management, while we support the aims of diversity, we do not believe that a one size fits all policy is appropriate or currently achievable. Still today we find it challenging to fill senior positions in remote mining locations and for the marketing of commodities, by women.

ACCOUNTABILITY AND AUDIT

Financial reporting

The Group has in place a comprehensive financial review cycle, which includes a detailed annual planning/budgeting process where business units prepare budgets for overall consolidation and approval by the Board. The Group uses many performance indicators to measure both operational and financial activity in the business. Depending on the measure, these are reported and reviewed on a daily, weekly or monthly basis. In addition, management in the business receives weekly and monthly reports of indicators which are the basis of regular operational meetings, where corrective action is taken if necessary. At a Group level, a well-developed management accounts pack, including income statement, balance sheet, cash flow statement as well as key ratios is prepared and reviewed monthly by management. As part of the monthly reporting process, a reforecast of the current year projections is performed. To ensure consistency of reporting, the Group has a global consolidation system as well as a common accounting policies and procedures manual. Management monitors the publication of new reporting standards and works closely with our external auditors in evaluating any impact.

Risk management and internal control

The Board has applied provisions 28 to 31 of the Code by establishing an ongoing process for identifying, evaluating and managing the risks that are considered significant by the Group in accordance with the revised Guidance on Internal Control published by the Financial Reporting Council. This process has been in place for the period under review and up to the date of approval of the Annual Report and financial statements. The process is designed to manage and mitigate rather than eliminate risk, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Directors confirm that they have carried out a robust assessment of the principal and emerging risks facing the Group and have reviewed the effectiveness of the risk management and internal control systems. This review excludes associates of the Group as Glencore does not have the ability to dictate or modify the internal controls of these entities. This report describes how the effectiveness of the Group's structure of internal controls including financial, operational and compliance controls and risk management systems is reviewed: see pages 70 to 84 which include detailed information on the Group's principal risks.

Corporate Reporting Review

The UK Financial Reporting Council (FRC) reviewed Glencore's annual report for the year ended 31 December 2019 as part of its regular monitoring of the Directors' reports and accounts of public and large private companies.

The principal areas where the FRC raised questions were: impairment; climate change disclosures in the strategic report; segments; and alternative performance measures. We provided the FRC with the information it requested and its enquiries are now closed having been brought to a satisfactory conclusion.

The FRC requested undertakings and suggested improvements as to additional disclosures concerning these topics to be made in future reporting (including in this report).

The review was based solely on the published annual report and accounts and provides no assurance that the annual report and accounts are correct in all material respects. The FRC's role is not to verify the information provided but to consider compliance with reporting requirements.

INTERACTIONS WITH SHAREHOLDERS

The Board aims to present a balanced and clear view of the Group in communications with shareholders and believes that being transparent in describing how we see the market and the prospects for the business is extremely important.

We communicate with shareholders in a number of different ways. The formal reporting of our full- and half-year results and quarterly production reports is achieved through a combination of releases, presentations, group calls and individual meetings. The full- and half-year reporting is followed by investor meetings across a variety of locations where we have institutional shareholders. We also regularly meet with existing and prospective shareholders to update or to introduce them to the Company and, although it was not possible in 2020 due to the global pandemic, we usually arrange periodic visits to parts of the business to give analysts and major shareholders a better understanding of how we manage our operations. These visits and meetings are principally undertaken by the CEO, CFO, Head of Industrial Assets and senior members of the Investor Relations team.

In addition, many major shareholders have meetings with the Chairman and appropriate senior personnel, including other Non-Executive Directors, the Company Secretary and senior members of the Sustainability team. The matters covered by meetings with the Chairman and Company Secretary include the work of the Board's committees.

This year, following the introduction of Covid-19 related restrictions, almost all of these engagements have taken place virtually.

AGM

The Company's next AGM is due to be held on 29 April 2021. Full details of the meeting will be set out in the AGM notice of meeting. All documents relating to the AGM will be available on the Company's website at: **glencore.com/agm**

ETHICS, COMPLIANCE AND CULTURE (ECC) REPORT

Anthony Hayward

Chair

Other members

Patrice Merrin
Gill Marcus
Peter Coates

The Committee met five times during the year. Each Committee member served throughout the year and attended all of the meetings. Nicola Leigh is the secretary of this Committee.

RESPONSIBILITIES

The main responsibilities of the Committee are:

- Overseeing the implementation of the Group Ethics and Compliance Programme including Group policies, standards, procedures, systems and controls for the prevention of unethical business practices and misconduct
- Reviewing reports and the activities of the following management committees: ESG Committee (formerly business ethics committee) and business approval committee (see page 39 for further information)
- Assessing and monitoring culture to ensure alignment with the Company's purpose and values
- Monitoring the Group's stakeholder engagement

MAIN ACTIVITIES

During the year, the Committee's activities included the following:

Ethics and Compliance

- Provided oversight of the key elements of the Ethics and Compliance programme, including risk assessments, internal monitoring, training and awareness, and reviews conducted by third party specialists
- Reviewed the implementation and effectiveness of the Ethics and Compliance Programme
- Reviewed the compliance structure and resourcing to assess whether it is sufficient for the Group
- Considered a variety of other material ethics and compliance issues.
- Reviewed the Whistleblowing, Raising Concerns and Investigations framework and reviewed and recommended to the Board revised policies for Anti-Corruption, Whistleblowing and Competition Law
- Considered the effect of Covid-19 on the efficacy of the Group Ethics and Compliance programme

Stakeholder engagement

- Reviewed our ESG engagement, including with NGOs and multi-stakeholder organisations that invest or engage on ESG issues, and track the development of reporting on ESG related topics.
- Considered the conduct and positions of our member organisations during 2020 on material issues in accordance with our Political Engagement Policy. This included a detailed analysis of activities across the main countries in which the Group operates and the organisations either of the globally ambit or in those countries to which Group companies are current members.

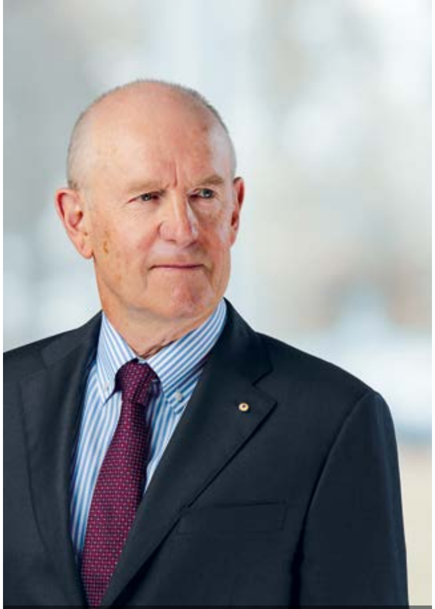
Workforce Engagement

- Management of health related concerns, policies and communications was considered both before and after the effects of Covid-19.
- Consideration of HR Group policies, standards, legislative compliance around the globe and greater use of technology.
- Consideration of the employee campaign in respect of the Group's purpose and values.
- Reporting on culture surveys: (1) the marketing business and (2) the Group as a whole. Employee attitudes to the Group's values, its commitment to ethical behaviour and scores covering the compliance programme were considered in particular.
- As part of the Committee's role in assessing and monitoring Group culture, it was expected that members of the Committee would hold a series of meetings that would take place with members of our workforce in various locations across the Group. Initially these plans were put on hold due to Covid-19, but once it became clear in the second half of the year that in-person meetings would be impractical, a series of virtual engagements was established.

Engagement by the Board and senior management is included in Our people section, on page 27.

Tony Hayward
Chair of the ECC Committee
10 March 2021

HEALTH, SAFETY, ENVIRONMENT & COMMUNITIES (HSEC) REPORT



Peter Coates

Chair

Other members

Ivan Glasenberg
Anthony Hayward
Patrice Merrin

The Committee met five times during the year. Each Committee member served throughout the year and attended all of the meetings. Every scheduled meeting had a substantial agenda, reflecting the Committee's objective of monitoring the achievement by management of ongoing improvements in HSEC performance.

John Burton is the Secretary of this Committee.

RESPONSIBILITIES

The main responsibilities of the Committee are:

- Ensuring that appropriate Group policies are developed in line with our Values and Code of Conduct for the identification and management of current and emerging health, safety, environmental, community and human rights risks
- Ensuring that the policies are effectively communicated throughout the Company and that appropriate processes and procedures are developed at an operational level to comply and evaluate the effectiveness of these policies through:
  - assessment of operational performance
  - review of updated internal and external reports
  - independent audits and reviews of performance with regard to HSEC matters, and action plans developed by management in response to issues raised
- Evaluating and overseeing the quality and integrity of any reporting to external stakeholders concerning HSEC matters
- Reporting to the Board

MAIN ACTIVITIES

During the year, the Committee engaged in:

- *HSEC Strategy*: reviewing the Group's annual HSEC strategy and its implementation
- *Governance:* approved new and revised key HSEC and human rights policies
- *Health and Safety*: overseeing the Group's fatality reduction programme including:
  - eight deep dive SafeWork (including fatal hazard) assessments;
  - commencement of the project SafeWork 2.0;
  - implementation of the zinc and copper departments' safety cases (including presentations at every meeting through the year); and
  - progress against the corporate led-Kazzinc safety intervention
  - strengthening of investigation process, including targeted training
- *Health and Safety*: review of each fatality occurring with emphasis on lessons to be learned across the Group; oversight of a revamping of leadership of fatality investigations including a training programme; reviews of critical incidents and trends in TRIFR, LTIFR, HPRIs and other relevant statistics
- *Environment*: assessing the Group's strategy concerning GHG emissions, energy, water and stewardship and other impacts
- *Communities*: reviewing material issues, investigations and complaints
- *Social and human rights*: monitoring the Group's strategy and reviewing serious incidents
- *Assurance:* reviewing work of the HSEC Audit function including its training activities
- *Enterprise Risk Management*: overseeing the development of a new ERM standard for the industrial business
- *Tailings storage facilities*: overseeing the work on the Global Tailings Review Standard and the internal work on the Group's facilities, particularly those designated as high risk
- *External affairs*: monitoring the Group's external HSEC reporting, continuing engagement on material issues and stakeholder and investor engagement
- *Other matters:* Considering a variety of other material HSEC issues

Peter Coates
Chair of the HSEC Committee
10 March 2021

AUDIT COMMITTEE REPORT

Kalidas Madhavpeddi

Chair

Other members

Martin Gilbert

Gill Marcus

The Committee met five times during the year. Leonhard Fischer stepped down as chair of the Committee in August 2020 and was replaced by Kalidas Madhavpeddi. The other Committee members served throughout the year and attended all of the meetings. All current Committee members are considered by the Board to be Independent Non-Executive Directors and to be financially literate by virtue of their relevant financial experience. As a whole, the Committee has the skills and experience relevant to the sector.

John Burton is Secretary to the Committee.

The Committee usually invites the CEO, CFO, General Counsel, Group Financial Controller, Chief Risk Officer and Head of Internal Audit and the lead partner from the external auditor to attend each meeting. Other members of management and the external auditor may attend as and when required. Other Directors also usually attend its meetings.

Additionally, the Committee holds closed sessions with the external auditors and the Head of Internal Audit without members of management being present. The Committee has adopted guidelines allowing certain non-audit services to be contracted with the external auditors.

ROLE AND RESPONSIBILITIES

The primary function of the Committee is to assist the Board in fulfilling its responsibilities with regard to financial reporting, external and internal audit, financial risk management and controls.

During the year, the Committee's principal work included the following:

- Reviewing the full-year and half-year financial statements with management and the external auditor
- Considering the scope and methodologies to determine the Company's going concern and longer-term viability statements
- Reviewing and agreeing the preparation and scope of the year-end reporting process
- Considering applicable regulatory changes to reporting obligations
- Evaluating the Group's procedures for ensuring that the Annual Report and accounts, taken as a whole, are fair, balanced and understandable
- Reviewing the Group's financial and accounting policies and practices including discussing material issues with management and the external auditor, especially matters that influence or could affect the presentation of accounts and key figures
- Reviewing the Group's internal financial controls and financial risk management systems
- Considering the output from the Group-wide processes used to identify, evaluate and mitigate financial risks, including credit and performance risks, across the industrial and marketing activities
- Monitoring and reviewing the effectiveness of Glencore's internal controls for which there were certain control weaknesses noted by our auditor in their report on page 118. Management is currently working on remediating these matters.
- Reviewing the global audit plan, scope and fees of the audit work to be undertaken by the external auditor
- Recommending to the Board a resolution to be put to the shareholders for their approval on the appointment of the external auditor and to authorise the Board to fix the remuneration and terms of engagement of the external auditor
- Monitoring the independence of the external auditor and the operation of the Company's policy for the provision of non-audit services by it
- Reviewing the Internal Audit department's annual audit plan

RISK ANALYSIS

The Committee receives reports and presentations at each meeting on management of marketing and other risks (excluding operational and sustainability risks which are reviewed by the HSEC Committee and compliance risks which are reviewed by the ECC) and at least once a year considers an in-depth study of the perceived main risks and uncertainties and the Group's risk management framework as a whole.

SIGNIFICANT ISSUES

The Committee assesses whether suitable accounting policies, including the implementation of new accounting standards, have been adopted and whether management has made appropriate estimates and judgements. It also reviews the external auditor's reports outlining audit work performed and conclusions reached in respect of key judgements, as well as identifying any issues in respect of these reports.

During the year, the Committee has focused in particular on these key matters:

1. Audit plan review

In addition to the review of key developments and audit risks central to planning for the half year review and annual audit, the Committee also considered particular issues in response to Covid-19, including fraud risk factors, re-assessment of internal controls, and reviewing the work of component auditors and site visits

2. FRC Corporate Reporting Review

The Committee considered a letter from the FRC relating to the Group's 2019 annual report and accounts. The Committee reviewed and agreed the comprehensive response proposed by management, with input from the external auditor, to the questions raised by the FRC.

Following further correspondence the questions were answered, see Corporate Reporting Review on page 94.

3. Covid-19

Impact assessment in accordance with the FRC guidance. The Committee considered at each of its meetings from May (having first discussed at Board level in April) the risks to management accounting and internal controls processes becoming challenged due to the effects of Covid, including relocation of staff and inaccessibility of some business locations. The Committee reviewed the Group's financial reporting framework and controls structure and considered the potential impact and mitigating controls that could be applied in respect of its critical controls. Certain controls around significant risk areas were considered in respect of reporting at Group level, controls concerning the marketing and industrial businesses and our critical IT infrastructure.

4. Impairments

The Committee considered whether the carrying value of goodwill, industrial assets, physical trade positions and material loans and advances may be impaired as a result of commodity price volatility and some asset specific factors including the impact of climate change. The Committee reviewed management's reports, outlining the basis for the key assumptions used in calculating the recoverable value for the Group's assets. Future performance assumptions used are derived from the Board-approved business plan. As part of the process for approval of this plan, the Committee considered the feasibility of strategic plans underpinning future performance expectations, and whether they remain achievable. Considerable focus was applied to management's commodity price and exchange rate assumptions and their sensitivities within the models. The Group's coal assets in Australia, Colombia and South Africa, copper assets in central Africa, the Volcan business in Peru, the Koniambo nickel asset in New Caledonia and the oil assets in Africa have been subject to particular scrutiny. In relation to coal, there continues to be particular focus around the price outlook and climate change related risks.

5. Taxation

Due to its global reach, including operating in many higher-risk jurisdictions, the Group is subject to enhanced complexity and uncertainty in accounting for income taxes, particularly the evaluation of tax exposures and recoverability of deferred tax assets. The Committee has engaged with management to understand the potential tax exposures globally and the key estimates taken in determining the positions recorded, including the status of communications with local tax authorities and the carrying values of deferred tax assets. The African copper assets and tax risk exposures in the UK have been particular areas of focus.

6. Counterparty exposures

The Group's global operations expose it to credit and performance risk, which result in the requirement to make estimates around recoverability of receivables, loans, trade advances and contractual non-performance. As part of an ongoing review, the Committee considered material continuing exposures, the robustness of processes followed to evaluate recoverability and whether the amounts recorded in the financial statements are reasonable. Exposures arising from oil marketing posing particular risk due to the effects of the steep fall in the price of oil earlier in the year were considered in particular.

7. Other material issues

These included going concern and long-term viability assessments. The Committee was satisfied with the going concern and longer-term viability conclusions reached as set out on page 72.

INTERNAL AND EXTERNAL AUDIT

The Committee monitored the internal audit function as described under Internal Audit on page 71.

The Committee assesses the quality and effectiveness of the external audit process on an annual basis in conjunction with the senior management team. Key areas of focus include consideration of the quality and robustness of the audit, identification of and response to areas of risk and the experience and expertise of the audit team, including the lead audit partner.

The application of the FRC's Revised Ethical Standard 2019, from 1 January 2021, has introduced significantly extended restrictions regarding the use of the Company's external auditor for non-audit services, to preserve the auditor's independence. This has largely overtaken the Group's non-audit services policy, although this is still maintained.

For 2020, fees paid to the external auditor were $28 million, including total non-audit fees of $4 million; further details are contained in note 29 to the financial statements.

The Committee has commenced a tender process for the appointment of the Company's external auditor. This process will be completed this year and the appointment will be with effect from the audit of the financial statements for 2022.

Kalidas Madhavpeddi
Chair of the Audit Committee
10 March 2021

NOMINATION COMMITTEE REPORT

Patrice Merrin

Chair

Other members

John Mack
Kalidas Madhavpeddi

During the year, the Committee's composition was altered from initially Anthony Hayward (Chair), John Mack, Leonhard Fischer and Gill Marcus to its current composition.

The Committee met five times during the year.

John Burton is the Secretary of this Committee.

ROLES AND RESPONSIBILITIES

The main responsibilities of the Nomination Committee are to assist the Board with succession planning and with the selection process for the appointment of new Directors, both Executive and Non-Executive, including the Chairman, and senior management.

This involves:

- Evaluating the balance and skills, knowledge and experience of the Board and identifying the capabilities required for a particular appointment
- Overseeing the search process
- Evaluating the need for Board refreshment and succession planning generally
- Overseeing planning for CEO and CFO succession
- Monitoring the CEO's planning for senior management succession to seek to ensure that the Company has a suitable pipeline of candidates
- Considering diversity in appointments

MAIN ACTIVITIES

The Committee focused on three main tasks during this year.

The most important has been senior management succession. The decision making for this progress was completed by year end. During the first half of 2021, Mr Glasenberg will retire and all of the heads of the main departments will have been replaced from those in place at the Company's IPO in 2011.

Secondly, prior to the notice of 2020 AGM being compiled, the Committee considered the performance of each Director. It concluded that each Director is effective in their role and continues to demonstrate the commitment required to remain on the Board. Accordingly, it recommended to the Board that re-election resolutions be put for each Director at the 2020 AGM.

Thirdly, the Committee considered the composition of the Board. The Committee continued its work on board refreshment. This has led to the appointments of Kalidas Madhavpeddi and Cynthia Carroll, both of whom bring extensive mining experience and further diversity to the Board table.

The Committee acknowledged the recommendations of the Hampton Alexander Review on gender and the Parker Review on ethnic diversity. It is part of the Committee's policy when making new Board appointments to consider the importance of diversity on the Board, including gender and ethnicity. This is considered in conjunction with experience and qualifications. Following the appointment of Cynthia Carroll, the Board satisfies the diversity target set by the Hampton-Alexander review. Additionally, the Board meets the ethnic diversity target of the Parker Review.

Patrice Merrin
Chair of the Nomination Committee
10 March 2021

DIRECTORS' REMUNERATION REPORT

For the year ended 31 December 2020

John Mack

Chair

Other members

Kalidas Madhavpeddi
Martin Gilbert

INTRODUCTION

On behalf of the Remuneration Committee, I am pleased to present our Directors' remuneration report for the year ended 31 December 2020.

In February 2020, Leonhard Fischer stepped down as a member of the Committee and was replaced by Kalidas Madhavpeddi. Martin Gilbert and I served on this Committee throughout the year.

At the 2020 AGM, our shareholders approved the Directors' Remuneration Policy and the Directors' Remuneration Report with over 96% of votes cast in favour of both resolutions.

In December 2020, it was announced that Ivan Glasenberg will retire in 2021 and that Gary Nagle will succeed him as CEO. As part of the transition preparation, the Board and the Committee have during the last year been considering the most appropriate approach to CEO pay. The purpose of the proposed new approach is to ensure that Mr Nagle receives remuneration which is both competitive and aligned with our shareholders' interests. As shareholders will be aware, Mr Glasenberg, given his large shareholding, waived any salary increase and participation in any form of variable pay programme and, therefore, his overall pay was not typical or competitive. New arrangements needed to be newly created rather than built on prior arrangements.

This report is presented to reflect the reporting requirements on remuneration matters for companies with a UK governance profile, particularly the UK's Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, unless stated otherwise. The report also describes how the Board has complied with the provisions set out in the UK Corporate Governance Code relating to remuneration matters. Our auditors have reported on certain parts of the Directors' remuneration report and stated whether, in their opinion, those parts of the report have been properly prepared. Those sections of the report which have been subject to audit are clearly indicated.

John Mack
Chair of Remuneration Committee
10 March 2021

PART A-1

CEO SUCCESSION PACKAGE AND RESULTING PROPOSED POLICY CHANGES

The current remuneration policy provides for a salary cap of $2m plus RPI and the ability to operate an annual bonus and long-term incentive plan (LTIP) each subject to a maximum of 200% of salary. It also provides for the LTIP to operate with pre-vest performance conditions measured over 3 years and a further 2-year holding period. These current policy positions for variable pay are not in line with the practices of our peers or the FTSE 30 and require changes to facilitate the transition to new leadership.

Consultation

During 2020 and 2021, the Committee conducted extensive external benchmarking based on a UK-listed peer group. This comprised of Anglo American, BHP, BP, Rio Tinto and Shell. The mining companies were chosen as the best comparators to our industrial business while the oil companies' combined industrial and marketing business model is closely aligned to the Group's activities.

Policy proposals and a proposed remuneration package were developed and consulted upon with a significant number of shareholders and proxy advisors. There were two main rounds of consultation over a period of 13 months which enabled valuable feedback and suggestions to be incorporated into the final proposed remuneration package and policy. The majority of respondents were comfortable with the proposed changes. We received constructive feedback in relation to quantum, the restricted stock plan (RSP) underpin and the importance of clearly identifying the proposed changes to the policy and their rationale.

In the spirit of this consultation and ensuring full disclosure, the detailed remuneration package and the underlying logic, assumptions and chosen comparators are detailed in the following sections.

Fixed Remuneration

To set a competitive salary for Mr Nagle, the Committee has considered both the current salary level for the CEO and comparison with the peer group and FTSE 30.

Mr Glasenberg has not received an increase since 2011, despite clear salary growth in the market during this period. Extrapolating his salary with the ten-year average RPI for the UK of 2.8%, results in an increased salary of c. $1.9m. The typical base salary for the CEOs within our peer group ranges between c. $1.6-1.9m, depending on currency exchange rates.

Glencore's annual pension provision for the CEO is fully aligned to the wider Swiss workforce, which at present amounts to a maximum of c. $65,000. This provision is significantly below the peer range of $150-450,000. The resulting fixed remuneration of base salary, benefits and pension provision in the peer group ranges between c. $1.9-2.3m. The Committee has set the base salary at $1.8m, well within the current policy cap of $2m. The resulting total fixed remuneration of c. $1.9m inclusive of pension and all benefits places the proposal at the lower end of the peer group.

Long Term Incentive (LTI)

A particular area of concern for the Remuneration Committee in designing the proposed remuneration policy was the considerable volatility in variable pay in commodity related businesses. The Committee focused on constructing a package which rewarded long-term executive decision making rather than short-term commodity price movements. It concluded that a RSP, subject to the appropriate level of discount to a traditional LTIP, would reward consistent shareholder value creation, executive planning and action. The Committee also supports the principle of long-term share ownership which is promoted by the UK Corporate Governance Code and believes that there is no better alignment between the interests of executives and shareholders than through long-term shareholding. Therefore, to ultimately align the CEO's interests with those of our shareholders, no shares under the proposed RSP will be disposable until at least two years post-employment, except as necessary to meet tax obligations.

Given that the Company has never previously operated an executive LTIP, the Remuneration Committee designed the proposed plan after comparison with the peer group and FTSE30. These benchmarks suggest an LTIP grant level of 400-500% of salary suggesting a discounted award of 200-250% following the best practice conversion for restricted stock awards at 50% of the LTIP face value.

Considering the total pay position and the holding requirement of two years post-employment, the Committee feels that a proposed award level of 225% of salary is an appropriate award level and proportionate to the role both in terms of quantum and relative to benchmarks.

The vesting of each annual grant will be subject to a holistic review of performance following the third anniversary of grant. In reaching its decision, the Committee will look at both financial and non-financial performance noting that there may be short-term trade-offs between different factors. In particular, it will consider reducing the level of vesting if any of the following occur:

- Failure to pay the minimum distribution required under the Company's stated distribution policy;
- The overall performance and outcomes, both on absolute and relative basis, is considered by the Committee unsatisfactory to permit full vesting;
- ESG performance (including climate) is considered unsatisfactory to permit full vesting.

Given the complexity of the Group structure and its clear exposure to commodity price movements, the underpin deliberately does not apply a formula driven approach to determining vesting levels. Instead, broad discretion has been reserved to consider the position in the round and to reduce vesting levels if the overall company financial or ESG performance is not at an adequate level. Instead, the Remuneration Committee will make use of all relevant data points for its review, including the Company's Ethics and Compliance programme and climate action transition plan to assess the progress across the Group concerning material ESG matters. In reaching any decision, it will balance both the design principle that the default for restricted stock is to accept lower awards levels for greater certainty of vesting and, therefore, there should be a default to full vesting while ensuring that the Remuneration Committee considers the overall outcome and avoids payments for failure.

Annual Bonus

To further build on the principle of share ownership and shareholder alignment, the Committee is proposing that 50% of any bonus outcome is deferred into shares. These deferred shares shall vest on the third anniversary of grant and are generally subject to continuing employment. To ensure a fair balance between any bonus pay-outs and alignment to shareholder interests and considering that the RSP component is not accessible until two years post-employment, the Committee is proposing to increase the maximum opportunity to 250% of salary from the current policy maximum of 200%.

The Remuneration Committee proposes an initial scorecard for 2021 comprising 55% financial measures, 30% HSEC and 15% individual targets which provides an appropriate mix of financial and non-financial measures. The scorecard will be kept under review in subsequent years and, while this basic framework is likely to continue, the precise metrics may evolve in line with the Board's priorities. The policy allows for flexibility to set measures, weightings and targets each year which recognise market developments while placing appropriate emphasis on our long-term commitments.

Total Remuneration

The Committee believes that the initial proposed maximum total remuneration of $10.4m is not excessive, provides market competitiveness, alignment to shareholders' interests and an appropriate discount to peer LTIP levels. The Committee highlights that approximately 60% of the total reward opportunity is delivered in shares and 40% is subject to a holding requirement until two years post-employment and is, therefore, directly aligned with the long-term interests of shareholders. For the purposes of clarity, the maximum total annual remuneration that the CEO will actually receive during his employment is c. $6.4m compared to the peer maximum of $11-18m, since 40% is held back until two years post-employment. This ignores any share price changes, distributions or share awards.

The holding restriction until two years' post-employment under the RSP is separate from the general shareholding guideline in the amount of 500% of salary for the CEO.

FY2021 CEO Package

The below table summarises the full year proposed package. For 2021 the bonus and RSP awards for Mr Nagle will be time pro-rated to reflect his period as CEO following his appointment.

Fixed Remuneration	Annual Bonus	Long Term Incentive
• $1.8m Base Salary • Nominal Benefits/Pension • In line with market and competition, ensures stability and balanced with more conservative variable potential	• 125% target, 250% maximum bonus • 55% Financial, initially comprising: – 30% Funds From Operations; – 15% Net debt; – 10% Capex; • 30% HSEC comprising of: – 15% Safety; – 15% Progress towards 2035 CO_2 targets; and • 15% Individual targets. • 50% deferred into shares vesting on the third anniversary, subject to continuing employment.	• 225% per year • Comprehensive underpin focused on a holistic review of the overall business and ESG performance. • Test of underpin and cliff vesting on third anniversary. Requirement to hold all vested restricted stock until the later of 5-years from grant and 2 years post-employment.

Summary of proposed policy changes

The following changes to the variable elements of the remuneration policy are proposed (neither of which have been utilised by the current CEO):

- Annual bonus maximum increased from 200% to 250% with 50% of any bonus outcome deferred for three years into shares. Minor clarifications to the operation of deferral and distribution accrual.
- Introduction of RSP. Under the new plan, the CEO will receive an annual grant of shares worth 225% of salary. The vesting is subject to an underpin, combined with a holding requirement until two years post-employment.

A comparison of each current policy element and the proposed changes can be found on the following pages.

Conclusion

While the Company renewed its policy at the 2020 AGM, based on the findings of the review described above, it is now necessary to seek approval for a revised policy in light of succession as we move to a more appropriate and competitive remuneration structure.

We believe that the proposal directly aligns the executive director's interests with those of our shareholders through the most long-term plan operated by a major UK listed company. We are confident that shareholders will recognise this as a continuation of our ESG journey.

The Committee continues to seek to ensure that the directors' remuneration policy and its implementation are attractive to shareholders in reflecting sensible practice and good governance.

We welcome an open dialogue with shareholders and will continue to consult with major shareholders before implementing any future significant changes to the remuneration policy.

We would like to thank all those who took part in the consultation for their openness and constructive challenge.

Part A-2

DIRECTORS' REMUNERATION POLICY

The Directors' Remuneration Policy as set out in this section of the report will take effect for all payments made to Directors from the date of the 2021 AGM. The Policy approved by shareholders at the 2020 AGM will apply until approval is obtained for the new Policy. Any changes to the Policy are highlighted where relevant.

UK legislation and related investor guidance encourages companies to disclose a cap within which each element of remuneration policy will operate. Although not subject to this legislation, the Committee has set an annual cap for each element of remuneration under the maximum opportunity column which will apply until a revised policy is approved by shareholders.

The Policy for the Executive Directors currently only applies to Mr Glasenberg as he is the only Executive Director. Mr Nagle will be appointed to the Board and replace Mr Glasenberg from a date to be announced in 2021. Mr Glasenberg, given his status as a major shareholder, elected not to participate in any form of variable pay and, as acknowledged in the 2020 policy, this requires the policy to be updated to reflect the future position applying to his successor.

General Policy

ELEMENTS OF THE PACKAGE

Remuneration Policy for the Directors is summarised in the table below:

General Policy for Executive Directors

(This section does not technically form part of the Directors' Remuneration Policy and is for information only)

The philosophy of the Remuneration Committee is to set the Company's remuneration policies and practices to promote the long-term success of the Company and support the implementation of the Group's strategy, while aligning the interests of the Executive Directors and executives with those of shareholders generally. This policy has consistently underpinned our approach to executive remuneration.

The Committee is satisfied that the revised remuneration policy is in the best interests of shareholders and does not raise any environmental, social or governance issues and does not promote excessive risk taking.

UK CORPORATE GOVERNANCE CODE CONSIDERATIONS

As part of its review of the new remuneration policy, the Committee has considered the factors set out in provision 40 of the Corporate Governance Code. In our view, the proposed policy addresses those factors as set out below:

Clarity: remuneration arrangements should be transparent and promote effective engagement with shareholders and the workforce.	Our remuneration policy and pay arrangements are clearly disclosed each year in the Annual Report. The Remuneration Committee proactively seeks engagement with shareholders on remuneration matters.
Simplicity: remuneration structures should avoid complexity and their rationale and operation should be easy to understand.	Our remuneration structure comprises fixed and variable remuneration, with the performance conditions for variable elements clearly communicated to, and understood by, participants. The RSP will provide a mechanism for aligning Executive Director and shareholder interests.
Risk: remuneration arrangements should ensure reputational and other risks from excessive rewards, and behavioural risks that can arise from target-based incentive plans, are identified and mitigated.	The rules of the annual bonus scheme and RSP provide suitable mechanisms for the Committee to reduce award levels and are subject to malus and clawback provisions. The RSP reduces the risk of unintended remuneration outcomes associated with complex performance conditions associated with other forms of long-term incentives.
Predictability: the range of possible values of rewards to individual directors and any other limits or discretions should be identified and explained at the time of approving the policy.	The RSP increases the predictability of reward values (removing the risk of potentially unintended outcomes). Maximum award levels and discretions are set out in the policy tables and the policy includes scenario charts showing the potential outcomes on a range of assumptions.
Proportionality: the link between individual awards, the delivery of strategy and the long-term performance of the company should be clear. Outcomes should not reward poor performance.	Variable performance-related pay represents a significant proportion of the total remuneration opportunity. The Committee considers the appropriate financial and personal performance measures each year to ensure that there is a clear link to strategy. Discretion is available to the Committee with the ability to reduce awards if necessary, to ensure that formulaic outcomes do not reward poor performance.
Alignment to culture: incentive schemes should drive behaviours consistent with company purpose, values and strategy.	The Committee seeks to ensure that personal performance measures under the annual bonus scheme incentivise behaviours consistent with the Company's culture, purpose and values. The RSP will clearly align the Executive Director's interests with those of shareholders by ensuring a focus on delivering against strategy to generate long-term value for shareholders.

1. Components of Executive Director Remuneration

Base salary

Provides market competitive fixed remuneration that rewards relevant skills, responsibilities and contribution

Policy and operation
Salaries are positioned within a market competitive range for companies of a similar size and complexity.

The Committee does not slavishly follow data but uses it as a reference point in considering, in its judgement, the appropriate level having regard to other relevant factors, including corporate and individual performance and any changes in an individual's role and responsibilities. Base salary is paid monthly in cash.

Maximum opportunity and performance measures
Base salaries are usually reviewed annually, however, this next review will take place in December 2022.

A base salary cap of $2 million p.a. has been set.

This cap will increase in line with UK RPI from 24 May 2020 being the date at which the cap was first approved.

Key changes to last approved policy
None

Benefits

To provide appropriate supporting non-monetary benefits

Policy and operation
Provides appropriate insurance coverage benefits.

Values are shown in the single figure table on page 111 but may fluctuate without the Committee taking action.

The Company may periodically change the benefits available to staff for the office at which an Executive Director works in which case the Director would normally be eligible to receive the amended benefits on similar terms to all relevant staff. In the case of a Swiss based executive, this would be expected to mean employees generally in the Baar office.

Maximum opportunity and performance measures
Benefits to comprise only those generally available to staff at the Company's head office. These currently comprise salary loss (long-term sickness) and accident / travel insurance.

A monetary limit of $100,000 p.a. for these benefits applies ($20,000 in the case of Mr Glasenberg).

Key changes to last approved policy
None

Pension

Provides basic retirement benefits which reflects local market practice

Policy and operation
Participation in the defined contribution scheme for all Swiss head office-based employees.

Maximum opportunity and performance measures
An annual cap on the cost of provision of retirement benefits of $150,000 per Executive Director has been set.

Any Executive Director's benefit will be aligned with the average percentage contribution or entitlement available to staff in the relevant market.

Key changes to last approved policy
None

Annual Bonus

Supports delivery of short-term operational, financial and strategic goals

Policy and operation
Annual Bonus plan levels and the appropriateness of measures are reviewed annually to ensure they continue to support the Group's strategy.

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 to alter the current practice of deferral (whether by altering the portion deferred, the period of deferral or whether amounts are deferred into cash or shares). The current intent is that such shares vest on the third anniversary of grant contingent on continuous employment.

Cash element to be paid in one tranche following the publication of the year-end results.

Dividends will accrue over the period from grant to the relevant vesting date and roll up into further shares which will be released on such date.

Malus and clawback provisions apply to any Annual Bonus plan outcome.

Maximum opportunity and performance measures
The Committee has set a maximum annual bonus level of 250% of base salary p.a.

The performance measures applied may be financial, non-financial and corporate, divisional or individual and in such proportions as the Committee considers appropriate.

Additionally, the Committee will consider the outcomes against pre-set targets following their calculation and may moderate these outcomes to take account of a range of factors including the Committee's view of overall Company performance in the year. The Committee specifically reserves the ability to reduce payments if not satisfied that any formulaic outcome is appropriate in the circumstances.

Key changes to last approved policy
Cap increased from 200% to 250% and minor clarifications to the operation of deferral and distribution accrual.

1. Components of Executive Director Remuneration continued

Long Term Incentives

Incentivises the creation of shareholder value over the longer term

Policy and operation
Awards will generally be granted on an annual basis contingent on employment to the third anniversary of grant and satisfaction of an underpin at that time. As the award is of restricted shares, the default will be for awards to vest, unless the Committee considers this inappropriate in the circumstances.

Shares will only be released (other than to meet tax obligations) on the later of five years from grant and two years post-employment.

Distributions will accrue over the period from grant to the third anniversary of grant and roll up into further shares, which will be released on such anniversary. From that date, distributions will be paid directly on any vested shares.

Malus and clawback clauses apply.

The Company will honour the vesting of all awards granted under previous policies in accordance with the terms of such awards.

Maximum opportunity and performance measures
Overall annual Executive Directors' limit of 225% of salary for LTI grants.

The vesting of awards is subject to an underpin permitting the Committee to reduce or eliminate the level of vesting if it considers full vesting inappropriate in all the circumstances.

The Committee will holistically review the overall business and ESG performance (including financial and non-financial elements, such as distribution payments, delivery against climate change objectives, governance, culture, as well as health and safety performance).

Key changes to last approved policy
Introduction of Restricted Share Plan.

Personal Shareholdings

Policy and operation
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.

An Executive Director will normally be required to retain the lower of the actual holding on stepping down from the Board and such shares as then represents the policy level of 500% of salary for 2 years after stepping down (although the Board may relax this requirement in appropriate cases) with such policy enforceable through a requirement to lodge such shares at the Company's request.

Key changes to last approved policy
None

Service Contracts

Policy and operation
It is the Company's policy to provide for 12 months' notice for termination of employment for Executive Directors, to be given by either party.

Under normal circumstances, the Company may terminate the employment of an Executive Director by making a payment in lieu of notice equivalent to basic salary only for the notice period at the rate current at the date of termination. In appropriate cases, the Executive Director can be dismissed without compensation.

Key changes to last approved policy
None

Notes to policy table and other key considerations
1. Differences between the policy on remuneration for Directors from the policy on remuneration of other employees: the only current Executive Director has waived any entitlement to participate in the variable pay arrangements. Arrangements also differ from its pay policies for Group employees as necessary to reflect the appropriate market rate position for the relevant roles. In particular, Mr Glasenberg's pension benefits are in accordance with those provided to other Swiss-based employees and do not include any enhancement.
2. For 2020, all remuneration and fees were paid in US Dollars except for pension contributions and the provision of benefits which were provided in Swiss Francs.

MALUS & CLAWBACK

Awards subject to the applicable plan rules governing the annual bonus and RSP are subject to malus and clawback provisions that allow the Committee to reduce or clawback awards and may be applied in certain circumstances. These provisions apply irrespective whether an award is made in cash or equity.

The Committee may, in its discretion, decide to delay vesting and therefore extend the period during which malus and clawback may be applied if facts come to light within the period warranting an investigation.

DISCRETION AND VESTING SUBJECT TO THE UNDERPIN

In addition to the specific discretions set out in the policy table above, the Committee may exercise various discretions related to the operation of the policy. In particular, these include, but are not limited to, the following:

- the participants of the respective plans;
- the timing of award grants, vesting and/or payment;
- the size of an award and/or payment (subject to the limits set out in the policy table);
- the determination of vesting;
- dealing with a change of control or corporate restructuring;
- the determination of a good/bad leaver for incentive plan purposes and the treatment of pro-rating and holding periods;
- adjustments required in certain circumstances (e.g. rights issues, corporate reorganisation and/or change to capital structure); and
- determining the appropriate performance conditions, underpins, weightings and targets for the annual bonus scheme and LTI.

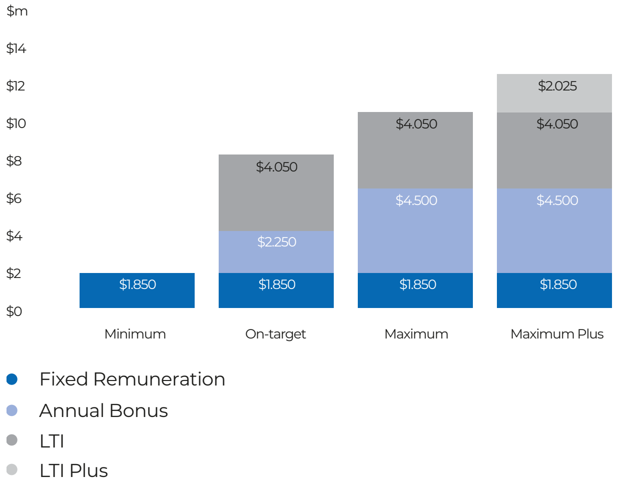
The holistic, qualitative judgement, which is applied as an underpin test before final vesting of restricted stock is confirmed, is an important aspect to ensure that vesting is not simply driven by a formula or the passage of time that may give unexpected or unintended remuneration outcomes.

The exercise of any discretion will be fully disclosed in the applicable statement of implementation of the policy.

POTENTIAL REWARDS UNDER VARIOUS SCENARIOS

Under the current policy, consistent with other large FTSE companies, the total available variable pay (i.e. the maximum amount payable in respect of bonus and long-term incentives) available to Mr Glasenberg would be approximately $5,790,000 (being four times base salary). As Mr Glasenberg has waived entitlement to all variable elements for 2021, including both bonus and long-term incentives, his base salary and all benefits are set at less than 25% of the aggregate remuneration which would potentially have been available to him, had he not waived participation in these aspects. These waivers are considered appropriate as the level of his personal shareholding is sufficient to provide a keen alignment of interest between him and of shareholders more generally without the need to add additional aspects to his package (and cost to other shareholders). His fixed remuneration is set at a moderately below market level so the waivers do not reflect any element of an excessive bias to fixed pay in the traditional sense.

When Mr Nagle joins the Board, it is envisaged that his potential remuneration will comprise:



This has been calculated using the following assumptions, in accordance with UK reporting regulations:

- Minimum: Mr Nagle's starting salary of $1.8m and assumed benefits of $50k (one-time relocation expenses have been excluded)
- On-target pay: as Minimum plus bonus at 50% of maximum plus the LTI grant
- Maximum pay: as On-target pay except bonus payable at max
- Maximum plus 50%: as Maximum pay except the share price on the LTI is assumed to increase by 50%
- Each element ignores the impact of distribution roll-up

MANAGING POTENTIAL CONFLICTS OF INTEREST

In order to avoid any conflicts of interest, remuneration is managed through well-defined processes ensuring that no individual is involved in the decision-making process related to their own remuneration. In particular, the remuneration of an Executive Director is set and approved by the Committee; no Executive Director is involved in the determination of his own remuneration arrangements or attends the meetings where this is discussed.

The Committee also receives support from external advisers and evaluates the support provided by those advisers annually to ensure that advice is independent, appropriate and cost-effective. Committee members bring their own judgment to consideration of all matters.

RECRUITMENT REMUNERATION POLICY

The Company's Executive Director Recruitment Remuneration Policy aims to give the Committee sufficient flexibility to secure the appointment and promotion of high-calibre executives to strengthen the management team and secure the skill sets to deliver our strategic goals.

- The starting point for the Committee will be to look to the General Policy for Executive Directors as set out above and structure a package in accordance with that Policy. However (consistent with the UK regulations) for a newly appointed Executive Director the Committee is not constrained by the caps on fixed pay within the Policy on a recruitment or at any subsequent annual review within the life of this Policy as approved by shareholders. Nonetheless, it envisages applying the caps in practice. The Committee will not pay more than it considers to be necessary to secure the recruitment having regards to appropriate market rates and evolving best practice.
- For an internal appointment, any variable pay element awarded in respect of the prior role may either continue on its original terms or be adjusted to reflect the new appointment as appropriate.
- For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses as they consider appropriate and/or to make a contribution towards legal fees in connection with agreeing employment terms. Such costs will be outside the formal caps and will be limited to two years.
- The Committee reserves the right to make awards of incentive pay that are necessary to secure a candidate to compensate for the forfeiture of incentive awards in a previous employer. Details of any such awards will be appropriately disclosed.
- Where it is necessary to make a recruitment related pay award to an external candidate the Company will not pay more than is in the view of the Committee necessary and will in all cases seek in the first instance to deliver any such awards under the terms of the existing incentive pay structure. It may however be necessary in some cases to make such awards on terms that are more bespoke than the existing annual and equity-based pay structures in the Group in order to secure a candidate.
- All such awards for external appointments whether under the Annual Bonus plan, Restricted Share Plan or otherwise to compensate for awards forfeited on leaving a previous employer will take account of the nature, time-horizons and performance requirements on those awards. In particular, the Committee's starting point will be to ensure that any awards being forfeited which remain subject to outstanding performance requirements (other than where these are substantially complete) are bought-out with replacement requirements and any awards with service requirements are bought out with similar terms. However exceptionally the Committee may relax those obligations where it considers it to be in the interests of shareholders and those factors are in the view of the Committee equally reflected in some other way for example through a significant discount to the face value of the awards forfeited. It will only include guaranteed sums where the Committee considers that it is necessary to secure the recruitment.
- For the avoidance of doubt where recruitment related awards are intended to replace existing awards held by a candidate in an existing employer the maximum amounts for incentive pay as stated in the general policies will not apply to such awards. The Committee has not placed a maximum limit on any such awards which it may be necessary to make as it is not considered to be in shareholders' interests to set any expectations for prospective candidates regarding such awards. Any recruitment-related awards which do not replace awards with a previous employer will be subject to the limits on incentive awards as detailed in the general policy.

The elements of any package for a new recruit and the approach taken by the Committee in relation to setting each element of the package will be consistent with the Executive Directors' Remuneration Policy described in this report, as modified by the above statement of principles where appropriate.

A new Non-Executive Director would be recruited on the terms explained below in respect of the main Policy for such Directors.

TERMINATION POLICY SUMMARY

In practice, the facts surrounding any termination do not always fit neatly into defined categories for good or bad leavers. Therefore, it is appropriate for the Committee to consider the suitable treatment on a termination having regard to all of the relevant facts and circumstances available at that time. This Policy applies both to any negotiations linked to notice periods on a termination and any treatment which the Committee may choose to apply under the discretions available to it under the terms of the annual bonus and LTI arrangements. The potential treatments on termination under these plans are summarised below.

Incentives	Good leaver	Bad leaver
	If a leaver is deemed to be a "good leaver"; i.e. leaving through, serious ill health or death or otherwise at the discretion of the Committee	If a leaver is deemed to be a "bad leaver"; typically, voluntary resignation or leaving for disciplinary reasons
Annual Bonus	Pro-rated bonus, typically with the normal proportion subject to deferral	No awards made
Deferred element of bonus	Typically retained for the balance of the deferral period (although the Committee may exceptionally approve early release)	May be retained or forfeited at Committee discretion
LTI	Will receive a pro-rated award (if applicable, subject to the application of the underpin at the normal measurement date.) Committee discretion to disapply pro-rating	All awards will normally lapse.

In the event of a change of control or similar event, awards may become payable or vest early with treatment broadly in line with that for good leavers. Rules permit a roll-over of awards in appropriate circumstances.

The UK legislation does not require the inclusion of a cap or limit in relation to payments for loss of office. The Committee will take all relevant factors into account in deciding whether any discretion should be exercised in an individual's favour in these circumstances, and the Committee will aim to ensure that any payments made are, in its view, appropriate having regard to prevailing best practice guidelines. The Committee may also, after taking appropriate legal advice, sanction the payment of additional sums in the settlement of potential legal claims and/ or the provision of outplacement and similar services.

2. Chairman and Non-Executive Director Remuneration

Fees

Reflects time commitment, experience, global nature and size of the Company

Policy and operation
The objective in setting the fees paid to the Chairman and the other Non-Executive Directors is to be competitive with other listed companies of equivalent size and complexity. Fee levels are periodically reviewed by the Board (for Non-Executives) and the Committee (for the Chairman). In both cases, the Company does not adopt a quantitative approach to pay positioning and exercises judgement as to what it considers to be reasonable in all the circumstances as regards quantum.

Non-Executive Directors and the Senior Independent Director receive a base fee.

Additional fees are paid for chairing or membership of a Board committee.

Chairman receives a single inclusive fee.

Reasonable business-related expenses are reimbursed (including any tax thereon).

Non-Executive Directors are not eligible for any other remuneration or benefits of any nature.

Reviewed every year with the next review due to take place in December 2021.

Maximum opportunity and performance measures
Fees are paid monthly in cash.

Aggregate fees for all Non-Executive Directors (including the Chairman) are subject to the cap set in the Articles of Association. This is currently set at $5,000,000.

Key changes to last approved policy
None

Engagement with shareholders

As explained, on page 100 of this report, the Company engaged extensively with shareholders as part of the development of this policy. The Committee will continue to monitor the views of shareholders as published in guidelines and engage directly with them as appropriate.

Engagement with colleagues

As a global resources company with employees around the world, many of whom do not have access to the internet, it is not feasible to directly engage with all colleagues on executive remuneration. The Committee is advised of pay and conditions around the Group and considers such information when considering executive pay.

DIRECTORS' SERVICE CONTRACTS

Executive Director's Contract

The table below summarises the key features of the service contract for Mr Glasenberg, the only person who served as an Executive Director during 2020.

A copy of the service contract of the Executive Director is available for inspection at Company's registered office as noted on page 243 or as otherwise indicated in the Notice of 2021 AGM.

Provision	Service contract terms
Notice period	Twelve months' notice by either party
Contract date	28 April 2011 (as amended on 30 October 2013)
Expiry date	Rolling service contract
Termination payment	No special arrangements or entitlements on termination. Any compensation would be limited to base salary only for any unexpired notice period (plus any accrued leave)
Change in control	On a change of control of the Company, no provision for any enhanced payments, nor for any liquidated damages

EXTERNAL APPOINTMENTS

None currently. The appropriateness of any future appointment is considered as part of the annual review of Directors' interests/potential conflicts.

NON-EXECUTIVE DIRECTORS' LETTERS OF APPOINTMENT AND RE-ELECTION

All Non-Executive Directors have letters of appointment with the Company for an initial period of three years from their date of appointment, subject to re-election at each AGM. The Company may terminate each appointment by immediate notice and there are no special arrangements or entitlements on termination except that the Chairman is entitled to three months' notice. Copies of the letter of appointment for Non-Executive Directors are available for inspection at Company's registered office address as noted on page 243.

The annual fees are paid in accordance with a Non-Executive Director's role and responsibilities. The Chairman's fee is inclusive of all his committee responsibilities. The fees payable for 2021, which are unchanged from 2020, are as follows:

US$'000	
Directors	
Chairman	1,150
Senior Independent Director	200
Non-Executive Director	135
Committee Fees:	
ECC	
Member	50
Remuneration	
Chair	45
Member	25
Audit	
Chair	60
Member	35
Nomination	
Chair	40
Member	20
HSEC	
Chair	125
Member	40
Investigations	
Member	40

Part B – Implementation Report

IMPLEMENTATION REPORT – UNAUDITED INFORMATION

Remuneration Committee

Membership and experience of the Remuneration Committee

The members of the Committee provide a useful balance of skills, experience and perspectives to provide the critical analysis required in carrying out the Committee's function. Each of Messrs John Mack, Martin Gilbert, and Kalidas Madhavpeddi has had a long career in the management of large organisations and therefore provides considerable experience of remuneration analysis and implementation. All members of the Remuneration Committee are considered to be independent. Further details concerning independence of the Non-Executive Directors are contained on pages 90 and 91.

Role of the Remuneration Committee

The terms of reference of the Committee set out its role. They are available on the Company's website at: **glencore.com/who-we-are/governance**

Its principal responsibilities are, on behalf of the Board, to:

- Regularly review the appropriateness and relevance of the Remuneration Policy
- Determine and agree with the Board the framework for the remuneration of the Company's Chairman, the Chief Executive and the Executive Directors
- Establish the remuneration package for the Executive Directors including the scope of pension benefits
- Determine the remuneration package for the Chairman, in consultation with the Chief Executive
- Determine the policy for senior management remuneration
- Oversee schemes of performance related remuneration (including share incentive plans), and determine awards for the Executive Directors (as appropriate)
- Ensure that the contractual terms on termination for the Executive Directors are fair and not excessive

The Committee considers corporate performance on HSEC and governance issues when setting remuneration for the Executive Director. Additionally, the Committee seeks to ensure that the incentive structure for the Group's senior management does not raise HSEC or governance risks by inadvertently promoting and/or rewarding behaviours that are not aligned with the Group policies, values and culture.

Remuneration Committee meetings

The Committee met two times during the year and considered, amongst other matters, the Remuneration Policy and the packages applicable to the Chairman, the CEO and senior management, and the content and approval of the remuneration report.

The Chairman, CEO and CFO are usually invited to attend some or all of the proceedings of Remuneration Committee meetings; however, they do not participate in any decisions concerning their own remuneration.

Advisers to the Remuneration Committee

The Committee appointed and received independent remuneration advice during the year from its external adviser, FIT Remuneration Consultants LLP (FIT). FIT is a member of the Remuneration Consultants Group (the UK professional body for these consultants) and adheres to its code of conduct. The Committee was satisfied that the advice provided by FIT was objective and independent.

FIT's fees for this advice in respect of 2020 were $59,554 (2019: $58,491).

The Committee also receives advice from the Company Secretary.

Relative importance of remuneration spend

The table below illustrates the change in total remuneration, distributions paid and net profit from 2019 to 2020.

	2020 US$m	2019 US$m
Distributions and buy-backs attributable to equity holders	–	5,028
Net income/(loss) attributable to equity holders	(1,903)	(404)
Total remuneration	5,403	5,231

The figures presented have been calculated on the following bases:

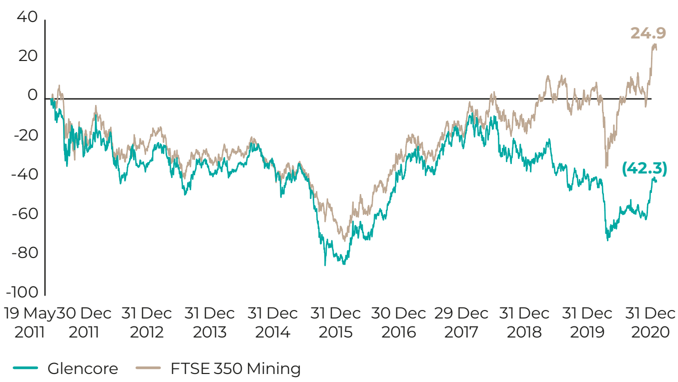
- **Distributions and buy-backs** – distributions paid and shares bought back during the year
- **Net income/(loss) attributable to equity holders** – our reported net loss in respect of the financial year.
- **Total remuneration** – represents total personnel costs as disclosed in note 23 to the financial statements which includes salaries, wages, social security, other personnel costs and share-based payments

Performance graph and table

This graph shows the value to 31 December 2020, on a total shareholder return (TSR) basis, of £100 invested in Glencore plc on 24 May 2011 (our IPO date) compared with the value of £100 invested in the FTSE 350 Mining Index. The FTSE 350 Mining Index is considered to be an appropriate comparator for this purpose as it is an equity index consisting of companies listed in London in the same sector as Glencore.

The UK reporting regulations also require that a TSR performance graph is supported by a table summarising aspects of CEO remuneration, as shown below for the same period as the TSR performance graph:

Performance



CEO single figure remuneration since 2011

		Single figure of total remuneration[1] (US$'000)	Annual variable element award rates against maximum opportunity[2]	Long-term incentive vesting rates against maximum opportunity[2]
2020	**Ivan Glasenberg**	**1,508**	–	–
2019	Ivan Glasenberg	1,503	–	–
2018	Ivan Glasenberg	1,503	–	–
2017	Ivan Glasenberg	1,513	–	–
2016	Ivan Glasenberg	1,509	–	–
2015	Ivan Glasenberg	1,510	–	–
2014	Ivan Glasenberg	1,513	–	–
2013	Ivan Glasenberg	1,509	–	–
2012	Ivan Glasenberg	1,533	–	–
2011	Ivan Glasenberg	1,483	–	–

1 The value of benefits and pension provision in the single figure vary as a result of the application of exchange rates although in the relevant local currency these parts of Mr Glasenberg's remuneration have not altered since May 2011. In this table the figures are reported in US dollars, the currency in which Mr Glasenberg received his salary in 2020. The salary was payable in pounds sterling prior to 2014. Therefore those figures have been translated into US dollars at the exchange rates used for the preparation of the financial statements in those years. Mr Glasenberg's pension and other benefits are charged to the Group in Swiss francs and these amounts are translated into US dollars on the same basis.
2 The CEO has requested not to be considered for these potential awards.

CEO pay ratio

The table below shows the ratio of CEO single figure remuneration for 2020 to the comparable, indicative, full-time equivalent total remuneration for employees globally, whose pay is ranked at the 25th percentile, median and 75th percentile. As we are a global group, which is not headquartered in the UK and whose UK employees represent less than one per cent. of all our employees worldwide, we have decided to amend this comparison to all employees. Our methodology is fully compliant with the UK Remuneration Regulations except that we have substituted all of our employees for just the UK employees as specified in the Regulations.

Year	Method (A)	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2020	A	$8,525 177 : 1	$21,212 71 : 1	$65,025 23 : 1
2019	A	$8,558 176 : 1	$21,238 71 : 1	$64,077 23 : 1

Additional UK remuneration disclosures

Under UK laws and remuneration regulations, UK companies are also required to disclose various data comparing the percentage change in directors' year-on-year remuneration compared with employees of the listed company itself, i.e. not on a group-wide basis. As Glencore plc has no direct employees, there would be no non-director data to disclose. There have been no changes in the Company's levels of pay for directors with the only changes relating to minor benefits and the impact of Non-Executive Directors changing committee memberships. On this basis, it was considered unnecessary to include such data.

Most recent shareholder voting outcomes

The votes cast to approve the Directors' remuneration report, for the year ended 31 December 2019 at the 2020 AGM were:

Votes "For"	Votes "Against"	Votes "Withheld"[1]
Directors' remuneration policy		
97.28%	2.72%	
(9,718,437,304)	(271,822,039)	(100,913,371)
Directors' remuneration report		
96.59%	3.41%	
(9,655,344,116)	(341,081,734)	(94,747,475)

1 A vote withheld is not counted in the calculation of the proportion of votes for and against the resolution.

IMPLEMENTATION REPORT – AUDITED INFORMATION

Non-Executive fees

The emoluments of the Non-Executive Directors for 2020 were as follows:

Name	**Total 2020 US$'000**	Total 2019 US$'000
Non-Executive Chairman		
Anthony Hayward	1,150	1,150
Non-Executive Directors		
Peter Coates	310	310
Leonhard Fischer	214	280
Martin Gilbert	300	300
John Mack	200	200
Kalidas Madhavpeddi	188	–
Patrice Merrin	300	265
Gill Marcus	222	240

Single figure table

Ivan Glasenberg	US$'000	
	2020	2019
Salary	1,447	1,447
Benefits	4	4
Annual Bonus	–	–
Long-term incentives	–	–
Pension	57	52
Total	**1,508**	1,503

The notes to the CEO single figure remuneration table from the previous page also apply in relation to the compilation of this table. As no bonuses or long-term incentives have been granted to Mr Glasenberg, there are no relevant performance measures to be disclosed.

The aggregate fees for all Non-Executive Directors for 2020 were $2,884,000 (2019: $2,745,000).

The total emoluments of all Directors for 2020 (including pension contributions for Mr Glasenberg) were $4,392,000 (2019: $4,248,000).

Directors' interests

The Directors' interests in shares are set out in the Directors' report which is set out after this report. Mr Glasenberg's holding is considerably in excess of the proposed formal share ownership guideline for Executive Directors of 500% of salary.

Approval

This report in its entirety has been approved by the Committee and the Board of Directors and signed on its behalf by:

John Mack
Chair of Remuneration Committee
10 March 2021

DIRECTORS' REPORT

For the year ended 31 December 2020

John Burton

Company Secretary

INTRODUCTION

This Annual Report is presented by the Directors on the affairs of Glencore plc (the "Company") and its subsidiaries (the "Group" or "Glencore"), together with the financial statements and auditor's report, for the year ended 31 December 2020. The Directors' report includes details of the business, the development of the Group and likely future developments as set out in the Strategic Report, which together form the management report for the purposes of the UK Financial Conduct Authority's Disclosure and Transparency Rule (DTR) 4.1.8R. The notice concerning forward-looking statements is set out at the end of the Annual Report.

CORPORATE STRUCTURE

Glencore plc is a public company limited by shares, incorporated in Jersey and domiciled in Baar, Switzerland. Its shares are listed on the London and Johannesburg Stock Exchanges.

FINANCIAL RESULTS AND DISTRIBUTIONS

The Group's financial results are set out in the financial statements section of this Annual Report.

In light of the continued uncertain pandemic / economic outlook and in order to support the Group's overall financial position, no distribution was made in 2020.

The Board is recommending to shareholders an aggregate capital distribution of US$0.12 per share in respect of the 2020 financial year as further detailed on page 48.

REVIEW OF BUSINESS, FUTURE DEVELOPMENTS AND POST BALANCE SHEET EVENTS

A review of the business and the future developments of the Group is presented in the Strategic Report.

A description of acquisitions, disposals, and material changes to Group companies undertaken during the year is included in the Financial review and in note 25 to the financial statements.

FINANCIAL INSTRUMENTS

Descriptions of the use of financial instruments and financial risk management objectives and policies, including hedging activities and exposure to price risk, credit risk, liquidity risk and cash flow risk are included in notes 26 and 27 to the financial statements.

CORPORATE GOVERNANCE

A report on corporate governance and compliance with the UK Corporate Governance Code is set out in the Corporate Governance report and forms part of this report by reference.

HEALTH, SAFETY, ENVIRONMENT & COMMUNITIES (HSEC)

An overview of health, safety and environmental performance and community participation is provided in the Sustainable Development section of the Strategic report. The work of the HSEC Board committee is contained in the Corporate Governance report.

GREENHOUSE GAS EMISSIONS

A summary of the Group's greenhouse gas emissions is included on page 19.

TAXATION POLICY

Our Tax Policy: **glencore.com/group-tax-policy** and our most recent Payments to Governments report: **glencore.com/payments-to-governments-report** set out the Company's approach to tax and transparency and disclose the payments made by the Group on a country-by-country and project-by-project basis.

EXPLORATION AND RESEARCH AND DEVELOPMENT

The Group's business units carry out exploration and research and development activities that are necessary to support and expand their operations.

EMPLOYEE POLICIES AND INVOLVEMENT

Glencore has diversity and recruitment policies that aim to treat individuals fairly and not to discriminate on the basis of gender, race, ethnicity, disability, religion or beliefs, or on any other basis. Applications for employment and promotion are fully considered on their merits, and employees are given appropriate training and equal opportunities for career development and promotion.

If disability occurs during employment, the Group seeks to accommodate that disability where reasonably possible, including with appropriate training.

The Group's Code of Conduct and other policies support and protect the interests of employees in a number of ways such as requiring open, fair and respectful communication, zero tolerance for human rights violations, fair remuneration and, above all, a safe working environment.

Employee communication is mainly provided by the Group's intranet, corporate website and via emails. A range of information is made available to employees, including all policies and procedures applicable to them as well as information on the Group's financial performance and the main drivers of its business. Employee consultation depends upon the type and location of operation or office but includes Group-wide surveys – see Our people section on page 27.

DIRECTORS' CONFLICTS OF INTEREST

Under Jersey law and the Company's Articles of Association (which mirror section 175 of the UK Companies Act 2006), a Director must avoid a situation in which the Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. The duty is not infringed if the matter has been authorised by the Directors. Under the Articles, the Board has the power to authorise potential or actual conflict situations. The Board maintains effective procedures to enable the Directors to notify the Company of any actual or potential conflict situations and for those situations to be reviewed and, if appropriate, to be authorised by the Board. Directors' conflict situations are reviewed annually. A register of authorisations is maintained.

DIRECTORS' LIABILITIES AND INDEMNITIES

The Company has granted third party indemnities to each of its Directors against any liability that attaches to them in defending proceedings brought against them, to the extent permitted by Jersey law. In addition, Directors and Officers of the Company and its subsidiaries are covered by directors & officers liability insurance.

DIRECTORS AND OFFICERS

The names of the Company's Directors and Officers who were in office at the end of 2020, together with their biographical details and other information, are shown on pages 88 – 89.

DIRECTORS' INTERESTS

Details of interests in the ordinary shares of the Company of those Directors who held office during 2020 are given below:

Name	Number of Glencore Shares	Percentage of Total Voting Rights
Executive Directors		
Ivan Glasenberg	1,211,957,850	9.09
Non-Executive Directors		
Anthony Hayward	244,907	0.00
Peter Coates	1,665,150	0.01
Leonhard Fischer	–	–
Martin Gilbert	50,000	0.00
John Mack	750,000	0.00
Kalidas Madhavpeddi	–	–
Gill Marcus	–	–
Patrice Merrin	60,000	0.00

SHARE CAPITAL AND SHAREHOLDER RIGHTS

As at 26 February 2021, the issued ordinary share capital of the Company was $145,862,001 represented by 14,586,200,066 ordinary shares of $0.01 each, of which 1,261,887,525 shares are held in treasury and 81,000,508 shares are held by Group employee benefit trusts.

MAJOR INTERESTS IN SHARES

Taking into account the information available to Glencore as at 26 February 2021, the table below shows the Company's understanding of the interests in 3% or more of the Total Voting Rights attaching to its issued ordinary share capital:

Name of holder	Number of Shares	Percentage of Total Voting Rights
Qatar Holding	1,221,497,099	9.17
Ivan Glasenberg	1,211,957,850	9.10
BlackRock Inc	886,856,436	6.66
Harris Associates	516,588,214	3.88
Aristotelis Mistakidis	463,675,134	3.48
Daniel Mate	454,136,143	3.41

SHARE CAPITAL

The rights attaching to the Company's ordinary shares, being the only share class of the Company, are set out in the Company's Articles of Association (the "Articles"), which can be found at **glencore.com/who-we-are/governance/**. Subject to Jersey law, any share may be issued with or have attached to it such preferred, deferred or other special rights and restrictions as the Company may by special resolution decide or, if no such resolution is in effect, or so far as the resolution does not make specific provision, as the Board may decide.

No such resolution is currently in effect. Subject to the recommendation of the Board, holders of ordinary shares may receive a distribution. On liquidation, holders of ordinary shares may share in the assets of the Company.

Holders of ordinary shares are also entitled to receive the Company's Annual Report and Accounts (or a summarised version) and, subject to certain thresholds being met, may requisition the Board to convene a general meeting (GM) or submit resolutions for proposal at AGMs. None of the ordinary shares carry any special rights with regard to control of the Company.

Holders of ordinary shares are entitled to attend and speak at GMs of the Company and to appoint one or more proxies or, if the holder of shares is a corporation, a corporate representative. On a show of hands, each holder of ordinary shares who (being an individual) is present in person or (being a corporation) is present by a duly appointed corporate representative, not being himself a member, shall have one vote. On a poll, every holder of ordinary shares present in person or by proxy shall have one vote for every share of which he or she is the holder. Electronic and paper proxy appointments and voting instructions must be received not later than 48 hours before a GM. A holder of ordinary shares can lose the entitlement to vote at GMs where that holder has been served with a disclosure notice and has failed to provide the Company with information concerning interests held in those shares. Except as (1) set out above and (2) permitted under applicable statutes, there are no limitations on voting rights of holders of a given percentage, number of votes or deadlines for exercising voting rights.

The Directors may refuse to register a transfer of a certificated share which is not fully paid, provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis or where the Company has a lien over that share.

The Directors may also refuse to register a transfer of a certificated share unless the instrument of transfer is:

(i) lodged, duly stamped (if necessary), at the registered office of the Company or any other place as the Board may decide accompanied by the certificate for the share(s) to be transferred and/or such other evidence as the Directors may reasonably require as proof of title; or
(ii) in respect of only one class of shares

Transfers of uncertificated shares must be carried out using CREST and the Directors can refuse to register a transfer of an uncertificated share in accordance with the regulations governing the operation of CREST.

The Directors may decide to suspend the registration of transfers, for up to 30 days a year, by closing the register of shareholders. The Directors cannot suspend the registration of transfers of any uncertificated shares without obtaining consent from CREST.

There are no other restrictions on the transfer of ordinary shares in the Company except: (1) certain restrictions may from time to time be imposed by laws and regulations (for example insider trading laws); (2) pursuant to the Company's share dealing code whereby the Directors and certain employees of the Company require approval to deal in the Company's shares; and (3) where a shareholder with at least a 0.25% interest in the Company's issued share capital has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares. There are no agreements between holders of ordinary shares that are known to the Company, which may result in restrictions on the transfer of securities or on voting rights.

The rules for appointment and replacement of the Directors are set out in the Articles. Directors can be appointed by the Company by ordinary resolution at a GM or by the Board upon the recommendation of the Nomination Committee. The Company can remove a Director from office, including by passing an ordinary resolution or by notice being given by all the other Directors. The Company may amend its Articles by special resolution approved at a GM.

The powers of the Directors are set out in the Articles and provide that the Board may exercise all the powers of the Company including to borrow money. The Company may by ordinary resolution authorise the Board to issue shares, and increase, consolidate, sub-divide and cancel shares in accordance with its Articles and Jersey law.

PURCHASE OF OWN SHARES

There was no purchase of own shares by the Company in 2020.

GOING CONCERN

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Strategic Report. Furthermore, notes 26 and 27 to the financial statements include the Group's objectives and policies for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit and liquidity risk. Significant financing activities that took place during the year are detailed in the Financial review section, which starts on page 44.

The results of the Group, principally pertaining to its industrial asset base, are exposed to fluctuations in both commodity prices and currency exchange rates whereas the performance of marketing activities is primarily physical volume driven with commodity price risk substantially hedged.

The Directors have a reasonable expectation, having made appropriate enquiries, that the Group has adequate resources to continue in its operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. The Directors have made this assessment after consideration of the Group's budgeted cash flows and related assumptions including appropriate stress testing of the identified uncertainties (being primarily commodity prices and currency exchange rates) and undrawn credit facilities, monitoring of debt maturities, and after review of the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting 2014 as published by the UK Financial Reporting Council.

LONGER-TERM VIABILITY

In accordance with provision 31 of the Code, the Directors have assessed the prospects of the Group's viability over a longer period than the 12 months required by the going concern assessment above. A summary of the assessment made is set out on pages 73 – 74 in the Risk Management section.

Based on the results of the related analysis, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the four-year period of this assessment. They also believe that the review period of four years is appropriate having regard to the Group's business model, strategy, principal risks and uncertainties, sources of funding and liquidity.

AUDITOR

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

a. so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
b. the Director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming AGM.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for the Company for each financial year.

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and IFRS as issued by the International Accounting Standards Board. The financial statements are required by law to be properly prepared in accordance with the Companies (Jersey) Law 1991. International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's Framework for the preparation and presentation of financial statements.

In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs.

The Directors confirm that the Annual Report and accounts taken, as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the performance, strategy and business model of the Company

However, the Directors are also required to:

- Properly select and apply accounting policies
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- Make an assessment of the Company's ability to continue as a going concern

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The legislation governing the preparation and dissemination of the Company's financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board

John Burton
Company Secretary
10 March 2021

INFORMATION REQUIRED BY LISTING RULE LR 9.8.4C

In compliance with UK Listing Rule 9.8.4C the Company discloses the following information:

Listing Rule	Information required	Relevant disclosure
9.8.4(1)	Interest capitalised by the Group	See note 8 to the financial statements
9.8.4(2)	Unaudited financial information as required (LR 9.2.18)	See Chief Executive Officer's review
9.8.4(5)	Director waivers of emoluments	See Directors' remuneration report
9.8.4(6)	Director waivers of future emoluments	See Directors' remuneration report
9.8.4(12)	Waivers of dividends	See note 18 to the financial statements
9.8.4(13)	Waivers of future dividends	See note 18 to the financial statements
9.8.4(14)	Agreement with a controlling shareholder (LR 9.2.2A)	Not applicable
There are no disclosures to be made in respect of the other numbered parts of LR 9.8.4.		

CONFIRMATION OF DIRECTORS' RESPONSIBILITIES

We confirm that to the best of our knowledge:

- the consolidated financial statements, prepared in accordance with International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, and IFRS as issued by the International Accounting Standards Board and the Companies (Jersey) Law 1991, give a true and fair view of the assets, liabilities, financial position and income of the Group and the undertakings included in the consolidation taken as a whole
- the management report, which is incorporated in the Strategic Report, includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face
- the Annual Report and consolidated financial statements, taken as a whole, are fair and balanced and understandable and provide the information necessary for shareholders to assess the performance, position, strategy and business model of the Company

The consolidated financial statements of the Group for the year ended 31 December 2020 were approved on the date below by the Board of Directors.

Signed on behalf of the Board:

Anthony Hayward
Chairman
10 March 2021

Ivan Glasenberg
Chief Executive Officer

U.S. Head of Marketing Operations, Oil – United States

RESPONSIBILITY

In our oil business, Andrew says, people have that sense of ownership and responsibility because they are overseeing a vessel from loading to unloading.

"When I think of responsibility, I think of ownership. When you have something that you're responsible for, you need to own it... you need to understand it... you need to make sure it gets done the right way."

"Getting it into a port, loading it successfully, getting it into the discharge port. You really take pride"

Learn more about our culture and how we work safely on www.glencore.com

Materials Dispatcher – Chile

OPENNESS

She believes that by being open – listening to and appreciating what's on people's minds – you can help them to improve their work, because people feel better when they know that they are heard and understood

"For me, openness is about communicating, knowing how to connect with others."

Learn more about our culture and how we work with openness on www.glencore.com

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GLENCORE PLC

Report on the audit of the financial statements

OPINION

In our opinion the financial statements of Glencore plc and its subsidiaries (together "the Group"):

- give a true and fair view of the state of the Group's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") adopted pursuant to Regulation (EC) No 1606/2002 as it applies to the European Union and as issued by the International Accounting Standards Board ("IASB"), and
- have been properly prepared in accordance with Companies (Jersey) Law 1991.

We have audited the financial statements of the Group which comprise:

- the consolidated statement of income;
- the consolidated statement of comprehensive income;
- the consolidated statement of financial position;
- the consolidated statement of cash flows;
- the consolidated statement of changes of equity, and
- the related notes 1 to 34.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and as issued by the IASB.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the "FRC's") Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services provided to the Group for the year are disclosed in note 29 to the financial statements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

SUMMARY OF OUR AUDIT APPROACH

Key audit matters	The key audit matters that we identified in the current year were: • Government investigations; • Impairments of non-current assets; • Potential impact of climate change on non-current assets; • Marketing revenue recognition and fair value measurements; • Classification of trading contracts and arrangements which contain a financing element, and • Taxation: Uncertain tax positions and the recognition and recoverability of deferred taxes. Our assessment of the Group's key audit matters is consistent with those identified in 2019, except that: • This year we identified the potential impact of climate change on non-current assets as a separate key audit matter, due to the increased evidence that policies being adopted to combat climate change could have a material impact on the financial statements. In the prior year, this issue was included within the "Impairment of non-current assets" key audit matter. • We removed "Credit and performance risk" and "Fair value measurements" as individual key audit matters, as there were fewer significant accounting complexities and judgements in these areas of our audit in the Marketing segment in the current year, and the amendments in the "Impairment of non-current assets" and "Marketing revenue recognition and fair value measurements" key audit matters cover the significant elements of these specific risks. • The prior year key audit matter "Classification of financial instruments" has been broadened and renamed to "Classification of trading contracts and arrangements which contain a financing element", to reflect specific risk focus and the wider range of arrangements in scope of this key audit matter.
Materiality	The materiality that we used for the Group financial statements in the current year was $175 million (2019: $250 million), which was determined on the basis of the average 3-year adjusted pre-tax profit consistent with prior years.
Scoping	We focused our Group audit scope primarily on the audit work at 38 components, representing the Group's most material marketing operations and industrial assets. These 38 components account for 80% of the Group's net assets, 88% of the Group's revenue and 91% of the Group's adjusted EBITDA (refer to segment information in note 2 to the financial statements).
Significant changes in our approach	Other than performing the audit work largely remotely due to the Covid-19 pandemic and the changes to key audit matters discussed above, there were no significant changes to our audit approach when compared to 2019.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting included:

- We considered the effect of key risks on the Group's business model as part of our risk assessment and analysed how these risks might affect the Group's liquidity position, including access to capital, and thus its ability to continue to operate as a going concern. The risks we consider to have the greatest impact are supply, demand and prices of commodities over the forecast period.
- We assessed the basis for the assumptions used in the forecast information including operational profitability, the Group's debt repayment obligations and capital expenditure requirements as well as undrawn facilities.
- We challenged the downside stress scenarios applied by the directors in their analysis, in particular whether the downside scenarios represented an appropriately robust sensitivity. We evaluated the effect of these scenarios on key metrics such as liquidity headroom, net debt and net debt to EBITDA over the going concern period and performed additional sensitivities to further challenge the Group's forecast position.
- We challenged whether contingent liabilities could have a material effect on the Group's ability to continue as a going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the reporting on how the Group has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

GOVERNMENT INVESTIGATIONS

Description of key audit matter

The Group is subject to certain investigations by regulatory and enforcement authorities as disclosed in Note 31 to the financial statements. The Board discussions on this matter are set out in the Corporate Governance Report on page 90 and the Group's discussion on the Laws and enforcement principal risk in the Strategic Report set out on pages 76–77.

The Investigations Committee of the Board is overseeing the Group's response to these investigations. The Group has engaged external legal counsel and forensic experts ("the advisors") to assist the Group in responding to the various investigations, to represent it in litigation and to perform additional investigations at the request of the Investigations Committee covering various aspects of the Group's business.

The Group is continuing to cooperate with the various authorities, including through reporting to those authorities facts relevant to their investigations. The investigations are complex and dynamic including in relation to scope. The timing and outcome of the various investigations remain uncertain.

The judgement of the Investigations Committee (guided by the General Counsel and the Group's external legal counsel) is needed to determine whether a present obligation exists and a provision should be recorded at 31 December 2020 in accordance with the accounting criteria set out under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

At 31 December 2020, taking all available evidence into account, the Investigations Committee concluded that it is not probable that a present obligation existed at the end of the reporting period for the above regulatory and enforcement proceedings. The timing and amount, if any, of financial effects (such as fines, penalties or damages, which could be material) or other consequences, including external costs, from any of the various investigations and any change in their scope is not possible to predict or estimate. Consequently, no liability has been recognised, nor has any estimate of the contingent liability been disclosed, in relation to these matters in the consolidated statement of financial position at 31 December 2020.

We identified a key audit matter related to the risk that a material provision is required to settle the various investigations, which is not recorded in the current year's financial statements. As a result, the disclosure as a contingent liability may not be adequate.

How the scope of our audit responded to the key audit matter

In response to the investigations by regulatory and enforcement authorities we performed the following:

- We gained an understanding of the Investigations Committee's and General Counsel's process for reviewing the IAS 37 assessment and review of the disclosures in the Annual Report.
- We attended regular briefings from the General Counsel and the Group's external legal counsel during the year.
- We assessed the competence, capability and objectivity of the advisors used by the Group.
- We considered whether the advisors' scope and outcomes as described to us were sufficient to inform the Investigations Committee's assessment and representation of whether a present obligation exists and a provision should be recorded at 31 December 2020.
- We included Deloitte forensic specialists, experienced in similar investigations, in our team to understand and challenge the adequacy of the scope and outcomes of the work of the advisors. This work included understanding the investigation methodology applied by the advisors in identifying the relevant facts for reporting to the enforcement authorities.
- We reviewed correspondence with the investigating authorities and the internal meeting minutes of the Investigations Committee.
- We enquired of the General Counsel and the Group's external legal counsel as to the current stage of the various regulatory and enforcement proceedings and assessed against our understanding of a typical investigation cycle and our assessment of the status of where the various regulatory authorities are in their investigation.
- We enquired of the Investigations Committee, the General Counsel and the Group's external legal counsel as to their awareness of identified known or likely non-compliance from the investigations to date which could indicate the existence of a present obligation at 31 December 2020 and whether any such non-compliance could result in a potential material outflow (penalty or fine).
- Working with our Deloitte forensic specialists, we considered whether the Investigations Committee's conclusions were reasonable that a present obligation did not exist at the end of the reporting period and that the timing and amount, if any, of financial effects from any of the various investigations and any change in their scope is not possible to predict or estimate.

KEY OBSERVATIONS

Based on the results of our procedures, we concluded that the timing of the completion of the regulatory and enforcement proceedings and the outcome thereof are uncertain. Consistent with the Investigations Committee and the General Counsel, we concurred that no present obligation existed to settle any potential fines or penalties associated with these proceedings. We concurred that the disclosure of a contingent liability as set out under "Legal and regulatory proceedings" in note 31 of the financial statements is appropriate.

IMPAIRMENTS OF NON-CURRENT ASSETS

Description of key audit matter

The carrying value of the Group's non-current assets within the scope of IAS 36 *Impairment of assets* includes intangible assets, property, plant and equipment ("PPE"), non-current advances and loans and investments in associates and joint ventures, which amounted in total to $69,019 million at 31 December 2020.

Various factors influence the demand for and profitability of Glencore's commodities and services, which management need to monitor closely in assessing the recoverability of non-current assets such as:

- The volatility in expected future prices of commodities key to the Group (particularly coal, oil, copper, cobalt, zinc, ferroalloys and nickel), foreign exchange rates, production levels, operating costs and discount rates;
- Changes in mining and tax legislation, political and other macro-economic developments;
- Responses to climate change impacts by regulators and consumers, which could negatively impact demand for the Group's products, particularly coal (refer to 'Potential impact of climate change on non-current assets' key audit matter below), and
- Geological and other operational challenges that negatively affect an asset's performance over time.

For non-current advances and loans, the Group is exposed to credit and performance risk arising from risks related to non-performance by the counterparty, particularly in markets demonstrating significant price volatility with limited liquidity and terminal markets. Assessing counterparty risk, solvency and liquidity can be highly subjective. This risk is heightened in times of increased price volatility, such as that caused by the Covid-19 pandemic, where suppliers may be incentivised to default on delivery and customers may be unwilling to take contracted deliveries or be unable to pay.

When an impairment indicator exists in the Group's significant assets and investments, management completes an impairment review.

As disclosed in note 6, pre-tax impairments totalling $5,508 million were recorded in PPE and intangible assets and $343 million of impairments were recognised on various other items. In addition, as disclosed in note 10, $752 million of pre-tax impairments were recognised in investments in associates and joint ventures. No impairment reversals were recorded during the period.

The outcome of impairment assessments could vary significantly if different assumptions were applied and readers are specifically referred to the sensitivity disclosures made by the Group within "Key sources of estimation uncertainty" in note 1, additional disclosures within notes 6 and 10, as well as the Audit Committee Report on page 98.

As a result, we have identified a potential risk of fraud through management bias due to the significant estimation uncertainty and subjectivity in certain judgements and key assumptions applied by management in its impairment assessment.

How the scope of our audit responded to the key audit matter

We obtained an understanding of the methodology applied by management in developing its impairment assessments with the help of internal experts, which included understanding the inherent subjectivity and complexity of underlying key assumptions, as well as relevant controls in management's impairment assessment process.

We assessed the competence, capability and objectivity of management's experts responsible for preparing the resources and reserves statements.

We reviewed management's assessment of impairment risk and its assessment of the indicators of impairment and challenged the significant assumptions used and the data sources on which these assumptions were based. We considered the risk of management bias in forecast assumptions and estimates by analysing management's inputs against third party forecast and macroeconomic data, Deloitte's independent assessment of discount rates, and reconciliations to latest internal budget information.

We performed an independent assessment of impairment indicators.

We challenged management's sensitivity analyses by performing independent sensitivity analyses using management's models, including for certain assets which were not identified by management as having indicators of impairment but which have a higher risk of impairment due to lower available headroom in discounted cash flow models.

We updated our assessment of management's determination of cash-generating units ("CGUs") by reference to the requirements of the accounting standards and our understanding of the nature of the mining operations and the interdependency of cash inflows between various assets / groups of assets.

Where indicators of impairment were identified, we performed detailed testing on management's impairment calculations and where appropriate based on our risk assessment, we utilised Deloitte valuation and mining specialists to assess the appropriateness of management's underlying model inputs and key assumptions, and the basis for technical mining, operational and financial inputs (e.g. reserve and resource estimation, production parameters, grade and recovery rates, resource conversion rates, and operating and capital costs). Production and cost assumptions were cross checked against historical performance as well as approved budgets and life of mine plans, where applicable, and mineable tonnes assumptions were assessed against reserves and resources estimates. Where appropriate, benchmarking across similar assets in the same commodity and geographic region was performed.

For non-current advances and loans (see note 11), we obtained an understanding of management's method of assessing these assets for impairment, which included obtaining an understanding of relevant controls in the Group's centralised and local credit and performance risk monitoring processes.

We challenged management's assessment of recoverability of these advances and loans by reviewing supporting agreements and obtaining evidence of current performance, correspondence with the third party and any other information we are aware of that may influence the third party's ability to perform.

We challenged management's assessment of the recoverability of loans and advance payments with delayed or overdue deliveries, considering historical patterns of trading and settlement as well as recent communications with the counterparties and other post balance sheet date evidence.

We assessed the adequacy of impairment related disclosures in the financial statements, including the key assumptions used and the completeness and accuracy of sensitivities disclosed.

IMPAIRMENTS OF NON-CURRENT ASSETS CONTINUED

KEY OBSERVATIONS

Based on the results of our assessment of management's methodology for impairment testing and modelling, we concluded that the methodology applied complies with the accounting framework, and that management's assessment of impairment indicators was appropriate.

We concluded that key assumptions to which impairment outcomes were sensitive were reasonable overall in comparison to third party evidence and / or our specialists' developed acceptable ranges. For certain impairment models, management applied risk adjustments to cash flows, and thus applied discount rate assumptions that excluded such risks. Our assessment of an independent discount rate incorporated such risks into the discount rate, and we concluded that management's approach was reasonable as the two approaches yielded similar outcomes.

In the course of auditing management's impairment models, we identified certain modelling errors which were subsequently corrected by management. These errors were not detected by management's review processes, and therefore they constituted control deficiencies. Based on the results of this testing, we concluded that the recoverable amounts for the CGUs tested were within an acceptable range of outcomes, although subject to high levels of estimation uncertainty. We considered management's disclosures on key assumptions and impairment sensitivities and found them to be in compliance with IFRS requirements.

We concluded that the Group's provisioning in relation to non-current loans and advances was appropriate.

POTENTIAL IMPACT OF CLIMATE CHANGE ON NON-CURRENT ASSETS

Description of key audit matter

As described on pages 16 to 21, climate change, and the world's response to climate change, present significant risks and uncertainties for Glencore's energy industrial assets as a result of the sensitivity to demand for future fossil fuels, particularly thermal coal. Glencore's thermal coal portfolio at 31 December 2020 has a carrying value of $11.9 billion.

As described on page 16, in December 2020 the Group published its *Climate Report 2020: Pathway to net zero,* which sets out the Group's target of a 40% reduction in total emissions by 2035 and its ambition to achieve net zero total emissions by 2050.

To test the resilience of its portfolio to the impacts of climate change, the Group has developed three scenarios:

- Current Pathway scenario, consistent with the IEA Stated Policies scenario (STEPS);
- Rapid Transition scenario, consistent with IEA Sustainable Development scenario (SDS), and
- Radical Transformation scenario, consistent with the IEA Net Zero Emissions by 2050 scenario (NZE2050).

Glencore's base case production decline profile used in its internal modelling and business plans is consistent with the Group's net zero ambition. However, as explained in note 1, the base case price assumptions used in management's impairment assessment (see the key audit matter above) are higher than those assumed in STEPS and SDS.

While under all credible scenarios, fossil fuels (coal, gas and oil) will continue to be part of the global energy mix into the future, policies supporting the Rapid Transition and Radical Transformation scenarios would lead to significant coal demand decline over the longer term and likely lower prices.

The Group has set out in note 1 to the financial statements illustrative impairment downside impacts to current carrying values at possible commodity price curves consistent with STEPS and SDS. Under STEPS the illustrative impairment is $2.5 billion while under SDS the illustrative impairment is $7.7 billion.

We identified a key audit matter relating to the accuracy and presentation of this analysis and the consistency of the Group's net zero ambition with its internal modelling and business plans, including those used in its impairment assessment.

How the scope of our audit responded to the key audit matter

We worked with Deloitte internal environmental specialists in considering potential climate change risk factors such as stranded assets, green taxes, the potential impact of activities of investors and other stakeholders, environmental legislation, loss of customers or demand and loss of sources of – and access to – funding.

We challenged management's assertion on the impact of climate-related risks relating to its thermal coal portfolio by comparing management's impact assessment with reputable publicly available industry projections of demand and long-term prices into the future, such as the STEPS and SDS scenarios.

We reviewed the time period through which coal CGUs are valued (life of mine plan) to assess if the assumptions are consistent with management's long-term investment plans, public disclosures and credible external scenarios about energy transition timing and effects.

We reviewed management's impairment models and reperformed the calculation of sensitivities in note 1 applying the IEA's short- to long-term price assumptions.

We considered whether management's sensitivity and estimation uncertainty disclosures were adequate in the context of climate change risks and uncertainties.

We read the other information included in the annual report and considered whether there was any material inconsistency between the other information and the financial statements, or whether there was any material inconsistency between the other information and our understanding of the business based on audit evidence obtained and conclusions reached in the audit.

POTENTIAL IMPACT OF CLIMATE CHANGE ON NON-CURRENT ASSETS CONTINUED

KEY OBSERVATIONS

We found no inconsistencies between management's impairment forecasts and its stated response to climate change, as described in the Strategic Report. In relation to assumptions about external markets, and in particular future coal prices, we found management's impairment assumptions to be reasonable when compared to reputable publicly available industry projections, notwithstanding that we observed management's coal price assumptions to be generally higher than thermal coal prices in the subset of scenarios that are predicated on a starting assumption that the Paris goals will be met, such as the IEA's SDS scenario. We concluded that reasonable consideration and weight had been given by management to the likely impacts of climate change in the valuation for impairment testing purposes of its thermal coal portfolio at 31 December 2020.

We concluded that the potential future financial impact of climate change on thermal coal impairment tests arising from reasonably possible changes in management's impairment assumptions in the next financial year (as specifically required by IAS 1), and additionally over the longer-term is appropriately disclosed in note 1 to the financial statements.

MARKETING REVENUE RECOGNITION AND FAIR VALUE MEASUREMENTS

Description of key audit matter

Glencore generates revenue as a fee-like income from distribution of physical commodities and arbitrage, including blending and other optimisation opportunities.

Marketing revenue for the year (prior to inter-segment eliminations) was $124,137 million (2019: $194,188 million). Refer to note 1 for the revenue recognition accounting policies and note 2 for segment information.

The decrease in revenues year on year is principally due to the impact of lower commodity prices in the first half arising from a number of macro forces primarily Covid-19 linked, but also OPEC+'s supply response deliberations. In the second half, a rebound in demand for commodities coupled with supply constraints led to extreme levels of market volatility, amid rapidly and materially changing underlying supply and demand scenarios. This backdrop provided overall supportive physical commodity marketing conditions leading to the profitability of the Marketing business.

Judgement is required to determine when control is transferred under certain contractual arrangements with third parties, especially on or around year-end reporting periods, and in particular where the sale of goods is connected with an agreement to repurchase goods at a later date.

Marketing related activities depend on the reliability of the trade capture systems and their IT infrastructure environment. As the majority of the Group's trades and marketing inventories are measured at fair value through profit or loss (through either revenue or cost of goods sold), a complete and accurate trade capture process that includes all specific and bespoke terms within the commodity contracts is critical for accurate financial reporting and monitoring of trade book exposures and performance. We identified a risk that the capture of trades and their key contractual terms within the trade book could be incomplete or inaccurate, either due to fraud or error, resulting in misstatement of unrealised revenue and gross margin.

Determination of fair values can be a complex and subjective area, requiring significant estimates, particularly where valuations utilise unobservable inputs and are classified as 'Level 3' as established by the hierarchy set out in IFRS 13 *Fair value measurements* (e.g. price differentials, credit risk assessments, market volatility and forecast operational estimates). At 31 December 2020, total 'Level 3' financial assets and liabilities amounted to $690 million and $480 million respectively.

We refer readers to "Key sources of estimation uncertainty" within note 1 and additionally notes 27 and 28.

Due to the abovementioned key judgement and estimation uncertainty areas as well as the fact that substantially all output from industrial assets is sold by the Group's marketing divisions, we have identified revenue recognition and fair value measurements in the Marketing segment as a key audit matter.

How the scope of our audit responded to the key audit matter

We reviewed Glencore's accounting policies on revenue recognition and fair value measurements to assess compliance with the requirements of IFRS.

Specifically for the Marketing segment:

- We tested relevant controls surrounding the completeness and accuracy of trade capture and the revenue and trade cycle.
- We tested general IT controls surrounding major technology applications and critical interfaces involving revenue recognition and the completeness and accuracy of trade capture.
- We utilised data analytics tools to trace realised revenue to cash receipts and to enhance audit effectiveness over large transaction volumes.
- We agreed, on a sample basis, deliveries occurring on or around 31 December 2020 between the trade book system and the relevant shipping documents to assess whether the IFRS revenue recognition criteria were met for recorded sales.
- We tested the accuracy and completeness of unrealised trades as of the reporting date by tracing and agreeing a sample of trades entered into around the year-end from their source documents to the trade book system.
- We tested relevant internal controls over management's fair value measurement processes and performed detailed substantive testing of the related fair value measurements on a sample basis.
- We worked with financial instrument specialists with experience in commodity trading, to test significant unobservable inputs utilised in 'Level 3' measurements in the fair value hierarchy as set out in notes 27 and 28 to the financial statements. This work included assessing management's valuation assumptions against independent price quotes, recent transactions, and other relevant documentation.

KEY OBSERVATIONS

Based on the results of our testing, we are satisfied that the revenue recognition policies are in line with IFRS and were appropriately applied throughout the period. In addition, we are satisfied that the 'Level 3' fair value measurements are supported by reasonable assumptions in line with recent transactions and/or externally verifiable information. We found the financial statement disclosures on fair value measurements to be appropriate.

CLASSIFICATION OF TRADING CONTRACTS AND ARRANGEMENTS WHICH CONTAIN A FINANCING ELEMENT

Description of key audit matter

Glencore trades a diverse portfolio of commodities and utilises a wide variety of trading strategies in order to profit from volatility in market prices, differentials and spreads whilst maximising flexibility and optionality.

The classification of contracts relating to the Group's Marketing segment can be complex, particularly distinguishing the Group's regular marketing contracts, which are measured at fair value through profit or loss, from those sales contracts where the Group physically delivers its own production to a third party with no history or intention of net settlement ("own use"), which are exempt from fair value measurement (i.e. mark-to-market accounting).

Transactions for the sale or purchase of commodities may contain a financing element, such as prepayments or extended payment terms, which may require judgement in determining the most appropriate accounting classification, presentation and disclosure.

Refer to notes 1, 21, 24, 27 and 28.

How the scope of our audit responded to the key audit matter

We obtained an understanding of the trading strategies and associated product flows within the Group's marketing departments, including gaining an understanding of the relevant controls over market risk management using financial instrument specialists embedded within the audit team with experience in commodity trading.

We analysed the trade books to understand unusual or complex derivatives open at year-end. We also analysed the trading results for portfolios designated as "own use" for evidence of any net settlements, which may indicate potential tainting of the IFRS *9 Financial Instruments* "own use" criteria.

We challenged management's judgement and conclusions associated with the classification and accounting for new significant arrangements and / or significant changes to existing arrangements containing a financing element. Our challenge included evaluation of the commercial substance of the arrangements in the context of applicable IFRS guidance and industry practice.

We assessed the adequacy of related disclosures in the financial statements in accordance with the requirements of IFRS.

KEY OBSERVATIONS

Based on our procedures, we are satisfied that significant judgements applied in classification of contracts and arrangements with a financing element were appropriate, and the respective accounting treatment and disclosures are in accordance with the requirements of IFRS.

TAXATION: UNCERTAIN TAX POSITIONS AND THE RECOGNITION AND RECOVERABILITY OF DEFERRED TAXES

Description of key audit matter

The global tax environment is complex, particularly with respect to cross border transactions. Furthermore, the interpretation and application of tax legislation in certain jurisdictions in which the Group operates can be unclear and unpredictable. There continues to be an increase in enforcement activities, and increasingly stringent interpretations of existing legislation by local revenue authorities.

These developments give rise to complexity and uncertainty in respect of the calculation of income taxes and deferred tax assets and consideration of contingent liabilities associated with tax years open to audit and other exposures. The accounting interpretation IFRIC 23 *Uncertainty over Income Tax Treatments* is used by the Group together with IAS 12 *Income Taxes* to assess and measure the uncertainty over income tax treatments.

As disclosed in notes 1 and 7:

- Management has updated its assessment of uncertain tax positions and the recognition and recoverability of deferred taxes. In recognising a liability for these taxation exposures, consideration was given to the range of possible outcomes to determine the Group's best estimate of the amount to provide. As at 31 December 2020, the Group has recognised $1,189 million of uncertain tax liabilities related to possible adverse outcomes of these open matters.
- At 31 December 2020 the Group has recorded total deferred tax liabilities of $4,721 million and total deferred tax assets of $2,252 million.
- During 2018, the DRC parliament adopted a new mining code ("2018 Mining Code") which introduced wide-ranging reforms including the introduction of higher royalties, a new Super Profits Tax regime and further regulatory controls. The uncertainties of the 2018 Mining Code, specifically the application and interpretation of the Super Profits Tax, remain.
- During the latter half of 2020, various tax authorities in the DRC issued assessments denying financing related costs and other items, along with customs related claims for alleged non-compliance or incorrect coding on certain filings. The Group is currently engaged with these tax authorities working through a dispute resolution process.

As a result, we have identified a risk of material misstatement of the liability for uncertain tax positions and valuation of deferred tax assets due to the significant estimation uncertainty and subjectivity in certain judgements and key assumptions applied by management, whether arising from management bias or unintentional error.

How the scope of our audit responded to the key audit matter

We engaged Deloitte tax specialists to assist in executing the following audit procedures:

- We reviewed and challenged management's assessment of uncertain tax positions by reviewing correspondence with local tax authorities and reviewing third party expert tax opinions where appropriate, to assess the adequacy of associated liabilities and disclosures having consideration of the IFRIC 23 guidance.
- We considered the appropriateness of management's assumptions and estimates to support the recognition of deferred tax assets with reference to forecast taxable profits. We challenged the appropriateness of management's tax utilisation models by comparing these forecasts against the relevant entities' budgets or underlying asset life of mine plans.
- We challenged management on the adequacy of disclosures in the financial statements in relation to deferred tax assets and liabilities for uncertain tax positions and the respective sensitivity disclosures provided.
- In respect of tax exposures in the DRC:
  - We challenged management's position by inspecting correspondence with local tax authorities, reviewing third party expert tax opinions where appropriate, and utilising Deloitte local DRC tax specialists to assess the probability of the tax exposures submitted by the various tax authorities.
  - We challenged the adequacy of associated liabilities and disclosures having consideration of the IFRIC 23 guidance.
  - In respect of the recognition of a full deferred tax asset in Kamoto Copper Company ("KCC"), we challenged management's position regarding uncertainties arising from the application of the 2018 Mining Code and current negotiations with the DRC tax authorities having regard to the current dispute resolution process.

KEY OBSERVATIONS

Based on our audit work on the Group's tax liabilities and deferred tax assets recorded at 31 December 2020, we concur that the recorded liabilities for uncertain tax positions and deferred tax assets and related disclosures are appropriate.

OUR APPLICATION OF MATERIALITY

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

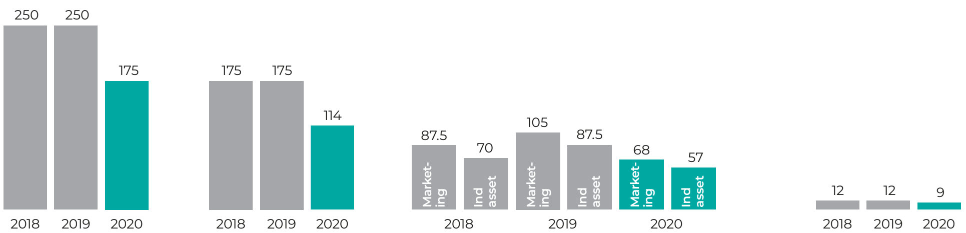
Group materiality and performance materiality

Group materiality: $175 million (2019: $250 million)

Group performance materiality: $114 million (2019: $175 million)

The applied materiality is approximately 5% of the average 3-year adjusted pre-tax profit (2019: 5%), and equates to less than 1% (2019: less than 1%) of equity.

Group materiality (US$ million) | **Performance materiality** (US$ million) | **Maximum allowed component performance materiality** (US$ million) | **Audit Committee reporting threshold** (US$ million)



Basis for determining materiality and performance materiality

Consistent with the methodology applied in prior years, we have determined materiality by using a percentage of the 3-year average (for 2020: 2018-2020) adjusted pre-tax profit. The selected materiality is 11.4% of current year adjusted pre-tax profit without the effect of averaging (2019: 12.3%).

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality for the 2020 audit has been set at $114 million at 65% of Group materiality (2019: 70% of Group materiality), based on our past audit experience, a low number of uncorrected misstatements identified in prior years and taking into account the potential effect of the Covid-19 pandemic on the Group's control environment. Similarly, component audit procedures are scoped with reference to the component performance materiality (see ranges applied below) which is set at an appropriate percentage of the materiality applied at the individual component level.

Due to the diversified nature of the Group's operations, we have historically introduced a maximum allowed component performance materiality such that our scoping and component level procedures are set at a level that is commensurate with the contributions of each component. The maximum permitted performance materiality for components within the Marketing segment was $68 million. Component performance materiality for controlled industrial assets was limited to $57 million owing to their lower contribution to pre-tax profits on an individual basis, while for associates and joint ventures it was limited to $102 million (at a grossed up 100% holding).

The performance materiality applied to individual components ranged from $13 million to $102 million.

Rationale for the benchmark applied

The pre-tax profits for the 2018-2020 years have been adjusted in determining materiality to exclude items which, due to their nature and variable financial impact and/or expected infrequency of the underlying events, are not considered indicative of the continuing operations of the Group. These 'adjusting items' are outlined in notes 5 and 6 to the financial statements and include impairments for example. If included, these would distort materiality year-on-year.

We consider using a 3-year average to be more appropriate than an assessment based on current year results alone given the nature of the mining industry which is exposed to cyclical commodity price fluctuations. Using a 3-year average provides a more appropriate base reflective of the scale of the Group's size and operations through the cycle.

We agreed with the Audit Committee that we would report all audit differences in excess of $9 million (2019: $12 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

Identification and scoping of components

Our Group audit was scoped by obtaining an understanding of the Group and its environment and assessing the risks of material misstatement at the Group level. Our scoping considered both quantitative and qualitative factors including a component's contribution to financial metrics (Revenue, Adjusted EBIT and Adjusted EBITDA), production output and qualitative criteria, such as being a significant development project or exhibiting particular risk factors. Based on our assessment, we scoped in audit work at

38 components (2019: 42 components), representing the Group's most material marketing operations and industrial assets, and utilised 22 component audit teams (2019: 25 component audit teams) in 16 countries (2019: 18 countries).

- 19 components (2019: 24 components) were subject to a full scope audit, and
- 19 components (2019: 18 components) were subject to specified audit procedures where the extent of our testing was based on our assessment of the risk of material misstatement of certain specific financial balances and / or processes and of the materiality of the Group's operations at those locations.

These 38 components account for 80% of the Group's net assets (2019: 83%), 88% of the Group's revenue (2019: 89%) and 91% of the Group's Adjusted EBITDA (2019: 87%).

Net assets (%) **Revenue** (%) **Adjusted EBITDA** (%)

Working with other auditors

Detailed audit instructions were sent to the auditors of these in-scope components. These instructions identified the significant audit risks, other areas of audit focus, the account balances, classes of transactions and disclosures considered material and their relevant risks of material misstatement as assessed by the Group audit team. The instructions also set out the audit procedures to be performed and set out the information to be reported back to the Group audit team and other matters relevant to the audit.

Due to the global Covid-19 pandemic and the resulting travel restrictions, on-site meetings were limited to component teams in Switzerland. As a result, the Group audit team increased the frequency of phone and video calls with component auditors, and performed a virtual online programme of detailed reviews of the component audit teams' files.

For all in-scope components, the Group audit team was involved in the audit work performed by the component auditors through a combination of provision of referral instructions, review and challenge of related component inter-office reporting and of findings from their work (which included the audit procedures performed to respond to risks of material misstatement), attendance during component audit closing conference calls and regular interaction with the component teams during the year.

At the parent entity level, we tested the consolidation process and carried out analytical procedures to confirm our conclusion that there was no reasonable possibility of a risk of material misstatement in the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

Our consideration of the control environment

Glencore relies on the effectiveness of a number of IT systems and applications to ensure that financial transactions are recorded completely and accurately. The main financial accounting, reporting, trading and treasury systems were identified as key IT systems relevant to our audit. For the marketing business we planned to test and rely on key manual and automated controls over the revenue business process, as discussed in the "Marketing revenue recognition and fair value measurements" key audit matter above. Industrial activities are generally decentralised and thus the design of controls and testing approach varies between components.

The IT systems which are primarily managed from the centralised IT function in Switzerland were evaluated by IT specialists who were part of the group engagement team. Other IT systems were evaluated by component IT specialists to determine whether these IT systems could be relied upon to support our audit. IT control deficiencies relating to the review of user access rights and the management of privileged access accounts were identified in a number of entities within the Group. As a result of these deficiencies, certain component teams were unable to adopt a controls-based audit approach in the current year. Accordingly, these teams extended the scope of audit procedures in response to the identified control deficiencies. Where centrally managed IT systems were similarly impacted, mitigating controls were identified and / or additional procedures were performed in order to adopt a control reliance approach.

As described in the "Impairment of non-current assets" key audit matter above, in the course of auditing the various impairments during the year, certain modelling errors were identified. These constituted control deficiencies and were subsequently corrected by management.

The Audit Committee has discussed these internal control deficiencies, and management's actions to remediate them on pages 97-98.

As deficiencies in the control environment increase the risk of fraud and error within the financial statements, we performed additional procedures to respond to the potential risks, including the risk of fraud as outlined below.

OTHER INFORMATION

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the Group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- the Group's own assessment of the risks that irregularities may occur either as a result of fraud or error;
- the results of our enquiries of senior management, internal audit, members of the legal and compliance functions, and the Audit and Investigations Committees about their own identification and assessment of the risks of irregularities, including obtaining and reviewing the Group's documentation of its policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud, and
  - reviewing internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the engagement team, including significant component audit teams, and relevant internal specialists, including forensic, tax, mining, valuations and IT regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas:

- Matters arising from the ongoing government investigations which could highlight control weaknesses in management's processes;
- Key sources of estimation uncertainty within management's testing of impairment of non-current assets within the scope of IAS 36;
- Key sources of estimation uncertainty in management's recognition and measurement of deferred tax assets and uncertain tax provisions, and
- Revenue transactions in the Marketing segment that occur close to period end and have a significant gross margin impact which contain complex terms and / or may be reversed subsequent to period end.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included Companies (Jersey) Law 1991, Primary and Secondary Listing Rules, Disclosure Guidance and Transparency rules, the UK Corporate Governance code and related guidance and relevant tax laws.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Group's ability to operate or to avoid a material penalty. These included the US Foreign Corrupt Practices Act, the US Anti-Money Laundering regulations, the UK Bribery Act 2010 and the Group's operating licences and environmental regulations in the jurisdictions in which it operates.

Audit response to risks identified

As a result of performing the above, we identified "Government investigations", "Impairments of non-current assets", "Marketing revenue recognition and fair value measurements" and "Taxation: Uncertain tax positions and the recognition and recoverability of deferred taxes" as key audit matters related to the potential risk of fraud or non-compliance with laws and regulations. The key audit matters section of our report explains the matters in more detail and also describes the specific procedures we performed in response to those key audit matters.

In addition, our procedures to respond to risks identified included the following:

- enquiring of management, the Audit Committee, the Investigations Committee, General Counsel and the Group's external legal counsel concerning actual and potential litigation and claims;
- enquiring of management, the Audit Committee, the Investigations Committee, General Counsel and the Group's external legal counsel regarding whether the Group is in compliance with laws and regulations relating to fraud, money laundering, bribery and corruption;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with relevant regulatory and taxation authorities, where applicable;
- obtaining an understanding of the Group's compliance policies, procedures and controls, including the Group's procedures to mitigate the risk of and response to allegations of fraud, bribery and corruption;
- obtaining an understanding of the Group's business relationships with agents and intermediaries in certain high risk jurisdictions and rationale for appointment;
- scrutinising expense accounts for evidence of improper payments in high risk jurisdictions;
- enhancing our audit procedures to identify and investigate suspicious payments to government officials, agents and intermediaries by means of adding search parameters to our journal entry testing for key words relevant to potential fraudulent payments;
- working with our Deloitte forensic specialists to perform detailed audit procedures on business transactions with high risk individuals and companies;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- performing focused analytical procedures on key financial metrics of non-significant components to identify any unusual or material transactions that may indicate a risk of material misstatement and evaluating the business rationale of such transactions;
- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements, and
- addressing the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments, assessing whether the judgements made by management in making accounting estimates indicate a potential bias, and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, including internal specialists and significant component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on other matters prescribed by our engagement letter

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the provisions of the UK Companies Act 2006 as if that Act had applied to the company.

Corporate Governance Statement

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 114;
- the directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on pages 72-73;
- the directors' statement on fair, balanced and understandable set out on page 115;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 72;
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 70-84, and
- the section describing the work of the audit committee set out on pages 97-98.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of explanations received and accounting records

Under the Companies (Jersey) Law, 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the parent company, or proper returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in this regard.

OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by the Board of Directors on 22 August 2011 to audit the financial statements of Glencore plc for the year ending 31 December 2011 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm as auditor of Glencore plc is 10 years, covering the years ending December 2011 to December 2020. The Engagement Partner has rotated twice during this period, with the most recent rotation being after the 2017 audit.

Consistency of the audit report with the additional report to the Audit Committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law, 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Geoffrey Pinnock, CA (SA)
for and on behalf of Deloitte LLP
Recognised Auditor
London, UK
10 March 2021

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

US$ million	Notes	**2020**	2019
Revenue	3	142,338	215,111
Cost of goods sold		(138,640)	(210,434)
Selling and administrative expenses		(1,681)	(1,391)
Share of income from associates and joint ventures	10	444	114
Loss on disposals of non-current assets	4	(36)	(43)
Other income	5	438	372
Other expense	5	(611)	(545)
Impairments of non-current assets	6	(5,715)	(2,322)
Impairments of financial assets	6	(232)	(86)
Dividend income	10	32	49
Interest income		120	227
Interest expense		(1,573)	(1,940)
Loss before income taxes		**(5,116)**	**(888)**
Income tax credit/(expense)	7	1,170	(618)
Loss for the year		**(3,946)**	**(1,506)**
Attributable to:			
Non-controlling interests		(2,043)	(1,102)
Equity holders of the Parent		(1,903)	(404)
Loss per share:			
Basic (US$)	17	(0.14)	(0.03)
Diluted (US$)	17	(0.14)	(0.03)

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

US$ million	Notes	**2020**	2019
Loss for the year		(3,946)	(1,506)
Other comprehensive (loss)/income			
Items not to be reclassified to the statement of income in subsequent periods:			
Defined benefit plan remeasurements, net of tax of $3 million (2019: $19 million)	23	(17)	(80)
(Loss)/gain on equity investments accounted for at fair value through other comprehensive income, net of tax of $1 million (2019: $11 million)	10	(630)	337
Gain/(loss) due to changes in credit risk on financial liabilities accounted for at fair value through profit and loss		19	(1)
Net items not to be reclassified to the statement of income in subsequent periods		**(628)**	**256**
Items that have been or may be reclassified to the statement of income in subsequent periods:			
Exchange (loss)/gain on translation of foreign operations		(189)	117
Losses on cash flow hedges, net of tax of $4 million (2019: $4 million)		(42)	(51)
Cash flow hedges reclassifed to the statement of income		(12)	–
Share of other comprehensive loss from associates and joint ventures	10	(14)	(37)
Net items that have been or may be reclassified to the statement of income in subsequent periods		**(257)**	**29**
Other comprehensive (loss)/income		**(885)**	**285**
Total comprehensive loss		**(4,831)**	**(1,221)**
Attributable to:			
Non-controlling interests		(2,067)	(1,103)
Equity holders of the Parent		(2,764)	(118)

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

US$ million	Notes	**2020**	2019 (Restated)[1]	2018 (Restated)[1]
Assets				
Non-current assets				
Property, plant and equipment	8	47,110	55,357	56,770
Intangible assets	9	6,467	7,006	6,971
Investments in associates and joint ventures	10	12,400	12,984	13,909
Other investments	10	1,733	2,387	2,067
Advances and loans	11	3,042	2,427	2,555
Other financial assets	27	1,106	453	303
Inventories	12	678	575	353
Deferred tax assets	7	2,252	1,477	1,728
		74,788	**82,666**	**84,656**
Current assets				
Inventories	12	22,852	19,936	20,564
Accounts receivable	13	15,154	16,671	17,666
Other financial assets	27	1,998	1,953	3,230
Income tax receivable	7	444	350	121
Prepaid expenses		220	315	389
Cash and cash equivalents	14	1,498	1,899	2,046
		42,166	**41,124**	**44,016**
Assets held for sale	15	1,046	286	–
		43,212	**41,410**	**44,016**
Total assets		**118,000**	**124,076**	**128,672**
Equity and liabilities				
Capital and reserves – attributable to equity holders				
Share capital	16	146	146	146
Reserves and retained earnings		37,491	40,128	45,592
		37,637	**40,274**	**45,738**
Non-controlling interests	33	(3,235)	(1,038)	(355)
Total equity		**34,402**	**39,236**	**45,383**
Non-current liabilities				
Borrowings	20	29,227	29,067	26,424
Deferred income	21	2,590	2,670	2,301
Deferred tax liabilities	7	4,721	6,094	6,839
Other financial liabilities	27	688	1,229	1,620
Provisions including post-retirement benefits	22	6,931	6,772	6,824
		44,157	**45,832**	**44,008**
Current liabilities				
Borrowings	20	8,252	7,976	8,570
Accounts payable	24	24,038	26,193	26,484
Deferred income	21	1,070	558	412
Provisions	22	693	489	554
Other financial liabilities	27	4,276	2,872	2,152
Income tax payable	7	927	764	1,109
		39,256	**38,852**	**39,281**
Liabilities held for sale	15	185	156	–
		39,441	**39,008**	**39,281**
Total equity and liabilities		**118,000**	**124,076**	**128,672**

1 Certain balances have been represented to conform with current year presentation (see notes 7, 22 and 27).

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

US$ million	Notes	2020	2019
Operating activities			
Loss before income taxes		(5,116)	(888)
Adjustments for:			
Depreciation and amortisation		6,671	7,160
Share of income from associates and joint ventures	10	(444)	(114)
Streaming revenue and other non-current provisions		(205)	(296)
Loss on disposals of non-current assets	4	36	43
Unrealised mark-to-market movements on other investments	5	(59)	(47)
Impairments	6	5,947	2,408
Other non-cash items – net[1]		285	367
Interest expense – net		1,453	1,713
Cash generated by operating activities before working capital changes		**8,568**	**10,346**
Working capital changes			
(Increase)/decrease in accounts receivable[2]		(385)	1,211
(Increase)/decrease in inventories		(3,189)	678
(Decrease)/increase in accounts payable[3]		(436)	199
Total working capital changes		**(4,010)**	**2,088**
Income taxes paid		(820)	(2,301)
Interest received		100	200
Interest paid		(1,174)	(1,604)
Net cash generated by operating activities		**2,664**	**8,729**
Investing activities			
Net cash used in acquisition of subsidiaries	25	–	(123)
Net cash (used in)/received from disposal of subsidiaries	25	(222)	5
Purchase of investments		(122)	(125)
Proceeds from sale of investments		135	119
Purchase of property, plant and equipment		(3,569)	(4,712)
Proceeds from sale of property, plant and equipment		52	178
Dividends received from associates and joint ventures	10	1,015	942
Net cash used by investing activities		**(2,711)**	**(3,716)**

1 Includes certain non-cash items as disclosed in note 5, share based remuneration of $184 million (2019: $190 million) and inventory net realisable value adjustment of negative $37 million (2019: $184 million).

2 Includes movements in other financial assets, prepaid expenses and long-term advances and loans.

3 Includes movements in other financial liabilities, provisions and deferred income.

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

US$ million	Notes	2020	2019
Financing activities[1]			
Proceeds from issuance of capital market notes[2]		3,362	3,866
Repayment of capital market notes		(4,017)	(3,167)
Repurchase of capital market notes		(72)	–
Repayment of revolving credit facility		(870)	(29)
Proceeds from other non-current borrowings		392	291
Repayment of other non-current borrowings		(44)	(325)
Repayment of lease liabilities		(560)	(358)
Margin receipts in respect of financing related hedging activities		1,040	529
Proceeds from/(repayment of) current borrowings		217	(682)
Proceeds from U.S. commercial papers		415	79
Acquisition of non-controlling interests in subsidiaries		(56)	(24)
Return of capital/distributions to non-controlling interests		(127)	(305)
Purchase of own shares	16	–	(2,318)
Disposal of own shares		–	6
Distributions paid to equity holders of the Parent	18	–	(2,710)
Net cash used by financing activities		**(320)**	**(5,147)**
Decrease in cash and cash equivalents		(367)	(134)
Effect of foreign exchange rate changes		(36)	(11)
Cash and cash equivalents, beginning of year		1,901	2,046
Cash and cash equivalents, end of year		**1,498**	**1,901**
Cash and cash equivalents reported in the statement of financial position		1,498	**1,899**
Cash and cash equivalents attributable to assets held for sale		–	**2**

1 Refer to note 20 for reconciliation of movement in borrowings.
2 Net of issuance costs relating to capital market notes of $20 million (2019: $25 million).

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES OF EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Retained earnings	Share premium	Other reserves (Note 16)	Own shares (Note 16)	Total reserves and retained earnings	Share capital	Total equity attributable to equity holders	Non-controlling interests (Note 33)	Total equity
1 January 2019	**5,343**	**48,504**	**(4,937)**	**(3,318)**	**45,592**	**146**	**45,738**	**(355)**	**45,383**
Loss for the year	(404)	–	–	–	(404)	–	(404)	(1,102)	(1,506)
Other comprehensive (loss)/income	(118)	–	404	–	286	–	286	(1)	285
Total comprehensive loss	**(522)**	**–**	**404**	**–**	**(118)**	**–**	**(118)**	**(1,103)**	**(1,221)**
Own share disposal[1]	(115)	–	–	199	84	–	84	–	84
Own share purchases[1]	–	–	–	(2,318)	(2,318)	–	(2,318)	–	(2,318)
Equity-settled share-based expenses[2]	12	–	–	–	12	–	12	–	12
Change in ownership interest in subsidiaries[3]	–	–	(418)	–	(418)	–	(418)	358	(60)
Acquisition/disposal of business[4]	–	–	–	–	–	–	–	371	371
Reclassifications	24	–	(20)	–	4	–	4	(4)	–
Distributions paid[5]	–	(2,710)	–	–	(2,710)	–	(2,710)	(305)	(3,015)
31 December 2019	**4,742**	**45,794**	**(4,971)**	**(5,437)**	**40,128**	**146**	**40,274**	**(1,038)**	**39,236**

	Retained earnings	Share premium	Other reserves (Note 16)	Own shares (Note 16)	Total reserves and retained earnings	Share capital	Total equity attributable to equity holders	Non-controlling interests (Note 33)	Total equity
1 January 2020	**4,742**	**45,794**	**(4,971)**	**(5,437)**	**40,128**	**146**	**40,274**	**(1,038)**	**39,236**
Loss for the year	(1,903)	–	–	–	(1,903)	–	(1,903)	(2,043)	(3,946)
Other comprehensive loss	(32)	–	(829)	–	(861)	–	(861)	(24)	(885)
Total comprehensive loss	**(1,935)**	**–**	**(829)**	**–**	**(2,764)**	**–**	**(2,764)**	**(2,067)**	**(4,831)**
Own share disposal[1]	(32)	–	–	133	101	–	101	–	101
Equity-settled share-based expenses[2]	57	–	–	–	57	–	57	–	57
Change in ownership interest in subsidiaries[3]	–	–	(31)	–	(31)	–	(31)	(3)	(34)
Reclassifications	17	–	(17)	–	–	–	–	–	–
Distributions paid[5]	–	–	–	–	–	–	–	(127)	(127)
31 December 2020	**2,849**	**45,794**	**(5,848)**	**(5,304)**	**37,491**	**146**	**37,637**	**(3,235)**	**34,402**

1 See note 16.
2 See note 19.
3 See note 33.
4 See note 25.
5 See note 18.

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

CORPORATE INFORMATION

Glencore plc (the "Company", "Parent", the "Group" or "Glencore"), is a leading integrated producer and marketer of natural resources, with worldwide activities in the production, refinement, processing, storage, transport and marketing of metals and minerals and energy products. Glencore operates on a global scale, marketing and distributing physical commodities sourced from third party producers and own production to industrial consumers, such as those in the battery, electronic, construction, automotive, steel, energy and oil industries. Glencore also provides financing, logistics and other services to producers and consumers of commodities. In this regard, Glencore seeks to capture value throughout the commodity supply chain. Glencore's long experience as a commodity producer and merchant has allowed it to develop and build upon its expertise in the commodities which it markets and cultivate long-term relationships with a broad supplier and customer base across diverse industries and in multiple geographic regions.

Glencore is a publicly traded limited company incorporated in Jersey and domiciled in Switzerland. Its ordinary shares are traded on the London and Johannesburg stock exchanges.

These consolidated financial statements were authorised for issue in accordance with the Directors' resolution on 10 March 2021.

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with:

- International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union, and
- IFRS as issued by the International Accounting Standards Board (IASB).

CLIMATE CHANGE RELATED CONSIDERATIONS

The Group's ambition on climate change is to achieve net zero total emissions by 2050. The accounting related measurement and disclosure areas most impacted by this position relate to the carrying value of our coal industrial assets where the underlying accounting determination is subject to estimation uncertainties in the medium to long term such as: impairments and impairment reversals and useful economic lives of assets. The policies and where applicable, key estimates and sensitivities pertaining to reasonably possible changes in estimates, most impacted by climate change are covered below.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances, independent estimates, quoted market prices and common, industry standard modelling techniques. Actual outcomes could result in a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Glencore has identified the following areas as being critical to understanding Glencore's financial position as they require management to make complex and/or subjective judgements, estimates and assumptions about matters that are inherently uncertain:

CRITICAL ACCOUNTING JUDGEMENTS

In the process of applying Glencore's accounting policies, management has made the following judgements based on the relevant facts and circumstances including macro-economic circumstances and, where applicable, interpretation of underlying agreements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) Determination of control of subsidiaries and joint arrangements (see note 34)

Judgement is required to determine when Glencore has control of subsidiaries or joint control of joint or other unincorporated arrangements. This requires an assessment of the relevant activities (those relating to the operating and capital decisions of the arrangement, such as: the approval of the capital expenditure programme for each year, and appointing, remunerating and terminating the key management personnel or service providers of the operations) and when the decisions in relation to those activities are under the control of Glencore or require unanimous consent. See note 25 for a summary of the acquisitions of subsidiaries completed during 2020 and 2019 and the key judgements made in determining control thereof.

1. Accounting policies continued

Judgement is also required in determining the classification of a joint arrangement between a joint venture or a joint operation through an evaluation of the rights and obligations arising from the arrangement and in particular, if the joint arrangement has been structured through a separate vehicle, further consideration is required of whether:

(1) the legal form of the separate vehicle gives the parties rights to the assets and obligations for the liabilities;

(2) the contractual terms and conditions give the parties rights to the assets and obligations for the liabilities; and

(3) other facts and circumstances give the parties rights to the assets and obligations for the liabilities.

Joint arrangements in which the primary activity is the provision of output to the shareholders, typically convey substantially all the economic benefits of the assets to the parties and judgement is required in assessing whether the terms of the offtake agreements and any other obligations for liabilities of the arrangement result in the parties being substantially the only source of cash flows contributing to the continuity of the operations of the arrangement.

Certain joint arrangements that are structured through separate vehicles including Collahuasi and Viterra (formerly Glencore Agri) are accounted for as joint ventures. The Collahuasi arrangement is primarily designed for the provision of output to the shareholders sharing joint control, the offtake terms of which are at prevailing market prices and the parties are not obligated to cover any potential funding shortfalls. In management's judgement, Glencore is not the only possible source of funding and does not have a direct or indirect obligation to the liabilities of the arrangement, but rather shares in its net assets and, therefore, such arrangements have been accounted for as joint ventures.

Differing conclusions around these judgements, may materially impact how these businesses are presented in the consolidated financial statements – under the full consolidation method, equity method or recognition of Glencore's share of assets, liabilities, revenue and expenses, including any assets or liabilities held jointly. See note 10 for a summary of these joint arrangements and the key judgements made in determining the applicable accounting treatment for any material joint arrangements entered during the year.

(ii) Classification of transactions which contain a financing element (notes 20, 21 and 24)

Transactions for the purchase of commodities may contain a financing element such as extended payment terms. Under such an arrangement, a financial institution may issue a letter of credit on behalf of Glencore and act as the paying party upon delivery of product by the supplier and Glencore will subsequently settle the liability directly with the financial institution, generally from 30 up to 120 days after physical supply. Judgement is required to determine the most appropriate classification and presentation of these transactions within the statements of cash flows and financial position. In determining the appropriate classification, management considers the underlying economic substance of the transaction and the significance of the financing element to the transaction. Typically, the economic substance of the transaction is determined to be operating in nature as the financing element is insignificant and the time frame in which the original arrangement is extended by, is consistent and within supply terms commonly provided in the market. As a result, the entire cash flow is presented as operating in the statement of cash flow with a corresponding trade payable in the statement of financial position. As at 31 December 2020, trade payables include $7,178 million (2019: $5,687 million) of such liabilities arising from supplier financing arrangements, the weighted average of which have extended the settlement of the original payable to 91 days (2019: 86 days) after physical supply and are due for settlement 46 days (2019: 38 days) after year end. There was no significant exposure to any individual financial institution under these arrangements. These payables are not included within net funding and net debt as defined in the APMs section.

(iii) Critical judgement related to investigations by regulatory and enforcement authorities (note 31)

1. Accounting policies continued

KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying Glencore's accounting policies, management has made key estimates and assumptions concerning the future and other key sources of estimation uncertainty. The key assumptions and estimates at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

(i) Recognition of deferred tax assets and uncertain tax positions (note 7)

Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse, and a judgement as to whether there will be sufficient taxable income available to offset the tax assets when they do reverse. These judgements and estimates are subject to risk and uncertainty and therefore, to the extent assumptions regarding future profitability change, there can be a material increase or decrease in the amounts recognised in the consolidated statement of income in the period in which the change occurs, notably the deferred tax asset and uncertain tax position of the Group's DRC operations as outlined in note 7. The recoverability of the Group's deferred tax assets and the completeness and accuracy of its uncertain tax positions, including the estimates and assumptions contained therein are reviewed regularly by management.

(ii) Impairments and impairment reversals (notes 6 and 10)

Investments in associates and joint ventures, advances and loans, property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an individual asset or a cash-generating unit (CGU) may not be fully recoverable, or at least annually for CGUs to which goodwill and other indefinite life intangible assets have been allocated. Indicators of impairment may include changes in the Group's operating and economic assumptions, including those arising from changes in reserves or mine planning, updates to the Group's commodity supply, demand and price forecasts, or the possible impacts from emerging risks such as those related to climate change and the transition to a lower carbon economy. If an asset or CGU's recoverable amount is less than its carrying amount, an impairment loss is recognised in the consolidated statement of income. For those assets or CGUs which were impaired in prior periods, if their recoverable amount exceeds their carrying amount, an impairment reversal is recorded in the consolidated statement of income. Future cash flow estimates which are used to calculate the asset's or CGU's recoverable amount are discounted using asset or CGU specific discount rates and are based on expectations about future operations, using a combination of internal sources and those inputs available to a market participant, which primarily comprise estimates about production and sales volumes, commodity prices (considering current and future prices and price trends including factors such as the current global trajectory of climate change), reserves and resources, operating costs and capital expenditures. Estimates are reviewed regularly by management. Changes in such estimates and in particular, deterioration in the commodity pricing outlook, could impact the recoverable amounts of these assets or CGUs, whereby some or all of the carrying amount may be impaired or the impairment charge reversed (if pricing outlook improves significantly) with the impact recorded in the statement of income.

As noted above and further described below in the 'impairment or impairment reversals' accounting policy, the Group carries out, at least annually, an impairment assessment. Following this review, indicators of impairment were identified for various CGUs, primarily due to a deterioration in the underlying commodity price environment most influencing the respective operation. Accordingly, the Group assessed the recoverable amounts of these CGUs and as at 31 December 2020, except for those CGUs disclosed in notes 6 and 10, the estimated recoverable amounts exceeded the carrying values. However, for certain CGUs where no impairment was recognised, should there be a significant deterioration in the key assumptions, a material impairment could result within the next financial year. A summary of the carrying values, the key / most sensitive assumptions and a sensitivity impact of potential movements in these assumptions for each such CGU with limited headroom (relative to its estimated recoverable amount) is below. In providing sensitivity analysis (and particularly on commodity price assumptions), a 10% change, representing a typical deviation parameter common in the industry, has in some cases been provided. Where a higher or lower percentage is reasonably possible on an operational assumption, this has been clearly identified.

1. Accounting policies continued

Sensitivity to demand for fossil fuels

The impairment assessment assumes that through the remaining life of mine, there will continue to be a ready market for thermal coal at a Newcastle FOB export price of $80/tonne (6,000 NAR), South African FOB export price of $80/tonne and Colombian CIF price (destination: Rotterdam) of $65/tonne. The International Energy Agency (IEA) provides a comprehensive view of how the global energy system could develop in the coming decades through a number of scenarios. Our base case production decline profile is consistent with the demand decline profile of the IEA's Paris-aligned scenarios. Should coal be displaced as a fuel for power generation more rapidly than currently expected, the resulting supply overhang could result in lower commodity prices. We have illustrated this by showing the various impairment scenarios versus current carrying values at possible commodity price curves consistent with the IEA's scenarios:

- Stated Policies scenario (STEPS) – the impact of existing policy frameworks and today's announced policy intentions (consistent with our "Current Pathway" scenario)
- Sustainable Development scenario (SDS) – the impact should additional policy mechanisms be implemented sufficient for full alignment with the Paris Goals (consistent with our "Rapid Transition" scenario)

The sensitivity prices set out below are those included in the documentation to the IEA's *World Energy Model* 2020, except that IEA thermal coal prices are on a delivered basis. These have been adjusted to FOB pricing on the basis of forward freight costs.

The base case price used in the impairment assessment is higher than that in STEPS due to our assumption that such higher price will be required to induce the required investment to maintain supply levels under this scenario. Notwithstanding this assumption, we also consider prices in STEPS to be a reasonably possible change in our assumptions within the next financial year. Europe's demand for thermal coal has reduced significantly in recent years, and this is currently the key market for Colombian coal. Accordingly we consider the SDS prices for Colombian coal to be a reasonably possible change in our assumptions within the next financial year and have sensitised Cerrejon against these. The SDS price sensitivities for Australia and South Africa are provided for additional information.

The sensitivities are presented on price alone and assume no mitigating actions, therefore the impairments in each scenario are likely higher than would transpire. In practice, in a sustained lower price environment, management would alter mine plans to cut operating and capital costs, potentially at the expense of future volumes, in order to reduce the overall NPV impact.

The IEA has also published a net zero emissions by 2050 scenario (consistent with our "Radical Transformation" scenario), but has not published price assumptions for this scenario. Our assumption is that demand (and therefore price) would be similar to SDS, but with large-scale uptake of carbon capture, utilisation and storage to mitigate the effects of such. In itself, this reflects that in all credible energy transformation scenarios, thermal coal will continue to be required as a transition fuel for several decades.

Coking coal prices have not been sensitised, reflecting limited alternatives in relevant industrial applications. We have not sensitised the NPV of our oil producing assets, reflecting the relatively low capital allocated to such.

Our life of mine planning reflects operating cash flows from Cerrejon until 2032, South African coal mines until 2043 and Australian coal mines until at least 2050. Production is weighted towards the earlier part of the mines' lives. We have illustrated this by showing the year in which 50% of saleable coal would be extracted under the current plan, well within the next decade.

				Cash-generating unit
US$ million	Thermal Australia	Thermal South Africa	Cerrejon	Total thermal coal
Base case assumptions in life of mine plan:				
– LOM saleable tonnes (Glencore consolidated) (million tonnes)	1,300	380	85	
– projected year when 50% LOM tonnage depleted	2028	2028	2026	
– long-term price (Newcastle FOB / API4 FOB / API2 CIF) ($/t) (real terms)	80	80	65	
– discount rate applied (ranges represent opencut / underground)	6.1%-6.7%	7.9%-8.5%	7.9%	
Short- to long-term prices applied in selected scenarios:				
– STEPS	77-74	72-79	63-73	
– SDS	67-58	62-63	54-59	
Carrying value of non-current capital employed as 31 December 2020	8,565	2,804	595	11,964
Illustrative impairment arising:				
– STEPS	1,900	590	–	2,490
– SDS	5,800	1,700	230	7,730

NOTES TO THE FINANCIAL STATEMENTS
continued

1. Accounting policies continued

Sensitivity to project execution and ramp-up

Mutanda

The operations have been on care and maintenance since 2019 and have an accumulated impairment of $955 million. The valuation remains sensitive to price and a prolonged temporary care and maintenance scenario and further deteriorations in these key assumptions may result in additional impairment. The short to long-term copper and cobalt price assumptions were $6,500-$6,250/mt and $16.00 – $25.00/lb, respectively. Should the copper and cobalt assumptions fall by 10% (across the curve), or should it be determined that the temporary care and maintenance scenario be prolonged for an additional 2 years, with all other assumptions held constant, a further impairment of $357 million or $402 million, respectively, would be recognised. Bringing the operations back online more rapidly than the profile modelled may result in some or all of the accumulated impairment being reversed.

Koniambo

The impairment assessment on the Koniambo CGU was prepared on the assumption that Koniambo would reach steady-state capacity of circa 55ktpy contained nickel by 2028, and continue to produce at this rate until 2060. The assessment is sensitive to the ramp-up profile to steady-state production, and the assumed modification of Mineral Resources to Ore Reserves, and their eventual exploitation.

We have illustrated this by showing the effects of:

- limiting Koniambo's production ramp-up to around 85% of the base case level up to 2038;
- limiting Koniambo's production to currently defined Ore Reserves (17 years); and
- a 10% change in the long-term nickel price.

Modification of Mineral Resources in place to Ore Reserves available for economic extraction depends on a number of modifying factors, including mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors. In a long-dated project, a lack of certainty about some of these factors over the timescales involved may mean that it is not currently appropriate to show the existing Mineral Resource converted to Ore Reserves. This does not mean that such Mineral Resource is without value.

US$ million	**Koniambo**
Base case assumptions in the life of mine plan:	
– LOM saleable tonnes (thousand tonnes)	2,000
– projected annual production by 2028 (approximate)	55Ktpa
– long-term nickel price ($/t) (real terms)	15,322
– discount rate applied	9.3%
Alternative LOM assumptions:	
– projected annual production by 2028 (approximate)	45Ktpa
– currently defined ore reserves (thousand tonnes)	870
– change in nickel price	10%
Carrying value of non-current capital employed as 31 December 2020	1,484
Illustrative impairment arising:	
– slower production ramp-up	150
– limitation to currently defined ore reserves	540
– 10% change in nickel price	720

Koniambo has previously been impaired. A favourable change in the long-term nickel price, or the quantum and/or timing of Koniambo's ramp-up could result in a reversal of impairment.

(iii) Restoration, rehabilitation and decommissioning costs (note 22)

A provision for future restoration, rehabilitation and decommissioning costs requires estimates and assumptions to be made around the relevant regulatory framework, the magnitude of the possible disturbance and the timing, extent and costs of the required closure and rehabilitation activities. Most of these rehabilitation and decommissioning events are expected to take place many years in the future and the currently estimated requirements and costs that will have to be met when the restoration event occurs are inherently uncertain and could materially change over time.

1. Accounting policies continued

In calculating the appropriate provision for the expected restoration, rehabilitation or decommissioning obligations, cost estimates of the future potential cash outflows based on current studies of the expected rehabilitation activities and timing thereof, are prepared. These forecasts are then discounted to their present value using a risk-free rate specific to the liability and the currency in which they are denominated.

Any changes in the expected future costs or risk-free rate are initially reflected in both the provision and the asset and subsequently in the consolidated statement of income over the remaining economic life of the asset. As the actual future costs can differ from the estimates due to changes in laws, regulations, technology, costs and timing, the provisions including the estimates and assumptions contained therein are reviewed regularly by management. A material change in the provision within the next 12 months could arise from changes in risk-free rates. The aggregate effect of changes within 12 months as a result of revisions to cost and timing assumptions is not expected to be material.

(iv) Fair value measurements (notes 11, 13, 25, 27 and 28)

In addition to recognising derivative instruments at fair value, as discussed below and for the purpose of measuring impairments as described above, an assessment of the fair value of assets and liabilities is also required in accounting for other transactions, most notably, business combinations and marketing inventories and disclosures related to fair values of financial assets and liabilities. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the cash flow upon actual settlements. Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty, particularly where comparable market-based transactions often do not exist.

Financial instruments are carried at fair value for which Glencore evaluates the quality and reliability of the assumptions and data used to measure fair value in the three hierarchy levels, Level 1, 2 and 3, as prescribed by IFRS 13 Fair Value Measurement. Fair values are determined in the following ways: externally verified via comparison to quoted market prices in active markets (Level 1); by using models with externally verifiable inputs (Level 2); or by using alternative procedures such as comparison to comparable instruments and/or using models with unobservable market inputs requiring Glencore to make market-based assumptions (Level 3). Level 3 inputs therefore include the highest level of estimation uncertainty.

(v) Retirement benefits (note 23)

The present value and costs of providing pensions and other post-employement benefits are determined on the basis of a number of assumptions which include future earnings and pension increases, discount rates, long-term expected rates of return on plan assets, inflation rate and mortality assumptions. Any changes in these assumptions will impact the carrying amount of the pension and other post-employement benefits and may have a material impact on future results. Key assumptions and sensitivities are disclosed within note 23.

ADOPTION OF NEW AND REVISED STANDARDS

In the current year, Glencore has adopted all new and revised IFRS standards that became effective as of 1 January 2020, the material changes being:

(i) Amendments to IFRS 3 – Definition of business

The amendments assist the determination of whether a transaction should be accounted for as a business combination or as an asset acquisition. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. IFRS 3 continues to adopt a market participant's perspective to determine whether an acquired set of activities and assets is a business, but clarifies the minimum requirements to be a business and removes the assessment of a market participant's ability to replace missing elements.

The amendments also introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business – it is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The amended definitions shall be applicable for any acquisition within the scope of IFRS 3.

(ii) Amendments to IAS 1 and IAS 8 – Definition of material

The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has been featured elsewhere in IFRS Standards, and ensures that the definition of material is consistent across all IFRS Standards. Information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

These amendments did not have a material impact on the Group.

1. Accounting policies continued

REVISED STANDARDS NOT YET EFFECTIVE

At the date of the authorisation of these consolidated financial statements, the following revised IFRS standards, which are applicable to Glencore, were issued but not yet effective:

(i) Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) – effective for year ends beginning on or after 1 January 2021

The amendments introduce a practical expedient for modifications required by the reform, provide an exception that hedge accounting is not discontinued solely because of the IBOR reform, and introduces disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBOR's to alternative benchmark rates, and how the entity is managing this transition. The Group intends to adopt these amendments in future to ensure continuity of existing hedge relationships.

BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention except for certain financial assets, liabilities, marketing inventories and pension obligations that are measured at revalued amounts or fair values at the end of each reporting period as explained in the accounting policies below. Historical cost is defined as the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. The principal accounting policies adopted are set out below.

The Directors have assessed that they have, at the time of approving these financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the 12 months from the expected date of approval of the 2020 Annual Report and Accounts. Therefore, they continue to adopt the going concern basis of accounting in preparing these financial statements. The Directors have made this assessment after consideration of the Group's budgeted cash flows and related assumptions including appropriate stress testing of the identified uncertainties (being primarily commodity prices and currency exchange rates) and access to undrawn credit facilitites and monitoring of debt maturitites. Further information on Glencore's objectives, policies and processes for managing its capital and financial risks are detailed in note 26.

All amounts are expressed in millions of United States Dollars, the presentation currency of the Group, unless otherwise stated.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved when Glencore is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, Glencore controls an investee if, and only if, Glencore has all of the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When Glencore has less than a majority of the voting rights of an investee or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over the investee including:

- The size of Glencore's holding of voting rights relative to the size and dispersion of holdings of the other vote holders
- Potential voting rights held by Glencore, other vote holders or other parties
- Rights arising from other contractual arrangements, and
- Any additional facts and circumstances that indicate that Glencore has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when Glencore obtains control over the subsidiary and ceases when Glencore loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income and other comprehensive income from the date Glencore gains control until the date when Glencore ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

1. Accounting policies continued

Changes in Glencore's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions with any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received being recognised directly in equity and attributed to equity holders of Glencore.

When Glencore loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if Glencore had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, or the cost on the initial recognition of an investment in an associate or a joint venture.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Associates and joint ventures (together "Associates") in which Glencore exercises significant influence or joint control are accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Significant influence is presumed if Glencore holds between 20% and 50% of the voting rights, unless evidence exists to the contrary. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when decisions about relevant strategic and/or key operating decisions require unanimous consent of the parties sharing control.

Equity accounting involves Glencore recording its share of the Associate's net income and equity. Glencore's interest in an Associate is initially recorded at cost and is subsequently adjusted for Glencore's share of changes in net assets of the Associate, less any impairment in the value of individual investments. Where Glencore transacts with an Associate, unrealised profits and losses are eliminated to the extent of Glencore's interest in that Associate.

Changes in Glencore's interests in Associates are accounted for as a gain or loss on disposal with any difference between the amount by which the carrying value of the Associate is adjusted and the fair value of the consideration received being recognised directly in the consolidated statement of income.

JOINT OPERATIONS

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

When Glencore undertakes its activities under joint operations, Glencore recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly
- Its liabilities, including its share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its share of the revenue from the sale of the output by the joint operation, and
- Its expenses, including its share of any expenses incurred jointly

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

Where Glencore transacts with a joint operation, unrealised profits and losses are eliminated to the extent of Glencore's interest in that joint operation.

OTHER UNINCORPORATED ARRANGEMENTS

In some cases, Glencore participates in unincorporated arrangements where it has the rights to its share of the assets and obligations for its share of the liabilities of the arrangement, rather than a right to the net returns of the arrangement, but does not share joint control. In such cases, Glencore accounts for its share of the assets, liabilities, revenues and expenses in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses and obligations for the liabilities relating to the arrangement, similar to a joint operation noted above.

BUSINESS COMBINATIONS AND GOODWILL

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method of accounting. The cost of the acquisition is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred, liabilities incurred to the former owners of the acquiree and the equity interests issued in exchange for control of the acquiree. The identifiable assets, liabilities and contingent liabilities ("identifiable net assets") are recognised at their fair value at the date of acquisition. Acquisition related costs are recognised in the consolidated statement of income as incurred.

1. Accounting policies continued

Where a business combination is achieved in stages, Glencore's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date Glencore attains control) and the resulting gain or loss, if any, is recognised in the consolidated statement of income.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the CGUs that are expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit.

Any impairment loss is recognised directly in profit or loss. An impairment loss recognised for goodwill is not able to be reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Glencore reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted for additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Similar procedures are applied in accounting for the purchases of interests in Associates and joint operations. Any goodwill arising from such purchases is included within the carrying amount of the investment in Associates, but not amortised thereafter. Any excess of Glencore's share of the net fair value of the Associate's identifiable net assets over the cost of the investment is included in the consolidated statement of income in the period of the purchase.

NON-CURRENT ASSETS HELD FOR SALE AND DISPOSAL GROUPS

Non-current assets, liabilities and those included in disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, they are available for immediate disposal and the sale is highly probable. Non-current assets, liabilities and those included in disposal groups held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

REVENUE RECOGNITION

Revenue is derived principally from the sale of goods (sale of commodities) and in some instances the goods are sold on Cost and Freight (CFR) or Cost, Insurance and Freight (CIF) Incoterms. When goods are sold on a CFR or CIF basis, the Group is responsible for providing these services (shipping and insurance) to the customer, sometimes after the date at which Glencore has lost control of the goods. Revenue is recognised when the performance obligations have been satisfied, which is once control of the goods and/or services has transferred from Glencore to the buyer. Revenue is measured based on consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties. The same recognition and presentation principles apply to revenues arising from physical settlement of forward sale contracts that do not meet the own use exemption.

Revenue related to the sale of goods is recognised when the product is delivered to the destination specified by the customer, which is typically the vessel on which it is shipped, the destination port or the customer's premises and the buyer has gained control through their ability to direct the use of and obtain substantially all the benefits from the asset. Where the sale of goods is connected with an agreement to repurchase goods at a later date, revenue is recognised when the repurchase terms are at prevailing market prices, the goods repurchased are readily available in the market, and the buyer gained control of the goods originally sold to them. As at 31 December 2020, the outstanding repurchase commitments under such agreements were approximately $0.3 billion (2019: $1.4 billion). Should it be determined that control has not transferred or the buyer does not have the ability to benefit substantially from ownership of the asset, revenue is not recognised and any proceeds received are accounted for as a financing arrangement. For certain commodities, the sales price is determined on a provisional basis at the date of sale as the final selling price is subject to movements in market prices up to the date of final pricing, normally ranging from 30 to 90 days after initial booking (provisionally priced sales). Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable. The revenue adjustment mechanism embedded within provisionally priced sales arrangements has the character of a commodity derivative.

1. Accounting policies continued

Accordingly, the fair value of the final sales price adjustment is re-estimated continuously and changes in fair value are recognised as an adjustment to revenue. In all cases, fair value is estimated by reference to forward market prices.

Revenue from the sale of material by-products are included within revenue. Where a by-product is not regarded as significant, revenue may be credited against cost of goods sold.

Revenue related to the provision of shipping and insurance related activities is recognised over time as the service is rendered.

Payments received for future metal (primarily gold and silver) deliveries (prepayments) are accounted for as executory contracts whereby the prepayment is initially recorded as deferred revenue in the consolidated statement of financial position. The initial deferred revenue amount is unwound and revenue is recognised in the consolidated statement of income as and when Glencore physically delivers the metal and loses control of it. Where these prepayments are in excess of one year and contain a significant financing component, the amount of the deferred revenue is adjusted for the effects of the time value of money. Glencore applies the practical expedient to not adjust the promised amount of consideration for the effects of time value of money if the period between delivery and the respective payment is one year or less.

Royalty, interest and dividend income is recognised when the right to receive payment has been established, it is probable that the economic benefits will flow to Glencore and the amount of income can be measured reliably. Royalty revenue is recognised on an accruals basis in accordance with the substance of the relevant agreement. Interest income is accrued on a time basis, by reference to the principal outstanding and the applicable effective interest rate.

FOREIGN CURRENCY TRANSLATION

Glencore's reporting currency and the functional currency of the majority of its operations is the U.S. dollar as this is assessed to be the principal currency of the economic environment in which it operates.

(i) Foreign currency transactions

Transactions in foreign currencies are converted into the functional currency of each entity using the exchange rate prevailing at the transaction date. Monetary assets and liabilities outstanding at year end are converted at year-end rates. The resulting exchange differences are recorded in the consolidated statement of income.

(ii) Translation of financial statements

For the purposes of consolidation, assets and liabilities of group companies whose functional currency is in a currency other than the U.S. dollar are translated into U.S. dollars using year-end exchange rates, while their statements of income are translated using average rates of exchange for the year. Translation adjustments are included as a separate component of shareholders' equity and have no consolidated statement of income impact to the extent that no disposal of the foreign operation has occurred. Where an intragroup balance is, in substance, part of the Group's net investment in an entity, exchange gains and losses on that balance are taken to the currency translation reserve. Cumulative translation differences are recycled from equity and recognised as income or expense on disposal of the operation to which they relate.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate.

BORROWING COSTS

Borrowing costs are expensed as incurred except where they relate to the financing of construction or development of qualifying assets in which case they are capitalised up to the date when the qualifying asset is ready for its intended use.

RETIREMENT BENEFITS

Glencore operates various pension schemes in accordance with local requirements and practices of the respective countries. The annual costs for defined contribution plans that are funded by payments to separate trustee administered funds or insurance companies equal the contributions that are required under the plans and accounted for as an expense.

For defined benefit retirement plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income are not reclassified. Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurements.

The Group recognises service costs within the consolidated statement of income.

1. Accounting policies continued

Net interest expense or income is recognised within interest expense or income within the consolidated statement of income.

Any past service cost (or the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a suplus position). The Group uses the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest for the period post-plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

The retirement benefit obligation recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Glencore also provides post-retirement healthcare benefits to certain employees in Canada, South Africa and the United States. These are accounted for in a similar manner to the defined benefit pension plans, however are unfunded.

SHARE-BASED PAYMENTS

(i) Equity-settled share-based payments

Equity-settled share-based payments are measured at the fair value of the awards based on the market value of the shares at the grant date. Fair value excludes the effect of non-market-based vesting conditions. The fair value is charged to the consolidated statement of income and credited to retained earnings on a straight-line basis over the period the estimated awards are expected to vest.

At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the consolidated statement of income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to retained earnings.

(ii) Cash-settled share-based payments

For cash-settled share-based payments, a liability is initially recognised at fair value based on the estimated number of awards that are expected to vest, adjusting for market and non-market-based performance conditions. Subsequently, at each reporting period until the liability is settled, it is remeasured to fair value with any changes in fair value recognised in the consolidated statement of income.

INCOME TAXES

Income taxes consist of current and deferred income taxes. Current taxes represent income taxes expected to be payable based on enacted or substantively enacted tax rates at the period end on expected current taxable income, and any adjustment to tax payable in respect of previous years. Deferred taxes are recognised for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income, using enacted or substantively enacted income tax rates which are expected to be effective at the time of reversal of the underlying temporary difference. Deferred tax assets and unused tax losses are only recognised to the extent that their recoverability is probable. Deferred tax assets are reviewed at reporting period end and amended to the extent that it is no longer probable that the related benefit will be realised. To the extent that a deferred tax asset not previously recognised subsequently fulfils the criteria for recognition, an asset is then recognised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same authority and Glencore has both the right and the intention to settle its current tax assets and liabilities on a net or simultaneous basis. The tax effect of certain temporary differences is not recognised principally with respect to the initial recognition of an asset or liability (other than those arising in a business combination or in a manner that initially impacted accounting or taxable profit) and temporary differences relating to investments in subsidiaries and Associates to the extent that Glencore can control the timing of the reversal of the temporary difference and it is probable the temporary difference will not reverse in the foreseeable future. Deferred tax is provided in respect of fair value adjustments on acquisitions. These adjustments may relate to assets such as extraction rights that, in general, are not eligible for income tax allowances.

Current and deferred tax are recognised as an expense or income in the consolidated statement of income, except when they relate to items that are recognised outside the consolidated statement of income (whether in other comprehensive income or directly in equity) or where they arise from the initial accounting for a business combination.

Royalties, extraction taxes and other levies/taxes are treated as taxation arrangements when they have the characteristics of an income tax, including being imposed and determined in accordance with regulations established by the respective government's taxation authority and the amount payable is based on taxable income – rather than physical quantities produced or as a percentage of revenues – after adjustment for temporary differences. For such arrangements, current and deferred tax is provided on the same basis as described above for other forms of taxation. Obligations arising from royalty arrangements that do not satisfy these criteria are recognised as current provisions and included in cost of goods sold.

1. Accounting policies continued

Glencore assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. For those matters where it is probable that an adjustment will be made, the Group records its best estimate of these tax liabilities, including related interest charges, taking into account the range of possible outcomes.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, being the fair value of the consideration given to acquire or construct the asset, including directly attributable costs required to bring the asset to the location or to a condition necessary for operation and the direct cost of dismantling and removing the asset, less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are depreciated to their estimated residual value over the estimated useful life of the specific asset concerned, or the estimated remaining life of the associated mine (LOM), field or lease.

Depreciation commences when the asset is available for use. The major categories of property, plant and equipment are depreciated/amortised on a units of production (UOP) and/or straight-line basis as follows:

Buildings	10 – 45 years
Freehold land	not depreciated
Plant and equipment	3 – 30 years/UOP
Right-of-use assets	2 – 30 years
Mineral and petroleum rights	UOP
Deferred mining costs	UOP

(i) Mineral and petroleum rights

Mineral and petroleum reserves, resources and rights (together "Mineral and petroleum rights") which can be reasonably valued, are recognised in the assessment of fair values on acquisition. Mineral and petroleum rights for which values cannot be reasonably determined are not recognised. Exploitable Mineral and petroleum rights are amortised using the UOP basis over the commercially recoverable reserves and, in certain circumstances, other mineral resources. Mineral resources are included in amortisation calculations where there is a high degree of confidence that they will be extracted in an economic manner.

(ii) Exploration and evaluation expenditure

Exploration and evaluation expenditure relates to costs incurred in the exploration and evaluation of potential mineral and petroleum resources and includes costs such as exploration and production licences, researching and analysing historical exploration data, exploratory drilling, trenching, sampling and the costs of pre-feasibility studies. Exploration and evaluation expenditure for each area of interest, other than that acquired from another entity, is charged to the consolidated statement of income as incurred except when the expenditure is expected to be recouped from future exploitation or sale of the area of interest and it is planned to continue with active and significant operations in relation to the area, or at the reporting period end, the activity has not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves, in which case the expenditure is capitalised. As the intangible component (i.e. licences) represents an insignificant and indistinguishable portion of the overall expected tangible amount to be incurred and recouped from future exploitation, these costs along with other capitalised exploration and evaluation expenditure are recorded as a component of property, plant and equipment. Purchased exploration and evaluation assets are recognised at their fair value at acquisition.

As the capitalised exploration and evaluation expenditure asset is not available for use, it is not depreciated. All capitalised exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, an assessment is performed for each area of interest or at the CGU level. To the extent that capitalised expenditure is not expected to be recovered it is charged to the consolidated statement of income.

Administration costs that are not directly attributable to a specific exploration area are charged to the consolidated statement of income. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

DEVELOPMENT EXPENDITURE

When commercially recoverable reserves are determined and such proposed development receives the appropriate approvals, capitalised exploration and evaluation expenditure is transferred to construction in progress, a component within the plant and equipment asset sub-category. All subsequent development expenditure is similarly capitalised, provided commercial viability conditions continue to be satisfied. Proceeds from the sale of product extracted during the development phase are netted against development expenditure. Upon completion of development and commencement of production, capitalised development costs are further transferred, as required, to the appropriate plant and equipment asset category and depreciated using the unit of production method (UOP) or straight-line basis.

1. Accounting policies continued

Deferred mining costs

Mainly comprises certain capitalised costs related to underground mining as well as pre-production and in-production stripping activities as outlined below. Deferred mining costs are amortised using the UOP basis over the life of the ore body to which those costs relate.

DEFERRED STRIPPING COSTS

Stripping costs incurred in the development of a mine (or pit) before production commences are capitalised as part of the cost of constructing the mine (or pit) and subsequently amortised over the life of the mine (or pit) on a UOP basis.

In-production stripping costs related to accessing an identifiable component of the ore body to realise benefits in the form of improved access to ore to be mined in the future (stripping activity asset), are capitalised within deferred mining costs provided all the following conditions are met:

(a) it is probable that the future economic benefit associated with the stripping activity will be realised;

(b) the component of the ore body for which access has been improved can be identified; and

(c) the costs relating to the stripping activity associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are charged to the consolidated statement of income as they are incurred.

The stripping activity asset is subsequently depreciated on a UOP basis over the life of the identified component of the ore body that became more accessible as a result of the stripping activity and is then stated at cost less accumulated depreciation and any accumulated impairment losses.

LEASES

As lessee, the Group assesses whether a contract contains a lease at inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability in the statement of financial position for all lease arrangements where it is the lessee, except for short-term leases with a term of twelve months or less and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the future lease payments from the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, the asset and company specific incremental borrowing rates. Lease liabilities are recognised within borrowings on the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability, with a corresponding adjustment to the related right-of-use assets, whenever:

- The lease term changes or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to the changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate;
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

The right-of-use assets are initially recognised on the balance sheet at cost, which comprises the amount of the initial measurement of the corresponding lease liability, adjusted for any lease payments made at or prior to the commencement date of the lease, any lease incentive received and any initial direct costs incurred, and expected costs for obligations to dismantle and remove right-of-use assets when they are no longer used. Right-of-use assets are recognised within property, plant and equipment on the statement of financial position. Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease over the shorter of the useful life of the right-of-use asset or the end of the lease term.

The Group enters into lease arrangements as a lessor with respect to some of its time charter vessels. Leases for which the Group is an intermediate lessor are classified as finance or operating leases by reference to the right-of-use asset arising from the head lease. Income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of these leases.

1. Accounting policies continued

RESTORATION, REHABILITATION AND DECOMMISSIONING
Restoration, rehabilitation and decommissioning costs arising from the installation of plant and other site preparation work, discounted using a risk-free rate specific to the liability and the currency in which they are denominated to their net present value, are provided for and capitalised at the time such an obligation arises. The costs are charged to the consolidated statement of income over the life of the operation through depreciation of the asset and the unwinding of the discount on the provision.

Costs for restoration of subsequent site disturbance, which is created on an ongoing basis during production, are provided for at their net present values and charged to the consolidated statement of income as extraction progresses.

Changes in the estimated timing of the rehabilitation or changes to the estimated future costs are accounted for prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, provided a reduction, if any, in the provision is not greater than the depreciated capitalised cost of the related asset, in which case the capitalised cost is reduced to Nil and the remaining adjustment recognised in the consolidated statement of income. In the case of closed sites, changes to estimated costs are recognised immediately in the consolidated statement of income.

INTANGIBLE ASSETS
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

Internally generated intangibles are not capitalised. Instead, the related expenditure is recognised in the consolidated statement of income in the period in which the expenditure is incurred.

Identifiable intangible assets with a finite life are amortised on a straight-line basis over their expected useful life. The amortisation method and period are reviewed annually and impairment testing is undertaken when circumstances indicate the carrying amount may not be recoverable. Other than goodwill which is not amortised, Glencore has no identifiable intangible assets with an indefinite life.

The major categories of intangibles are amortised on a straight-line basis as follows:

Port allocation rights	15 years
Licences, trademarks and software	3 – 20 years
Customer relationships	5 – 9 years

Goodwill impairment testing
For the purpose of impairment testing, goodwill has been allocated to the CGUs, or groups of CGUs, that are expected to benefit from the synergies of the business combination and which represent the level at which management monitors and manages the goodwill. In assessing whether an impairment is required, the carrying value of the CGU is compared with its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal (FVLCD) and its value in use (VIU). If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated statement of income. An impairment loss recognised for goodwill can not be reversed in subsequent periods.

OTHER INVESTMENTS
Equity investments, other than investments in Associates, are recorded at fair value. Glencore designated investments that are not held for trading as at fair value through other comprehensive income. As a result, changes in fair value are recorded in the consolidated statement of other comprehensive income. Dividends from these investments are recognised in the consolidated statement of income, unless the dividend represents a recovery of part of the cost of the equity investment. Investments that are held for trading are subsequently measured at fair value through profit or loss.

IMPAIRMENT OR IMPAIRMENT REVERSALS
Glencore conducts, at least annually, an internal review of asset values which is used as a source of information to assess for any indications of impairment or impairment reversal. Formal impairment tests are carried out, at least annually, for cash-generating units containing goodwill and for all other non-current assets, when events or changes in circumstances indicate the carrying value may not be recoverable.

A formal impairment or reversal test involves determining whether the carrying amounts are in excess (or below, as the case may be) of their recoverable amounts. An asset's recoverable amount is determined as the higher of its FVLCD and its VIU. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash flows independent of other assets, in which case the review is undertaken at the CGU level.

If the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recorded in the consolidated statement of income to reflect the asset at the lower amount.

1. Accounting policies continued

For those assets which were impaired in prior periods, if their recoverable amount exceeds their carrying amount, an impairment reversal is recorded in the consolidated statement of income to reflect the asset at the higher amount to the extent the increased carrying amount does not exceed the carrying value of the asset that would have been determined had no impairment previously been recognised. Goodwill impairments cannot be subsequently reversed.

PROVISIONS

Provisions are recognised when Glencore has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources embodying economic benefits that can be reliably estimated will be required to settle the liability.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation, including interpretation of specific laws and likelihood of settlement. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

ONEROUS CONTRACTS

An onerous contract is considered to exist where Glencore has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Present obligations arising under onerous contracts are recognised and measured as provisions.

UNFAVOURABLE CONTRACTS

An unfavourable contract is considered to exist when Glencore, in a business combination, acquires a contract under which the terms of the contract require Glencore to sell or purchase products or services on terms which are economically unfavourable compared to current market terms at the time of the business combination. Unfavourable contracts are recognised at the present value of the economic loss and amortised into the statement of income over the term of the contract.

INVENTORIES

The vast majority of inventories attributable to the marketing activities ("marketing inventories") are valued at fair value less costs of disposal with the remainder valued at the lower of cost or net realisable value, with costs allocated using the first-in-first-out (FIFO) method. Unrealised gains and losses from changes in fair value are reported in cost of goods sold.

Inventories held by the industrial activities ("production inventories") are valued at the lower of cost or net realisable value. Cost is determined using FIFO or the weighted average method and comprises material costs, labour costs and allocated production related overhead costs. Typically raw materials and consumables are measured using the FIFO method and work in progress inventories using the weighted average method. Where the production process results in more than one product being produced (joint products), cost is allocated between the various products according to the ratio of contribution of these metals to gross sales revenue. Financing and storage costs related to inventory are expensed as incurred.

Non-current inventories primarily relate to stockpiles which are not expected to be utlised within the normal operating cycle.

NON-FINANCIAL INSTRUMENTS (PHYSICAL ADVANCES OR PREPAYMENTS)

The Group enters into physical advances and prepayment agreements with certain suppliers and customers. When such advances and prepayments are primarily settled in cash or another financial asset, they are classified as financial instruments (see below). When settlement is satisfied primarily through physical delivery or receipt of an underlying product they are classified as non-financial instruments.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL) depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset. Financial assets are initially recognised at fair value on the trade date, including, in the case of instruments not subsequently measured at fair value through profit or loss, directly attributable transaction costs. Trade receivables with no provisional price features and where there is no significant financing component, are initially recognised at their transaction price. Subsequently, other investments, provisionally priced trade receivables and derivatives are carried at fair value and trade receivables that do not contain provisional price features, loans and other receivables are carried at amortised cost.

Financial liabilities, other than derivatives and those containing provisional price features, are initially recognised at fair value of consideration received net of transaction costs as appropriate and subsequently carried at amortised cost. Financial liabilities that contain provisional pricing features (accounted for as embedded derivatives) and derivatives are carried at FVTPL.

1. Accounting policies continued

(i) Impairment of financial assets
A loss allowance for expected credit losses is determined for all financial assets (as well as for issued loan commitments and financial guarantee contracts), other than those at FVTPL and investments in equity instruments measured at FVTOCI, at the end of each reporting period. The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Group applies the simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The expected credit losses on these financial assets is estimated using a provision matrix by reference to past default experience and an equivalent credit rating, adjusted as appropriate for current observable data and forward-looking information.

For all other financial assets at amortised cost, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition, which is determined by:

- A review of overdue amounts,
- Comparing the risk of default at the reporting date and at the date of initial recognition, and
- An assessment of relevant historical and forward-looking quantitative and qualitative information.

For those balances that are beyond 30 days overdue it is presumed to be an indicator of a significant increase in credit risk.

If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-months expected credit loss, which comprises the expected lifetime loss from the instrument were a default to occur within 12 months of the reporting date.

The Group considers an event of default has materialised and the financial asset is credit impaired when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the Group without taking into account any collateral held by the Group or if the financial asset is more than 90 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

(ii) Derecognition of financial assets and financial liabilities
The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or have expired.

On derecognition of a financial asset/financial liability in its entirety, the difference between the carrying amount of the financial asset/financial liability and the sum of the consideration received and receivable/paid and payable is recognised in profit and loss. On derecognition of equity investments designated and measured at FVTOCI, the cumulative gain or loss recognised in other comprehensive income is reclassified directly to retained earnings.

OWN SHARES
The cost of purchases of own shares is deducted from equity. Where they are purchased, issued to employees or sold, no gain or loss is recognised in the consolidated statement of income. Such gains and losses are recognised directly in equity. Any proceeds received on disposal of the shares or transfers to employees are recognised in equity.

DERIVATIVES AND HEDGING ACTIVITIES
Derivative instruments, which include physical contracts to sell or purchase commodities that do not meet the own use exemption, are initially recognised at fair value when Glencore becomes a party to the contractual provisions of the instrument and are subsequently remeasured to fair value at the end of each reporting period. Fair values are determined using quoted market prices, dealer price quotations or using models and other valuation techniques, the key inputs for which include current market and contractual prices for the underlying instrument, time to expiry, yield curves, volatility of the underlying instrument and counterparty risk.

Gains and losses on derivative instruments for which hedge accounting is not applied, other than the revenue adjustment mechanism embedded within provisionally priced sales and mark-to-market movements on physical forward sales contracts, are recognised in cost of goods sold.

Those derivatives qualifying and designated as hedges are either (i) a Fair Value Hedge of the change in fair value of a recognised asset or liability or an unrecognised firm commitment, or (ii) a Cash Flow Hedge of the change in cash flows to be received or paid relating to a recognised asset or liability or a highly probable transaction.

1. Accounting policies continued

At the inception of the hedge and on an ongoing basis, Glencore documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets the qualifying hedge effectiveness requirements.

Glencore discontinues hedge accounting when the qualifying criteria for the hedged relationship is no longer met.

A change in the fair value of derivatives designated as a Fair Value Hedge is reflected together with the change in the fair value of the hedged item in the consolidated statement of income.

A change in the fair value of derivatives designated as a Cash Flow Hedge is initially recognised in the consolidated statement of comprehensive income and accumulated in the cash flow hedge reserve in shareholders' equity. The deferred amount is then released to the consolidated statement of income in the same periods during which the hedged transaction affects the consolidated statement of income. Hedge ineffectiveness is recorded in the consolidated statement of income when it occurs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in shareholders' equity and is recognised in the consolidated statement of income when the committed or forecast transaction is ultimately recognised in the consolidated statement of income. However, if a forecast or committed transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the consolidated statement of income.

A derivative may be embedded in a non-derivative "host contract" such as provisionally priced sales and purchases. Such combinations are known as hybrid instruments. If a hybrid contract contains a host that is a financial asset within the scope of IFRS 9, then the relevant classification and measurement requirements are applied to the entire contract at the date of initial recognition. Should the host contract not be a financial asset within the scope of IFRS 9, the embedded derivative is separated from the host contract, if it is not closely related to the host contract, and accounted for as a standalone derivative. Where the embedded derivative is separated, the host contract is accounted for in accordance with its relevant accounting policy, unless the entire instrument is designated at FVTPL in accordance with IFRS 9.

2. Segment information

Glencore is organised and operates on a worldwide basis in two core business segments – Marketing activities and Industrial activities, reflecting the reporting lines and structure used by Glencore's Management to allocate resources and assess the performance of Glencore.

The business segments' contributions to the Group are primarily derived from a) the net margin or premium earned from physical Marketing activities (net sale and purchase of physical commodities) and the provision of marketing and related value-add services and b) the net margin earned from Industrial asset activities (resulting from the sale of physical commodities over the cost of production and/or cost of sales). The marketing related operating segments have been aggregated under the Marketing reportable segment as their economic characteristics (historic and expected long-term Adjusted EBITDA margins and the nature of the marketing services provided) are similar. The industrial related operating segments have been aggregated under the Industrial reportable segment as the core activities (extracting raw material and / or processing it further into saleable product, as required, and then selling it at prevailing market prices), the exposure to long-term economic risks (price movements, technology, sovereign and production substitution) and the longer-term average Adjusted EBITDA margins are similar. The economic and operational characteristics of our coal operating and commercial units are not expected to change in the foreseeable future and continue to be included within the industrial assets and marketing reporting segments respectively.

Corporate and other: consolidated statement of income amount represents Group related income and expenses (including share of Viterra (formerly Glencore Agri) earnings and certain variable bonus charges). Statement of financial position amounts represent Group related balances.

The financial performance of the operating segments is principally evaluated by management with reference to Adjusted EBIT/EBITDA. Adjusted EBIT is the net result of segmental revenue (revenue including Proportionate adjustments as defined in the Alternative performance measure section) less cost of goods sold and selling and administrative expenses plus share of income from associates and joint ventures, dividend income and the attributable share of Adjusted EBIT of relevant material associates and joint ventures, which are accounted for internally by means of proportionate consolidation, excluding significant items. Adjusted EBITDA consists of Adjusted EBIT plus depreciation and amortisation, including the related Proportionate adjustments. In addition, Volcan, while a subsidiary of the Group, is accounted for under the equity method for internal reporting and analysis due to the relatively low economic ownership held by the Group.

The accounting policies of the operating segments are the same as those described in note 1 with the exception of relevant material associates, the Collahuasi joint venture and Volcan. Under IAS 28 and IFRS 11, Glencore's investments in the Antamina copper/zinc mine (34% owned) and the Cerrejón coal mine (33% owned) are considered to be associates as they are not subject to joint control and the Collahuasi copper mine (44% owned) is considered to be a joint venture. Associates and joint ventures are required to be accounted for in Glencore's financial statements under the equity method. For internal reporting and analysis, Glencore evaluates the performance of these investments under the proportionate consolidation method, reflecting Glencore's proportionate share of the revenues, expenses, assets and liabilities of the investments. For internal reporting and analysis, management evaluates the performance of Volcan under the equity method, reflecting the Group's relatively low 23.3% economic ownership in this fully ring-fenced listed entity, with its stand-alone, independent and separate capital structure. The balances as presented for internal reporting purposes are reconciled to Glencore's statutory disclosures in the following tables and/or in the Alternative performance measures section.

NOTES TO THE FINANCIAL STATEMENTS
continued

2. Segment information continued

Glencore accounts for intra-segment sales and transfers where applicable as if the sales or transfers were to third parties, i.e. at arm's length commercial terms.

2020 US$ million	Marketing activities	Industrial activities	Inter-segment eliminations	**Total**
Revenue				
Metals and minerals	54,847	30,303	(18,859)	66,291
Energy products	69,290	11,145	(1,944)	78,491
Corporate and other	–	5	–	5
Revenue – segmental	**124,137**	**41,453**	**(20,803)**	**144,787**
Proportionate adjustment – revenue[1]	–	(2,449)	–	(2,449)
Revenue – reported measure	**124,137**	**39,004**	**(20,803)**	**142,338**
Metals and minerals				
Adjusted EBITDA	1,768	7,285	–	9,053
Depreciation and amortisation	(101)	(3,868)	–	(3,969)
Proportionate adjustment – depreciation[1]	–	(363)	–	(363)
Adjusted EBIT	**1,667**	**3,054**	**–**	**4,721**
Energy products				
Adjusted EBITDA	2,053	1,039	–	3,092
Depreciation and amortisation	(292)	(2,294)	–	(2,586)
Proportionate adjustment – depreciation[1]	–	(110)	–	(110)
Adjusted EBIT	**1,761**	**(1,365)**	**–**	**396**
Corporate and other				
Adjusted EBITDA[2]	(89)	(496)	–	(585)
Depreciation and amortisation	–	(116)	–	(116)
Adjusted EBIT	**(89)**	**(612)**	**–**	**(701)**
Total Adjusted EBITDA	**3,732**	**7,828**	**–**	**11,560**
Total depreciation and amortisation	(393)	(6,278)	–	(6,671)
Total depreciation proportionate adjustment	–	(473)	–	(473)
Total Adjusted EBIT	**3,339**	**1,077**	**–**	**4,416**
Share of associates' significant items[1,3]				(92)
Share of significant items – Volcan				–
Movement in unrealised inter-segment profit elimination adjustments[4]				(760)
Loss on disposals of non-current assets				(36)
Other income/(expense) – net				(173)
Impairments				(5,947)
Interest expense – net				(1,453)
Income tax credit				1,170
Proportionate adjustment – net finance, impairment and income tax expense[1]				(1,071)
Loss for the year				**(3,946)**

1 Refer to APMs section for definition.
2 Marketing activities include $211 million of Glencore's equity accounted share of Viterra.
3 Share of associates' significant items comprise Glencore's share of significant charges relating to impairments and other items booked directly by various associates, notably Trevali ($36 million) and HG Storage ($20 million).
4 Represents the required adjustment to eliminate unrealised profit or losses arising on inter-segment transactions, i.e. before ultimate sale to a third party. For Glencore, such adjustments arise on the sale of product, in the ordinary course of business, from its Industrial to Marketing operations. Management assesses segment performance prior to any such adjustments, as if the sales were to third parties.

2. Segment information continued

2019 US$ million	Marketing activities	Industrial activities	Inter-segment eliminations	**Total**
Revenue				
Metals and minerals	73,561	27,672	(16,751)	84,482
Energy products	120,627	15,067	(2,921)	132,773
Corporate and other	–	4	–	4
Revenue – segmental	**194,188**	**42,743**	**(19,672)**	**217,259**
Proportionate adjustment – revenue[1]	–	(2,148)	–	(2,148)
Revenue – reported measure	**194,188**	**40,595**	**(19,672)**	**215,111**
Metals and minerals				
Adjusted EBITDA	1,169	5,555	–	6,724
Depreciation and amortisation	(80)	(4,438)	–	(4,518)
Proportionate adjustment – depreciation[1]	–	(101)	–	(101)
Adjusted EBIT	**1,089**	**1,016**	**–**	**2,105**
Energy products				
Adjusted EBITDA	1,515	3,854	–	5,369
Depreciation and amortisation	(191)	(2,392)	–	(2,583)
Proportionate adjustment – depreciation[1]	–	(188)	–	(188)
Adjusted EBIT	**1,324**	**1,274**	**–**	**2,598**
Corporate and other				
Adjusted EBITDA[2]	(47)	(445)	–	(492)
Depreciation and amortisation	–	(60)	–	(60)
Adjusted EBIT	**(47)**	**(505)**	**–**	**(552)**
Total Adjusted EBITDA	**2,637**	**8,964**	**–**	**11,601**
Total depreciation and amortisation	(271)	(6,890)	–	(7,161)
Total depreciation proportionate adjustment	–	(289)	–	(289)
Total Adjusted EBIT	**2,366**	**1,785**	**–**	**4,151**
Share of associates' significant items[1,3]				(219)
Share of significant items – Volcan				(73)
Movement in unrealised inter-segment profit elimination adjustments[4]				468
Loss on disposals of non-current assets				(43)
Other income/(expense) – net				(173)
Impairments				(2,408)
Interest expense – net				(1,713)
Income tax expense				(618)
Proportionate adjustment – net finance, impairment and income tax expense[1]				(878)
Loss for the year				**(1,506)**

1 Refer to APMs section for definition.
2 Marketing activities include $58 million of Glencore's equity accounted share of Viterra.
3 Share of associates' significant items comprise Glencore's share of significant charges relating to impairments and other items booked directly by various associates, notably Viterra ($73 million), Trevali ($65 million) and Oil vessels' entities ($62 million).
4 Represents the required adjustment to eliminate unrealised profit or losses arising on inter-segment transactions, i.e. before ultimate sale to a third party. For Glencore, such adjustments arise on the sale of product, in the ordinary course of business, from its Industrial to Marketing operations. Management assesses segment performance prior to any such adjustments, as if the sales were to third parties.

NOTES TO THE FINANCIAL STATEMENTS
continued

2. Segment information continued

2020 US$ million	Marketing activities	Industrial activities	Corporate and other	**Total**
Current assets	27,273	13,395	–	40,668
Current liabilities	(23,906)	(7,098)	–	(31,004)
Allocatable current capital employed	**3,367**	**6,297**	**–**	**9,664**
Property, plant and equipment	978	46,132	–	47,110
Intangible assets	5,188	1,279	–	6,467
Investments in associates and other investments	5,708	8,425	–	14,133
Non-current advances and loans	1,733	1,309	–	3,042
Inventories	–	678	–	678
Allocatable non-current capital employed	**13,607**	**57,823**	**–**	**71,430**
Other assets[1]			5,902	5,902
Other liabilities[2]			(52,594)	(52,594)
Total net assets	**16,974**	**64,120**	**(46,692)**	**34,402**
Capital expenditure				
Metals and minerals	68	3,023	–	3,091
Energy products	420	1,031	–	1,451
Corporate and other	–	28	–	28
Capital expenditure – segmental	**488**	**4,082**	**–**	**4,570**
Proportionate adjustment – capital expenditure[3]	–	(426)	–	(426)
Capital expenditure – reported measure[4]	**488**	**3,656**	**–**	**4,144**

2019 US$ million	Marketing activities	Industrial activities	Corporate and other	**Total[5]**
Current assets	26,770	12,455	–	39,225
Current liabilities	(23,919)	(6,957)	–	(30,876)
Allocatable current capital employed	**2,851**	**5,498**	**–**	**8,349**
Property, plant and equipment	921	54,436	–	55,357
Intangible assets	5,293	1,713	–	7,006
Investments in associates and other investments	6,202	9,169	–	15,371
Non-current advances and loans	1,511	916	–	2,427
Inventories	–	575	–	575
Allocatable non-current capital employed	**13,927**	**66,809**	**–**	**80,736**
Other assets[1]			4,115	4,115
Other liabilities[2]			(53,964)	(53,964)
Total net assets	**16,778**	**72,307**	**(49,849)**	**39,236**
Capital expenditure				
Metals and minerals	94	3,963	–	4,057
Energy products	344	1,312	–	1,656
Corporate and other	–	74	–	74
Capital expenditure – segmental	**438**	**5,349**	**–**	**5,787**
Proportionate adjustment – capital expenditure[3]	–	(419)	–	(419)
Capital expenditure – reported measure[4]	**438**	**4,930**	**–**	**5,368**

1 Other assets include non-current financial assets, deferred tax assets, cash and cash equivalents and assets held for sale.
2 Other liabilities include borrowings, non-current deferred income, deferred tax liabilities, non-current provisions, non-current financial liabilities and liabilities held for sale.
3 Refer to APMs section for definition.
4 Includes $575 million (2019: $656 million), comprising $415 million (2019: $361 million) in Marketing activities and $160 million (2019: $295 million) in Industrial activities, of 'right-of-use assets' capitalised in accordance with IFRS 16 – Leases.
5 Certain balances have been represented to conform with current year presentation (see note 27).

2. Segment information continued

GEOGRAPHICAL INFORMATION

US$ million	2020	2019
Revenue from third parties[1]		
The Americas	25,762	38,114
Europe	42,682	75,749
Asia	60,360	82,988
Africa	6,701	8,214
Oceania	6,833	10,046
	142,338	**215,111**
Non-current assets[2]		
The Americas	17,347	21,702
Europe	11,051	11,048
Asia	4,802	4,669
Africa	13,798	17,548
Oceania	19,657	20,955
	66,655	**75,922**

1 Revenue by geographical destination is based on the country of incorporation of the sales counterparty, however this may not necessarily be the country of the counterparty's ultimate parent and/or final destination of product.

2 Non-current assets are non-current assets excluding other investments, advances and loans, other financial assets and deferred tax assets. Non-current assets comprise assets in Australia of $18,047 million (2019: $19,277 million), in Peru of $7,271 million (2019: $9,923 million) and the DRC of $6,849 (2019: $6,911 million).

3. Revenue

US$ million	2020	2019
Sale of commodities	139,486	212,244
Freight, storage and other services	2,852	2,867
Total	**142,338**	**215,111**

Revenue is derived principally from the sale of commodities, recognised once control of the goods has transferred from Glencore to the buyer. Revenue from sale of commodities includes $1,217 million (2019: $221 million) of mark-to-market related adjustments on provisionally priced sales arrangements. Revenue derived from freight, storage and other services is recognised over time as the service is rendered. Revenue is measured based on consideration specified in the contract with the customer and is presented net of amounts prepaid as incentives and/or rebates paid to customers, and excludes amounts collected on behalf of third parties. This is consistent with the revenue information disclosed for each reportable segment (see note 2).

4. Loss on disposals of non-current assets

US$ million	Notes	2020	2019
Revaluation of previously held interest in newly acquired business (Polymet)	25	–	(38)
Gain on sale of Terminales Portuarios Chancay S.A.	25	–	26
Net gain/(loss) on sale of other investments/operations		9	(8)
Loss on disposal of property, plant and equipment		(45)	(23)
Total		**(36)**	**(43)**

POLYMET

In June 2019, Glencore concluded the acquisition of an additional 42.9% interest in Polymet Mining Corp. Prior to acquisition, Glencore owned a 28.8% interest in Polymet which was accounted for as an associate. The revaluation of the existing interest at the date of acquisition resulted in a reported loss of $38 million (see note 25).

TERMINALES PORTUARIOS CHANCAY S.A.

In April 2019, Glencore disposed of a 60% interest in Terminales Portuarios Chancay S.A. for $11 million, subsequently accounting for its remaining share of 40% using the equity method (see notes 10 and 25).

NOTES TO THE FINANCIAL STATEMENTS
continued

5. Other income/(expense) – net

US$ million	Notes	2020	2019
Net changes in mark-to-market valuations on investments		438	47
Disposal of Rosneft stake related income		–	325
Total other income		**438**	**372**
Net foreign exchange losses		(192)	(70)
Legal related costs		(113)	(159)
Closed site rehabilitation costs		(80)	(81)
Closure and severance costs		(214)	(173)
Acquisition related costs	25	–	(6)
Other expenses – net		(12)	(56)
Total other expenses		**(611)**	**(545)**
Total other income/(expense) – net		**(173)**	**(173)**

Together with foreign exchange movements and mark-to-market movements on investments, other net expense includes other items that, due to their nature and variable financial impact or infrequency of the events giving rise to these items, are reported separately from operating segment results.

NET CHANGES IN MARK-TO-MARKET VALUATIONS ON INVESTMENTS
Primarily relates to movements on interests in investments (see note 10), the ARM Coal non-discretionary dividend obligation (see note 28) and deferred consideration related to Mototolo stake sale in 2018 (see notes 11 and 13), all carried at fair value.

LEGAL RELATED COSTS
Includes various investigations (legal, expert and compliance) related costs of $95 million (2019: $117 million)(see note 31).

In November 2020, claims brought against the Group by the Strategic Fuel Fund Association of South Africa (SFF) asserting that certain historical purchases of oil from SFF were invalid were settled, with related costs and charges recognised amounting to $18 million (2019: $42 million).

CLOSED SITE REHABILITATION COSTS
Comprises movements in restoration, rehabilitation and decommissioning estimates related to sites that are no longer operational (see note 22).

CLOSURE AND SEVERANCE RELATED COSTS
In 2020, closure and severance related costs were primarily incurred in respect of the suspension of operations at Prodeco coal in Colombia ($147 million), the Aguilar zinc mine in Argentina ($43 million) and the Lydenburg chrome smelter in South Africa ($24 million).

In 2019, closure and severance related costs were incurred at the following operations: Mutanda ($83 million), Katanga ($57 million) and Brunswick lead smelter ($33 million).

DISPOSAL OF ROSNEFT STAKE RELATED INCOME
In September 2019, a gain of $325 million was recognised in respect of the settlement of a 50:50 consortium with Qatar Investment Auhority that was established to acquire a stake in OSJC Rosneft Oil, representing the reversal of a provision of the same amount recorded in 2018.

6. Impairments

US$ million	Notes	2020	2019
Property, plant and equipment and intangible assets	8/9	(5,508)	(1,954)
Investments	10	(96)	(137)
Advances and loans	11/13	(343)	(86)
VAT receivables		–	(162)
Inventory and other		–	(69)
Total impairments[1]		**(5,947)**	**(2,408)**

1 Impairments recognised during the year are allocated to Glencore's operating segments as follows: Marketing activities $228 million (2019: $201 million) and Industrial activities $5,719 million (2019: $2,207 million).

As part of a regular portfolio review, Glencore carries out an assessment of whether there are indicators of asset impairment or whether a previously recorded impairment may no longer be required.

The recoverable amounts of the property, plant and equipment and intangible assets were measured based on fair value less costs of disposal (FVLCD), or in certain cases value in use (VIU). In particular, market pressures regarding potential future investment in Coal mining operations have reduced the availability of an active market for acquiring such operations, and thus the recoverable amounts of our Coal CGUs have been measured using a VIU approach. The FVLCD or VIU of all CGUs are determined by discounted cash flow techniques based on the most recent approved financial budgets, underpinned and supported by the life of asset plans of the respective operations. The valuation models use a combination of internal sources and those inputs available to a market participant, which comprise the most recent reserve and resource estimates, relevant cost assumptions generally and where possible, market forecasts of commodity price and foreign exchange rate assumptions, discounted using operation specific post-tax real discount rates (unless otherwise indicated) ranging from 6.1% – 13.5% (2019: 6.6% – 13.5%). The valuations generally remain most sensitive to price and a deterioration / improvement in the pricing outlook may result in additional impairments/reversals. The determination of FVLCD uses Level 3 valuation techniques for both years. In providing sensitivity analysis (and particularly on commodity price assumptions), a 10% change, representing a typical deviation parameter common in the industry, has been provided. Where a higher percentage is reasonably possible on an operational assumption, that has been clearly identified.

As a result of the regular impairment assessment, the following significant impairment charges were recognised:

2020

Property, plant and equipment and intangible assets

- Volcan is a listed zinc / silver mining entity in Peru, in which the Group acquired a 63% controlling (23% economic) interest at the end of 2017 (Industrial activities segment). The operations primarily comprise two cash-generating units (Yauli and Chungar) and at the time of the acquisition, approximately one third of the value was ascribed to realising the future potential of various projects / resources. Due to the impact Covid-19 has had on the long-term outlook of the global economy, a comprehensive review of the life of mine plan and related expansion projects was carried out in Q2 2020 where it was determined that the related risk / confidence levels in deploying capital to longer-term greenfield projects and the probability of approving development and realisation of these projects had reduced. This, along with the shift in long-term zinc pricing, lead to an impairment of $2,347 million (related deferred tax obligations of $716 million were released) to its estimated recoverable amount of $1,503 million. The valuation assumes long-term zinc and silver prices of $2,400/t and $20.00/lb, respectively and an operation specific discount rate of 9.2%. Should the zinc and silver price assumptions fall by 10% (across the curve), a further impairment of $450 million would be recognised. A 10% reduction in estimated annual production over the life of mine could result in an additional impairment of $540 million.

- As a result of persistent operational challenges, further technical analysis resulting in a reduced life of mine forecast, delays in key development projects and cost increases owing to inflation, tax and other regulatory pressures, a decision was made, in Q2 2020, to place the Mopani copper operations in Zambia (Industrial activities segment) on extended care and maintenance subject to government approval. In January 2021, an agreement was reached to sell Mopani to ZCCM (see note 15). At year end, the carrying value was determined with reference to the estimated fair value of the consideration receivable from the sale transaction noted above. The Mopani operations were therefore impaired by $1,041 million, to $861 million, reflecting the estimated fair value of the agreed sales terms. The valuation remains sensitive to price and production volumes and a deterioration in these assumptions could result in additional impairments. The operation specific discount rate used in the valuation was 10.5%. The short to long-term copper price assumptions were $7,900/mt – 6,300/mt. Should the copper price assumptions fall by 10% (across the curve), considering historical production performance, production volumes decline by 20%, a further $150 million and $235 million, respectively, of impairment would be recognised.

- During H1 2020, pressure on the API2 European coal market (primary price reference market for our Colombian coal operations) increased as European economies continue to progress their decarbonisation trajectory, exacerbated by the significant drop in oil and gas prices (supply and demand factors). A review of Prodeco's operations determined that, in addition to a deteriorating market environment, there were increasing challenges with respect to obtaining several key approvals from government agencies and other key stakeholders. In Q2 2020, an application was therefore made to place Prodeco on extended care and maintenance until these conditions improve. In Q4, the application was rejected and it was subsequently decided to relinquish the mining licenses.

6. Impairments continued

Consequently, the full carrying value of the mining operations related to such licenses ($835 million) (Industrial activities segment) were fully impaired (property, plant and equipment – $789 million and non-current advances and loans – $46 million).

- As noted above, oil prices were significantly impacted by demand destruction from Covid-19, the lack of timely effective supply response from OPEC+ and the longer term outlook for oil prices also deteriorated due to updated expectations surrounding decarbonisation. In addition, Covid-19 disrupted and restricted international mobility, which had a particularly significant impact on our workforce arrangements in Chad, resulting in these fields being placed on care and maintenance in March. As a result, in Q2 2020, the Chad oil operations (Industrial activities segment) were impaired by $673 million to their estimated recoverable amount of $145 million. The valuation remains sensitive to Covid-19 related disruptions on international mobility and a timely restart of the operations in a safe and economic manner. Should such restart be prolonged by an extended period of time, an additional future impairment of the balance of the carrying amount could result.
- In June 2020, it was determined to keep the Lydenburg chrome smelter (Industrial activities segment) on care and maintenance, reflecting the challenging operating and market environment across the South African ferrochrome industry, including unsustainably increasing electricity tariffs / supply interruption and other sources of real cost inflation. These macro factors outweigh the significant efforts made over the past years to make the operation more competitive, rendering its estimated fair value as negative. As a result, the entire carrying value of the Lydenburg smelter ($116 million) was impaired.
- The global macro-economic impact of Covid-19 on refined petroleum product demand and resulting global refinery overcapacity has had a negative effect on refining margins. As a result, Astron (Industrial activities segment) has lowered its long term through-the-cycle outlook on refining margins by approximately 30%. As a result, the Astron oil refinery was impaired by $480 million to its estimated recoverable amount of $1,015 million, including its related downstream supply business. The operation specific discount rate used in the valuation was a pre-tax nominal discount rate of 12.3%. The valuation remains most sensitive to refining margins and a deterioration in these assumptions could result in additional impairments. Should the margin assumptions fall by $1/bbl (across the curve), a further $243 million of impairment would be recognised. Should the discount rate increase by 1%, a further $88 million of impairment would be recognised.
- The balance of the impairment charges on property, plant and equipment (none of which were individually material) relate to specific assets where utilisation is no longer required or to projects no longer progressed due to changes in production and development plans. As a result, the full carrying amount of these assets/projects was impaired, with $62 million recognised in our Industrial activities segment.

Advances and loans – current and non-current
In Q2 2020, loans of $103 million were impaired in full due to financial difficulties faced by one of the Group's associates (Marketing activities segment). The balance of the impairment charges on advances and loans (none of which were individually material) were recognised in our Marketing activities segment ($125 million) and our Industrial activities segment ($115 million), following the restructuring of certain loans and physical advances due to various non-performance factors.

2019
Property, plant and equipment and intangible assets
- Following the sharp further decline in cobalt prices over H1 2019 and in response thereof, significant updates were made to Mutanda's mine plans, culminating in the decision to place the operation on temporary care and maintenance in December 2019, for future restart, once the oversupplied cobalt market sufficiently recovers. As a result, the Mutanda operations (Industrial activities segment) were impaired by $300 million to its estimated recoverable amount of $2,600 million, including continued value recognition for the long-term copper sulphide resource potential. The valuation remains sensitive to price and a prolonged temporary care and maintenance scenario and further deteriorations in these key assumptions may result in additional impairment. The operation specific discount rate used in the valuation was 13.5%. The long-term copper and cobalt price assumptions were $6,500/mt and $27.00/lb, respectively. As at 31 December 2019, had the future copper and cobalt assumptions fallen by 10% (across the curve), or had it be determined that the temporary care and maintenance scenario be prolonged for an additional 2 years, with all other assumptions held constant, a further impairment ranging between $317 million and $468 million would have been recognised.
- During H1 2019, Glencore's exploration licenses in Chad East expired and Glencore entered into discussions with the Government of the Republic of Chad with a view to extending the exploration licenses on terms acceptable to both parties. The discussions did not result in any agreement to extend the licenses. As a result, the full carrying value pertaining to the acreage held under exploration licenses ($538 million) (Industrial activities segment) was impaired. The expiry of the exploration licences had no impact on Glencore's current production and development assets in the Mangara, Badila and Krim fields (Chad West), which are held under exploitation licences.
- During H1 2019, challenging warehousing conditions persisted and as a result, the remaining goodwill of $50 million related to the Access World warehousing business (Marketing activities segment) was impaired.

6. Impairments continued

- Global LNG oversupply with resultant low spot gas prices, and to a lesser extent, higher EU carbon prices, placed considerable pressure on the API2 European coal market, the primary price reference market for our Colombian coal operations. This impact, including reflecting our latest Colombian mine-life approval expectations, resulted in a reduction in future production and revenue estimates. As a result, the Prodeco operation (Industrial activities segment) was impaired by $514 million, along with an inventory write down of $41 million to its estimated recoverable amount of $778 million. The valuation remains sensitive to price and a further deterioration in the pricing outlook may result in a further impairment. The operation specific discount rate used in the valuation was 8.1%. The short to long-term API2 price assumptions were $70 – 83/mt. As at 31 December 2019, had the future price assumptions fallen by 10% (across the curve) with all other assumptions held constant, a further impairment of $466 million would have been recognised.
- In November 2019, an agreement to dispose of the Oxidos and Cerro de Pasco operations (separately identifiable zinc and silver processing areas within the Volcan group) (Industrial activities segment), which predominantly comprise an oxide processing plant, environmental and rehabilitation provisions and old tailings dumps, was reached with $30 million due over a two year period plus a royalty, contingent upon the price of silver and gold over certain thresholds, estimated to be worth $100 million on a discounted basis. The transaction was subject to customary regulatory approvals and expected to close during 2020. As a result of the agreed disposal, it has been determined that these operations meet the requirements of IFRS 5, which requires that its assets and liabilities be presented as current assets and liabilities "held for sale" as at 31 December 2019 at the lower of their carrying value or fair value less costs to sell, and as a result of this reclassification to assets held for sale, an impairment charge of $354 million was recognised as well as a VAT impairment of $24 million. Also see note 15.
- The balance of the impairment charges on property, plant and equipment (none of which were individually material) relate to specific assets where utilisation is no longer required or to projects no longer progressed due to changes in production and development plans. As a result, the full carrying amount of these asses/projects was impaired, with $168 million recognised in our Industrial activities segment and $30 million recognised in our Marketing activities segment.

VAT receivables

As a result of the continued decline in the Zambian government's cash flow position and continued challenge by the Zambian Revenue Authority on the validity of Mopani's (Industrial activities segment) Value Added Tax ("VAT") claims pertaining to 2013-15 submissions, such claims amounting to $127 million were impaired in full.

The balance of the impairment charges on VAT receivables (none of which were individually material) were recognised in our Industrial activities segment ($5 million) and in our Marketing activities segment ($6 million).

7. Income taxes

Income taxes consist of the following:

US$ million	2020	2019
Current income tax expense	(931)	(1,315)
Adjustments in respect of prior year current income tax	88	74
Deferred income tax credit	2,005	603
Adjustments in respect of prior year deferred income tax	8	20
Total tax credit/(expense) reported in the statement of income	**1,170**	**(618)**
Deferred income tax credit recognised directly in other comprehensive income	6	4
Total tax credit recognised directly in other comprehensive income	**6**	**4**

The effective Group tax rate is different from the statutory Swiss income tax rate applicable to the Company for the following reasons:

US$ million	2020	2019
Loss before income taxes	(5,116)	(888)
Less: Share of income from associates and joint ventures	(444)	(114)
Parent Company's and subsidiaries' loss before income tax and attribution	**(5,560)**	**(1,002)**
Income tax credit calculated at the Swiss income tax rate of 12% (2019: 15%)	667	150
Tax effects of:		
Different tax rates from the standard Swiss income tax rate	1,572	450
Tax-exempt income ($206 million (2019: $175 million) from recurring items and $4 million (2019: $37 million) from non-recurring items)	210	212
Items not tax deductible ($589 million (2019: $689 million) from recurring items and $280 million (2019: $200 million) from non-recurring items)	(869)	(889)
Foreign exchange fluctuations	(76)	(12)
Changes in tax rates ($Nil (2019: $Nil) from recurring items and $9 million (2019: $13 million) from non-recurring items)	(9)	(13)
Utilisation and changes in recognition of tax losses and temporary differences	(249)	(187)
Recognition of temporary differences arising from retrospective changes in Australian tax restructuring regulations	–	120
Tax losses not recognised	(169)	(543)
Adjustments in respect of prior years	96	94
Other	(3)	–
Income tax credit/(expense)	**1,170**	**(618)**

The non-tax deductible items of $869 million (2019: $889 million) primarily relate to financing costs, impairments and various other expenses.

The impact of tax-exempt income of $210 million (2019: $212 million) primarily relates to non-taxable intra-group dividends, income that is not effectively connected to the taxable jurisdiction, and various other items.

The tax impact of foreign exchange fluctuations relates to the foreign currency movements on deferred tax balances where the underlying tax balances are denominated in a currency different to the functional currency determined for accounting purposes.

In 2020, adjustments in respect of non-recurring tax losses of $724 million (2019: $Nil) have been recognised, of which $130 million relate to previously unrecognised tax losses and provisions, and $594 million to tax losses arising on intra-group impairments in the current period.

7. Income taxes continued

DEFERRED TAXES

Deferred taxes as at 31 December 2020 and 2019 are attributable to the items in the table below:

US$ million	2020	Recognised in the statement of income	Recognised in other comprehensive income	Business combination and disposal of subsidiaries	Foreign currency exchange movements	Other	2019
Deferred tax assets[1]							
Tax losses carried forward	1,951	741	–	–	(2)	–	1,212
Other	301	33	3	–	(13)	13	265
Total	**2,252**	**774**	**3**	**–**	**(15)**	**13**	**1,477**
Deferred tax liabilities[1]							
Depreciation and amortisation	(4,123)	1,550	–	–	75	(68)	(5,680)
Mark-to-market valuations	(128)	(56)	–	–	(1)	–	(71)
Other	(470)	(255)	3	–	3	122	(343)
Total	**(4,721)**	**1,239**	**3**	**–**	**77**	**54**	**(6,094)**
Total Deferred tax – net	**(2,469)**	**2,013**	**6**	**–**	**62**	**67**	**(4,617)**

US$ million	2019[2]	Recognised in the statement of income	Recognised in other comprehensive income	Business combination and disposal of subsidiaries	Foreign currency exchange movements	Other	2018
Deferred tax assets[1]							
Tax losses carried forward	1,212	(308)	–	6	–	–	1,514
Other	265	54	4	7	(1)	(13)	214
Total	**1,477**	**(254)**	**4**	**13**	**(1)**	**(13)**	**1,728**
Deferred tax liabilities[1]							
Depreciation and amortisation	(5,680)	742	–	(69)	(35)	–	(6,318)
Mark-to-market valuations	(71)	(10)	9	3	–	–	(73)
Other	(343)	145	(9)	–	(1)	90	(568)
Total	**(6,094)**	**877**	**–**	**(66)**	**(36)**	**90**	**(6,959)**
Total Deferred tax – net	**(4,617)**	**623**	**4**	**(53)**	**(37)**	**77**	**(5,231)**

1 Asset and liability positions in the same category reflect the impact of tax assets and liabilities arising in local tax jurisdictions that cannot be offset against tax assets and liabilities arising in other tax jurisdictions.
2 As at 31 December 2019, deferred tax liabilities were restated by $120 million to reflect reclassification of uncertain tax provisions from provisions (see note 22).

Deferred tax assets are net of $579 million of uncertain tax liabilities related to tax estimation and judgement uncertainties with respect to various open tax disputes discussed below.

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable. As at 31 December 2020, $2,998 million (2019: $1,571 million) of deferred tax assets related to available loss carry forwards have been brought to account, of which $1,951 million (2019: $1,212 million) are disclosed as deferred tax assets with the remaining balance being offset against deferred tax liabilities arising in the same tax entity. This balance is primarily comprised of:

- $843 million (2019: $517 million) in entities domiciled in the DRC,
- $658 million (2019: $287 million) in entities domiciled in Switzerland, and
- $365 million (2019: $366 million) in entities domiciled in the U.S.

In evaluating whether it is probable that taxable profits will be earned in future accounting periods prior to any tax loss expiry as may be the case, all available evidence was considered, including approved budgets, forecasts and business plans and, in certain cases, analysis of historical operating results. These forecasts are consistent with those prepared and used internally for business planning and impairment testing purposes. Following this evaluation, it was determined there would be sufficient taxable income generated to realise the benefit of the deferred tax assets. With the exception of the deferred tax assets raised in respect of the Group's DRC operations (see below), no reasonably possible change in any of the key assumptions would result in a material reduction in forecast headroom of tax profits so that the recognised deferred tax asset would not be realised.

7. Income taxes continued

The recognised losses carried forward in the DRC primarily relate to historical development, ramp-up and financing related costs at KCC. The losses carried forward have an unlimited carry forward period, but are subject to annual utilisation limitation. Following KCC's successful ramp-up of its operations to near name plate capacity, deferred taxation assets have been recognised for the full estimated available tax losses at 31 December 2020 as sufficient future taxable profits are expected to fully utilise the recognised carry forward tax losses. In recognising these deferred tax assets, consideration was given to the range of possible outcomes to determine the expected value of the tax losses available for future offset, including to what extent previously incurred tax losses would be available to offset future taxable profits. As part of the DRC tax audit noted below, certain previously incurred tax losses may be disallowed. In addition, as noted in our 2019 financial statements, during 2018, the DRC parliament adopted a new mining code ("2018 Mining Code") which introduced wide-ranging reforms including the introduction of higher royalties, a new Super Profits Tax regime and further regulatory controls. The uncertainties of the 2018 Mining Code, specifically the application and interpretation of the Super Profits Tax, remain. Any adverse challenge by the DRC tax authorities could materially impact the currently recognised tax losses and could result in a reversal of part or all of the recognised deferred tax assets.

The recognised losses carried forward in Switzerland primarily relate to non-recurring events. Based on the core business activities conducted in Switzerland and taxable income forecasts going forward, sufficient taxable profits are expected to fully utilise the recognised tax losses prior to expiration.

The recognised losses carried forward in the U.S. primarily relate to non-recurring events in 2011 and have a carry forward period of 20 years. The U.S. entities comprise our core U.S. marketing activities and based on taxable income forecasts going forward, sufficient taxable profits are expected to fully utilise the recognised tax losses prior to expiration.

INCOME TAX RECEIVABLE / PAYABLE

US$ million	**2020**	2019[1]
Income tax receivable	444	350
Income tax payable	(927)	(764)
Net income tax payable	**(483)**	**(414)**

1 As at 31 December 2019, income tax payable was restated by $410 million to reflect reclassification of uncertain tax provisions from provisions (see note 22).

INCOME TAX JUDGEMENTS AND UNCERTAIN TAX LIABILITIES

Glencore assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. For those matters where it is probable that an adjustment will be made, the Group records its reasoned estimate of these tax liabilities, including related interest charges. These current open tax matters are spread across numerous jurisdictions and consist primarily of legacy transfer pricing matters that have been open for a number of years and may take several more years to resolve. In recognising a provision for these taxation exposures, consideration was given to the range of possible outcomes to determine the Group's best estimate of the amount to provide. As at 31 December 2020, the Group has recognised $1,189 million (2019: $530 million) of uncertain tax liabilities related to possible adverse outcomes of these open matters, of which, $579 million (2019: $120 million) has been recognised net of deferred tax assets, with the balance of $610 million (2019: $410 million) recognised as an income tax payable.

UK Tax Audit

HMRC have issued formal transfer pricing, unallowable purposes and diverted profits tax assessments for the 2008-2018 tax years, amounting to $774 million. The Group has appealed against, and continues to vigorously contest, these assessments, following, over the years, various legal opinions received and detailed analysis conducted, supporting its positions and policies applied. Therefore, the Group has not fully provided for the amount assessed. The matter is now proceeding through the Mutual Agreement Process, pursuant to article 24 of the Switzerland – United Kingdom Income Tax Treaty 1977. Management does not anticipate a significant risk of material changes in estimates in this matter in the next financial year.

DRC Tax Audit

Various tax authorities in the DRC have issued assessments denying financing related costs and other items, along with customs related claims for alleged non-compliance or incorrect coding on certain filings. The Group is currently engaged with these tax authorities working through a dispute resolution process. As the dispute resolution process is ongoing and its ultimate outcome remains uncertain, there remains a risk that the outcome could materially impact the recognised balances within the next financial year. It is impractical to provide further sensitivity estimates of potential downside variances.

7. Income taxes continued

AVAILABLE GROSS TAX LOSSES

Available gross tax losses carried forward and deductible temporary differences, for which no deferred tax assets have been recognised in the consolidated financial statements, are detailed below and will expire as follows:

US$ million	**2020**	2019
1 year	1,155	41
2 years	496	45
3 years	530	307
Thereafter	11,099	3,172
Unlimited	8,366	9,292
Total	**21,646**	**12,857**

As at 31 December 2020, unremitted earnings of $56,677 million (2019: $55,282 million) have been retained by subsidiaries for reinvestment. No provision is made for income taxes.

8. Property, plant and equipment

2020

US$ million	Notes	Freehold land and buildings	Plant and equipment	Right-of-use assets	Mineral and petroleum rights	Exploration and evaluation	Deferred mining costs	**Total**
Gross carrying amount:								
1 January 2020		6,211	46,225	2,313	30,223	2,248	18,009	105,229
Restatement[1]		–	(160)	–	540	–	(380)	–
1 January 2020 (restated)		6,211	46,065	2,313	30,763	2,248	17,629	105,229
Disposal of subsidiaries	25	(35)	(321)	(16)	(24)	–	(233)	(629)
Additions		32	2,746	575	58	–	721	4,132
Disposals		(28)	(1,260)	(265)	(42)	(274)	(90)	(1,959)
Effect of foreign currency exchange movements		(13)	(121)	(2)	(114)	–	(1)	(251)
Reclassification to held for sale	15	(111)	(1,833)	–	(692)	–	(1,002)	(3,638)
Reclassification from held for sale	15	176	36	1	16	1	8	238
Other movements[2]		344	(798)	(30)	530	(1)	430	475
31 December 2020		**6,576**	**44,514**	**2,576**	**30,495**	**1,974**	**17,462**	**103,597**
Accumulated depreciation and impairment:								
1 January 2020		2,017	24,646	633	10,910	2,158	9,508	49,872
Restatement[1]		–	–	–	150	–	(150)	–
1 January 2020 (restated)		2,017	24,646	633	11,060	2,158	9,358	49,872
Disposal of subsidiaries	25	(35)	(321)	(3)	(24)	–	(234)	(617)
Disposals		(22)	(1,173)	(135)	(29)	(274)	(88)	(1,721)
Depreciation		375	2,680	519	1,363	–	1,522	6,459
Impairment	6	278	1,120	–	2,860	–	992	5,250
Effect of foreign currency exchange movements		–	(14)	1	(9)	–	6	(16)
Reclassification to held for sale	15	(89)	(1,405)	–	(461)	–	(938)	(2,893)
Reclassification from held for sale	15	27	–	–	14	1	–	42
Other movements[2]		75	(95)	(11)	64	(1)	79	111
31 December 2020		**2,626**	**25,438**	**1,004**	**14,838**	**1,884**	**10,697**	**56,487**
Net book value 31 December 2020		**3,950**	**19,076**	**1,572**	**15,657**	**90**	**6,765**	**47,110**

1 Certain balances in the prior year have been restated to reflect their appropriate classification. Other than the restatement within property, plant and equipment headings, there are no depreciation or amortisation changes.

2 Primarily consists of increases in rehabilitation costs of $399 million and reclassifications within the various property, plant and equipment headings.

Plant and equipment includes expenditure for construction in progress of $3,247 million (2019: $4,161 million). Mineral and petroleum rights include biological assets of $19 million (2019: $19 million). Depreciation expenses included in cost of goods sold are $6,385 million (2019: $6,970 million) and in selling and administrative expenses, $74 million (2019: $46 million).

During 2020, $33 million (2019: $66 million) of interest was capitalised. With the exception of project specific borrowings, the rate used to determine the amount of borrowing costs eligible for capitalisation was 3% (2019: 4%).

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8. Property, plant and equipment continued

As at 31 December 2020, with the exception of leases, no property, plant or equipment was pledged as security for borrowings (2019: $Nil).

LEASES

The Group leases various assets including land and buildings and plant and equipment. As at 31 December 2020, the net book value of recognised right-of use assets relating to land and buildings was $519 million (2019: $595 million) and plant and equipment $1,053 million (2019: $1,085 million). The depreciation charge for the period relating to those assets was $101 million (2019: $103 million) and $418 million (2019: $293 million), respectively.

Disclosure of amounts recognised as lease liabilities in the statement of financial position and cash outflows for leases in the year are included within note 20 and their maturity analysis within note 26.

Amounts recognised in the statement of income are detailed below:

US$ million	**2020**	**2019**
Depreciation on right-of-use assets	(519)	(396)
Interest expense on lease liabilities	(96)	(101)
Expense relating to short-term leases	(863)	(758)
Expense relating to low-value leases	(4)	(3)
Expense relating to variable lease payments not included in the measurement of the lease liability	(3)	(1)
Income from subleasing right-of-use assets	349	231
Total	**(1,136)**	**(1,028)**

At 31 December 2020, the Group is committed to $235 million of short-term lease payments and $370 million related to capitalised leases not yet commenced.

2019

US$ million	Notes	Freehold land and buildings	Plant and equipment	Right-of-use assets	Mineral and petroleum rights	Exploration and evaluation	Deferred mining costs	**Total**
Gross carrying amount:								
1 January 2019 (restated)		6,062	42,779	1,635	29,687	2,183	17,066	99,412
Business combination	25	200	772	169	467	–	15	1,623
Disposal of subsidiaries	25	(59)	(32)	–	–	–	–	(91)
Additions		65	3,558	656	104	1	962	5,346
Disposals		(33)	(679)	(90)	(40)	–	(632)	(1,474)
Effect of foreign currency exchange movements		4	81	(1)	74	–	9	167
Reclassification to held for sale	15	(176)	(36)	(1)	(16)	(1)	(8)	(238)
Other movements		148	(218)	(55)	(53)	65	597	484
31 December 2019		**6,211**	**46,225**	**2,313**	**30,223**	**2,248**	**18,009**	**105,229**
Accumulated depreciation and impairment:								
1 January 2019 (restated)		1,655	21,430	312	8,758	1,588	8,112	41,855
Disposal of subsidiaries	25	(4)	(32)	–	–	–	–	(36)
Disposals		(6)	(553)	(77)	(1)	–	(611)	(1,248)
Depreciation		377	3,059	396	1,709	6	1,469	7,016
Impairment	6	20	264	–	804	532	265	1,885
Effect of foreign currency exchange movements		1	26	–	15	–	–	42
Reclassification to held for sale	15	(27)	–	–	(14)	(1)	–	(42)
Other movements		1	452	2	(361)	33	273	400
31 December 2019		**2,017**	**24,646**	**633**	**10,910**	**2,158**	**9,508**	**49,872**
Net book value 31 December 2019		**4,194**	**21,579**	**1,680**	**19,313**	**90**	**8,501**	**55,357**

9. Intangible assets

2020

US$ million	Notes	Goodwill	Port allocation rights	Licences, trademarks and software	Customer relationships and other	**Total**
Cost:						
1 January 2020		13,293	1,374	596	720	15,983
Additions		–	–	5	7	12
Disposals		–	–	(16)	(9)	(25)
Effect of foreign currency exchange movements		–	(62)	(18)	(41)	(121)
Other movements		–	–	18	16	34
31 December 2020		**13,293**	**1,312**	**585**	**693**	**15,883**
Accumulated amortisation and impairment:						
1 January 2020		8,293	198	315	171	8,977
Disposals		–	–	(16)	(9)	(25)
Amortisation expense[1]		–	52	44	116	212
Impairment	6	–	–	5	253	258
Effect of foreign currency exchange movements		–	(3)	(1)	(7)	(11)
Other movements		–	–	(5)	10	5
31 December 2020		**8,293**	**247**	**342**	**534**	**9,416**
Net book value 31 December 2020		**5,000**	**1,065**	**243**	**159**	**6,467**

1 Recognised in cost of goods sold.

2019

US$ million	Notes	Goodwill	Port allocation rights	Licences, tradmarks and software	Customer relationships and other	**Total**
Cost:						
1 January 2019 (restated)		13,293	1,336	521	424	15,574
Business combination	25	–	–	24	347	371
Disposal of subsidiaries	25	–	–	–	(33)	(33)
Additions		–	–	10	12	22
Disposals		–	(1)	(11)	(1)	(13)
Effect of foreign currency exchange movements		–	40	(4)	(1)	35
Other movements		–	(1)	56	(28)	27
31 December 2019		**13,293**	**1,374**	**596**	**720**	**15,983**
Accumulated amortisation and impairment:						
1 January 2019		8,243	159	268	86	8,756
Disposals		–	–	(11)	(1)	(12)
Amortisation expense[1]		–	33	35	76	144
Impairment	6	50	–	–	19	69
Effect of foreign currency exchange movements		–	7	–	–	7
Other movements		–	(1)	23	(9)	13
31 December 2019		**8,293**	**198**	**315**	**171**	**8,977**
Net book value 31 December 2019		**5,000**	**1,176**	**281**	**549**	**7,006**

1 Recognised in cost of goods sold.

9. Intangible assets continued

GOODWILL

The carrying amount of goodwill has been allocated to cash-generating units (CGUs), or groups of CGUs as follows:

US$ million	**2020**	2019
Metals and minerals marketing business	3,326	3,326
Coal marketing business	1,674	1,674
Total	**5,000**	**5,000**

METALS AND MINERALS AND COAL MARKETING BUSINESSES

Goodwill of $3,326 million and $1,674 million was recognised in connection with previous business combinations and was allocated to the metals and minerals marketing and coal marketing CGUs respectively, based on the annual synergies expected to accrue to the respective marketing departments as a result of increased volumes, blending opportunities and freight and logistics arbitrage opportunities.

PORT ALLOCATION RIGHTS

Port allocation rights represent contractual entitlements to export certain amounts of coal on an annual basis from Richard Bay Coal Terminal in South Africa recognised as part of previous business combinations. The rights are amortised on a straight-line basis over the estimated economic life of the port of 15 years.

LICENCES, TRADEMARKS AND SOFTWARE

Intangibles related to internally developed technology and patents were recognised in previous business combinations and are amortised over the estimated economic life of the technology which ranges between 3 – 20 years.

CUSTOMER RELATIONSHIPS

Customer relationships mainly represent intangible assets related to long-standing customer relationships recognised in respect of business combinations completed in 2019 (see note 25). These intangible assets are being amortised on a straight-line basis over their estimated economic life which ranges between 5 – 9 years.

GOODWILL IMPAIRMENT TESTING

Given the nature of each CGU's activities, information on its fair value is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently,

- The recoverable amount for each of the marketing CGUs is determined by reference to the FVLCD which utilises a price to earnings multiple approach based on the 2021 approved financial budget which includes factors such as marketing volumes handled and operating, interest and income tax charges, generally based on past experience. The price to earnings multiple of 15 times (2019: 15 times) is derived from observable market data for broadly comparable businesses; and
- Glencore believes that no reasonably possible changes in any of the above key assumptions would cause the recoverable amount to fall below the carrying value of the CGU. The determination of FVLCD for each of the marketing CGUs used Level 3 valuation techniques in both years.

10. Investments in associates, joint ventures and other investments

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

US$ million	Notes	2020	2019
1 January		12,984	13,909
Additions		102	104
Disposals		(14)	(96)
Share of income from associates and joint ventures		444	114
Share of other comprehensive loss from associates and joint ventures		(14)	(37)
Transfer of previously equity accounted investment to subsidiary	25	–	(40)
Fair value of retained interest in Terminales Portuarios Chancay S.A.	25	–	150
Impairments	6	(96)	(137)
Dividends received		(1,015)	(942)
Other movements		9	(41)
31 December		**12,400**	**12,984**
Of which:			
Investments in associates		6,038	6,858
Investments in joint ventures		6,362	6,126

As at 31 December 2020, the carrying value of our listed associates is $508 million (2019: $605 million), mainly comprising Century Aluminum and Trevali, which have carrying values of $261 million (2019: $395 million) and $77 million (2019: $119 million), respectively. The fair value of our listed associates, using published price quotations (a Level 1 fair value measurement) is $737 million (2019: $427 million). As at 31 December 2020, $111 million (2019: $104 million) of the carrying amount of Glencore's investment in Century Aluminium was pledged under a loan facility, with proceeds received and recognised in current borrowings of $100 million (2019: $80 million)(see note 20).

Cerrejón

Included in share of income from associates is Glencore's attributable share of impairment relating to Cerrejón amounting to $445 million (net of taxes of $211 million). As at 31 December 2020, the carrying amount of Glencore's investment in Cerrejón amounts to $595 million (2019: $1,143 million) which is equivalent to its recoverable amount based on a VIU calculation. The impairment results from lower API 2 coal price assumptions and reduced production estimates, including updated via mine-life approval expectations. The operation specific discount rate used in the valuation was 7.9%. The short to long-term API 2 price assumptions were $57 – 65/mt. Should the price assumptions fall by 10% (across the curve), with all other assumptions held constant, a further impairment of $231 million would be recognised. A 10% reduction in estimated annual production over the life of mine could result in an additional impairment of $216 million.

Impairments

Primarily comprises an impairment charge in respect of our investment in Century Aluminum ($73 million). 2019 primarily comprised Trevali ($48 million) and Oil vessels' entities ($67 million).

Terminales Portuarios Chancay S.A.

In April 2019, Glencore disposed of a 60% interest in Terminales Portuarios Chancay S.A. for $11 million (see notes 4 and 25), subsequently accounting for its remaining share of 40% using the equity method.

10. Investments in associates, joint ventures and other investments continued

2020 Details of material associates and joint ventures

Summarised financial information in respect of Glencore's associates and joint ventures, reflecting 100% of the underlying associates' and joint ventures' relevant figures, is set out below.

US$ million	Cerrejón	Antamina	Total material associates	Collahuasi	Viterra	Total material joint ventures	Total material associates and joint ventures
Non-current assets	2,302	4,755	**7,057**	5,141	5,846	**10,987**	**18,044**
Current assets	455	1,584	**2,039**	1,407	10,529	**11,936**	**13,975**
Non-current liabilities	(707)	(1,538)	**(2,245)**	(1,380)	(3,057)	**(4,437)**	**(6,682)**
Current liabilities	(102)	(698)	**(800)**	(845)	(9,041)	**(9,886)**	**(10,686)**
The above assets and liabilities include the following:							
Cash and cash equivalents	99	91	**190**	99	327	**426**	**616**
Current financial liabilities[1]	(20)	(53)	**(73)**	(288)	(4,351)	**(4,639)**	**(4,712)**
Non-current financial liabilities[1]	(15)	(476)	**(491)**	(100)	(2,547)	**(2,647)**	**(3,138)**
Net assets 31 December 2020	**1,948**	**4,103**	**6,051**	**4,323**	**4,277**	**8,600**	**14,651**
Glencore's ownership interest	33.3%	33.8%		44.0%	49.9%		
Acquisition fair value and other adjustments	(54)	1,813	**1,759**	1,089	1,237	**2,326**	**4,085**
Carrying value	595	3,200	**3,795**	2,991	3,371	**6,362**	**10,157**

1 Financial liabilities exclude trade, other payables and provisions.

Summarised profit and loss in respect of Glencore's associates and joint ventures, reflecting 100% of the underlying associates' and joint ventures' relevant figures for the year ended 31 December 2020 including group adjustments relating to alignment of accounting policies or fair value adjustments, is set out below.

US$ million	Cerrejón	Antamina	Total material associates	Collahuasi	Viterra	Total material joint ventures	Total material associates and joint ventures
Revenue	626	3,126	**3,752**	3,936	28,342	**32,278**	**36,030**
(Loss)/income for the year	(1,613)	794	**(819)**	1,414	414	**1,828**	**1,009**
Other comprehensive (loss)/income	–	–	**–**	(19)	4	**(15)**	**(15)**
Total comprehensive (loss)/income	(1,613)	794	**(819)**	1,395	418	**1,813**	**994**
Glencore's share of dividends paid	11	363	**374**	598	–	**598**	**972**
The above (loss)/income for the year includes the following:							
Depreciation and amortisation	(329)	(843)	**(1,172)**	(659)	(548)	**(1,207)**	**(2,379)**
Interest income[1]	–	–	**–**	2	13	**15**	**15**
Interest expense[2]	(21)	(51)	**(72)**	(71)	(176)	**(247)**	**(319)**
Impairment, net of tax[3]	(1,969)	–	**(1,969)**	–	–	**–**	**(1,969)**
Income tax credit/(expense)	692	(553)	**139**	(815)	(143)	**(958)**	**(819)**

1 Includes foreign exchange gains and other income of $4 million.
2 Includes foreign exchange losses and other expenses of $87 million.
3 Glencore's attributable share of impairment relating to Cerrejón amounts to $445 million, net of taxes of $211 million.

10. Investments in associates, joint ventures and other investments continued

2019 Details of material associates and joint ventures

Summarised financial information in respect of Glencore's associates and joint ventures, reflecting 100% of the underlying associates' and joint ventures' relevant figures, is set out below.

US$ million	Cerrejón	Antamina	**Total material associates**	Collahuasi	Viterra	**Total material joint ventures**	**Total material associates and joint ventures**
Non-current assets	2,399	4,589	**6,988**	4,905	5,712	**10,617**	**17,605**
Current assets	630	1,276	**1,906**	1,306	7,363	**8,669**	**10,575**
Non-current liabilities	(768)	(1,170)	**(1,938)**	(1,207)	(3,855)	**(5,062)**	**(7,000)**
Current liabilities	(57)	(486)	**(543)**	(794)	(5,389)	**(6,183)**	**(6,726)**
The above assets and liabilities include the following:							
Cash and cash equivalents	157	55	**212**	163	184	**347**	**559**
Current financial liabilities[1]	(21)	(53)	**(74)**	(15)	(2,770)	**(2,785)**	**(2,859)**
Non-current financial liabilities[1]	(15)	(146)	**(161)**	(95)	(3,450)	**(3,545)**	**(3,706)**
Net assets 31 December 2019	**2,204**	**4,209**	**6,413**	**4,210**	**3,831**	**8,041**	**14,454**
Glencore's ownership interest	33.3%	33.8%		44.0%	49.9%		
Acquisition fair value and other adjustments	409	1,872	**2,281**	1,116	1,246	**2,362**	**4,643**
Carrying value	1,143	3,295	**4,438**	2,968	3,158	**6,126**	**10,564**

1 Financial liabilities exclude trade, other payables and provisions.

Summarised profit and loss in respect of Glencore's associates and joint ventures, reflecting 100% of the underlying associates' and joint ventures' relevant figures for the year ended 31 December 2019, including group adjustments relating to alignment of accounting policies or fair value adjustments, is set out below.

US$ million	Cerrejón	Antamina	**Total material associates**	Collahuasi	Viterra	**Total material joint ventures**	**Total material associates and joint ventures**
Revenue	1,483	3,038	**4,521**	3,147	25,057	**28,204**	**32,725**
(Loss)/income for the year	(1,440)	892	**(548)**	945	(29)	**916**	**368**
Other comprehensive loss	–	–	**–**	(23)	(3)	**(26)**	**(26)**
Total comprehensive (loss)/income	(1,440)	892	**(548)**	922	(32)	**890**	**342**
Glencore's share of dividends paid	66	243	**309**	467	–	**467**	**776**
The above (loss)/income for the year includes the following:							
Depreciation and amortisation	(565)	(811)	**(1,376)**	(640)	(524)	**(1,164)**	**(2,540)**
Interest income[1]	–	15	**15**	35	28	**63**	**78**
Interest expense[2]	(12)	(3)	**(15)**	(25)	(202)	**(227)**	**(242)**
Impairment, net of tax[3]	(1,305)	–	**(1,305)**	–	–	**–**	**(1,305)**
Income tax credit/(expense)	46	(489)	**(443)**	(437)	(40)	**(477)**	**(920)**

1 Includes foreign exchange gains and other income of $68 million.

2 Includes foreign exchange losses of $16 million.

3 Glencore's attributable share of impairment relating to Cerrejón amounts to $435 million, net of taxes of $213 million, resulting from lower API2 coal price assumptions and reduced production estimates, including in relation to updated mine-life approval expectations. The operation specific discount rate used in the valuation was 8.1%. The short to long-term API 2 price assumptions were $70 – 83/mt. As at 31 December 2019, had the price assumptions fallen by 10% (across the curve) with all other assumptions held constant a further impairment of $312 million would have been recognised.

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continued

10. Investments in associates, joint ventures and other investments continued

Aggregate information of associates that are not individually material:

US$ million	2020	2019
The Group's share of loss	(120)	(110)
The Group's share of other comprehensive loss	(8)	(25)
The Group's share of total comprehensive loss	(128)	(135)
Aggregate carrying value of the Group's interests	2,243	2,420

The amount of corporate guarantees in favour of associates and joint ventures as at 31 December 2020 was $560 million (2019: $983 million). No amounts have been claimed or provided as at 31 December 2020. Glencore's share of joint ventures' capital commitments amounts to $105 million (2019: $108 million).

OTHER INVESTMENTS

US$ million	2020	2019
Fair value through other comprehensive income[1]		
EN+ GROUP PLC	701	674
OAO NK Russneft[2]	309	869
Yancoal	164	172
OSJC Rosneft	357	440
Other	116	135
	1,647	2,290
Fair value through profit and loss		
Century Aluminum cash-settled equity swaps	49	69
Champion Iron Limited share warrants[3]	37	28
	86	97
Total	**1,733**	**2,387**

1 Fair value through other comprehensive income includes net disposals of $12 million for the period.
2 Glencore's investment in OAO NK Russneft is pledged under a loan facility issued to OAO NK Russneft.
3 The warrants are exercisable until October 2025 for conversion into direct share ownership.

Although Glencore holds a 25% interest in Russneft, it does not exercise significant influence over its financial and operating policy decisions as the majority shareholder retains operational and board control.

During the year, dividend income from equity investments designated as at fair value through other comprehensive income amounted to $32 million (2019: $49 million).

11. Advances and loans

US$ million	Notes	2020	2019
Financial assets at amortised cost			
Loans to associates		246	294
Other non-current receivables and loans		600	466
Rehabilitation trust fund		148	147
Financial assets at fair value through profit and loss			
Other non-current receivables and loans		102	116
Deferred consideration	28	302	45
Non-financial instruments			
Pension surpluses	23	40	42
Advances repayable with product[1]		1,334	1,172
Land rights prepayment		150	–
Other non-current receivables		120	145
Total		**3,042**	**2,427**

1 Net of $1,534 million (2019: $1,216 million) provided by various banks, the repayment terms of which are contingent upon and connected to the future delivery of contractual production.

FINANCIAL ASSETS AT AMORTISED COST

Loans to associates

Loans to associates generally bear interest at applicable floating market rates plus a premium.

Other non-current receivables and loans

Other non-current receivables and loans comprise the following:

US$ million	2020	2019
Secured financing arrangements	585	448
Other	15	18
Total	**600**	**466**

Various financing facilities, generally marketing related and secured against certain assets and/or payable from the future sale of production of the counterparty. The non-current receivables and loans are interest-bearing and on average are to be repaid over a three-year period.

Rehabilitation trust fund

Glencore makes contributions to controlled funds established to meet the costs of its restoration and rehabilitation liabilities, primarily in South Africa. These funds are not available for the general purposes of the Group, and there is no present obligation to make any further contributions.

Loss allowances of financial assets at amortised cost

The Group determines the expected credit loss of loans to associates and other non-current receivables and loans (at amortised cost) based on different scenarios of probability of default and expected loss applicable to each of the material underlying balances. Expected credit losses for these assets are measured as either 12-month expected credit losses, taking into account prior experience regarding probability of default adjusted for forward looking information, or as lifetime expected credit losses (when there is significant increase in credit risk or the asset is credit-impaired). The gross carrying value of other non-current receivables and loans measured as 12-month expected credit losses was $626 million (2019:$507 million) and as lifetime expected credit losses $314 million (2019:$302 million), the expected credit losses on which were $37 million (2019:$57 million) and $303 million (2019:$298 million) respectively. The movement in loss allowance for financial assets classified at amortised cost is detailed below:

US$ million	Loans to associates	Other non-current receivables and loans	2020	Loans to associates	Other non-current receivables and loans	2019
Gross carrying value 31 December	308	940	1,248	325	821	1,146
Loss allowances						
1 January	31	355	386	27	323	350
Released during the period[1]	–	(48)	(48)	–	(10)	(10)
Charged during the period[1]	31	33	64	4	42	46
31 December	62	340	402	31	355	386
Net carrying value 31 December	**246**	**600**	**846**	**294**	**466**	**760**

1 $45 million (2019: $31 million) recognised as an impairment (see note 6) and the balancing credit of $29 million (2019: charge of $5 million) recognised in cost of goods sold.

11. Advances and loans continued

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Deferred consideration

In 2020, fair value movements of net positive $379 million (2019: $35 million) were recognised (see note 5).

NON-FINANCIAL INSTRUMENTS

Advances repayable with product

US$ million	2020	2019
Counterparty		
Société Nationale d'Electricité (SNEL) power advances	312	303
Chad State National Oil Company	347	360
Société Nationale des Pétroles du Congo	156	18
Other[1]	519	491
Total	**1,334**	**1,172**

1 Comprises no individually material items.

SNEL power advances
In early 2012, a joint agreement with Société Nationale d'Électricité (SNEL), the Democratic Republic of the Congo's (DRC) national electricity utility, was signed whereby Glencore's operations would contribute $375 million to a major electricity infrastructure refurbishment programme, including transmission and distribution systems. This facilitated a progressive increase in power availability to 450 megawatts by the end of Q1 2020. Funding commenced in the second quarter of 2012 and is due to end in Q1 2021. The loans are being repaid via discounts on electricity purchases, which are expected to accelerate upon completion of the refurbishment programme.

Chad State National Oil Company
Glencore has provided a net $359 million (2019: $379 million) to the Chad State National Oil Company (SHT) to be repaid through future oil deliveries over ten years. As at 31 December 2020 the advance is net of $714 million (2019: $778 million) provided by a syndicate of lenders, the repayment terms of which are contingent upon and connected to the receipt of oil due from SHT under the prepayment. Of the net amount advanced, $347 million (2019: $360 million) is receivable after 12 months and is presented within Other non-current receivables and loans and $12 million (2019: $19 million) is due within 12 months and included within Accounts receivable.

Société Nationale des Pétroles du Congo (SNPC)
Glencore has provided a net $156 million (2019: $156 million) to SNPC repayable through future oil deliveries over five years. As at 31 December 2020, the advance is net of $498 million (2019: $498 million) provided by the lenders, the repayment terms of which are contingent upon and connected to the future receipt of oil contractually due from SNPC. Of the net amount advanced, $156 million (2019: $18 million) is due after 12 months and is presented within Other long-term receivables and loans and $Nil (2019: $138 million) is due within 12 months and included within Accounts receivable. SNPC has indicated to Glencore and the syndicate of banks that it wishes to restructure the terms of this arrangement.

Land rights prepayment

On 19 December 2019, Kamoto Copper Company ("KCC") entered into an agreement with La Générale des Carrières et des Mines ("Gécamines"), Glencore's 25% joint venture partner in KCC, to acquire from Gécamines a comprehensive land package covering areas adjacent to KCC's existing mining concessions for $250 million. The package includes multiple blocks for construction of a new long-term tailings facility and the possible exploitation of additional resources that will enhance KCC's ability to more efficiently operate its mines, facilities and other key infrastructure requirements.

In addition to the above consideration, the agreement includes the following key additional undertakings:

- obligations on KCC to remove tailings (estimated at circa 15m dmt), currently in a sub-section of these areas, to another suitable location;
- contingent obligations to pay "Pas de Porte" payments to Gécamines if KCC declares a JORC compliant reserve or otherwise elects to mine any resources in the Resource Areas; and
- a new royalty to Gécamines of 2.5% of net sales from the acquired land areas if KCC elects to mine any resources in such areas.

In August 2020, KCC advanced $150 million to Gécamines as an agreed prepayment of the consideration due. If the closing conditions as prescribed in the agreement are not fulfilled, Glencore has the right to accrue interest on the prepaid amount, terminate the agreement and, if funds are not returned, offset against future amounts owing to Gécamines. The balance of the consideration is due 5 days after the respective closing conditions of each area to be transferred are satisfied.

12. Inventories

CURRENT INVENTORY

Inventories of $22,852 million (2019: $19,936 million) comprise $12,260 million (2019: $10,516 million) of inventories carried at fair value less costs of disposal and $10,592 million (2019: $9,420 million) valued at the lower of cost or net realisable value. The amount of inventories and related ancillary costs recognised as an expense during the period was $124,037 million (2019: $192,418 million).

Fair value of inventories is a Level 2 fair value measurement (see note 28) using observable market prices obtained from exchanges, traded reference indices or market survey services adjusted for relevant location and quality differentials. There are no significant unobservable inputs in the fair value measurement of such inventories.

Glencore has a number of dedicated financing facilities, which finance a portion of its inventories. In each case, the inventory has not been derecognised as the Group has not transferred control. The proceeds received are recognised as current borrowings (see note 20). As at 31 December 2020, the total amount of inventory pledged under such facilities was $804 million (2019: $430 million). The proceeds received and recognised as current borrowings were $679 million (2019: $339 million) and $80 million (2019: $80 million) as non-current borrowings.

NON-CURRENT INVENTORY

$678 million (2019: $575 million) of inventories valued at lower of cost or net realisable value are not expected to be utilised or sold within the normal operating cycle and are therefore classified as non-current inventory.

13. Accounts receivable

US$ million	Notes	**2020**	2019
Financial assets at amortised cost			
Trade receivables		3,360	3,692
Trade advances		–	44
Margin calls paid[1]		3,692	2,198
Associated companies		288	326
Other receivables[2]		356	394
Financial assets at fair value through profit and loss			
Trade receivables containing provisional pricing features	28	4,459	6,526
Finance lease receivable	28	9	14
Deferred consideration	28	130	37
Non-financial instruments			
Advances repayable with product[3]		922	1,433
Other tax and related receivables		1,938	2,007
Total		**15,154**	**16,671**

1 Includes $65 million (2019: $635 million) of cash collateral payments under margin arrangements related to cross currency swaps held to hedge non-U.S. dollar denominated bonds.
2 Includes current portion of non-current loans receivable of $241 million (2019: $129 million).
3 Includes advances, net of $298 million (2019: $1,248 million) provided by banks, the repayment terms of which are contingent upon and connected to the future delivery of contractual production over the next 12 months.

The average credit period on sales of goods is 24 days (2019: 18 days). The carrying value of trade receivables approximates fair value.

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13. Accounts receivable continued

The Group applies a simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and credit rating, adjusted as appropriate for current observable data. Expected credit loss provisions are recognised in cost of goods sold and during the period, a credit of $3 million (2019: charge of $2 million) of such losses were recognised. The following table details the risk profile of trade receivables based on the Group's provision matrix.

US$ million	Trade receivables – days past due					
As at 31 December 2020	Not past due	<30	31 – 60	61 – 90	>90	Total
Gross carrying amount	2,941	224	44	21	143	3,373
Expected credit loss rate	0.27%	0.54%	0.82%	1.09%	2.31%	
Lifetime expected credit loss	(8)	(1)	(1)	–	(3)	(13)
Total	**2,933**	**223**	**43**	**21**	**140**	**3,360**

US$ million	Trade receivables – days past due					
As at 31 December 2019	Not past due	<30	31 – 60	61 – 90	>90	Total
Gross carrying amount	3,077	356	56	59	192	3,740
Expected credit loss rate	0.28%	0.55%	0.83%	1.10%	2.34%	
Lifetime expected credit loss	(9)	(2)	–	(1)	(4)	(16)
Total	**3,068**	**354**	**56**	**58**	**188**	**3,724**

The movement in allowance for credit loss relating to receivables from associates and other receivables is detailed below:

US$ million	Receivables from associates	Other receivables	**2020**	Receivables from associates	Other receivables	**2019**
Gross carrying value 31 December	410	488	**898**	336	473	809
Allowance for credit loss						
1 January	10	79	89	9	35	44
Released during the period[1]	(1)	(3)	(4)	–	(7)	(7)
Charged during the period[1]	103	62	165	1	51	52
Utilised during the period	–	(6)	(6)	–	–	–
Effect of foreign currency exchange movements	10	–	10	–	–	–
31 December	122	132	**254**	10	79	89
Net carrying value 31 December	**288**	**356**	**644**	**326**	**394**	**720**

1 $123 million (2019: $Nil) recognised as an impairment (see note 6) and the balancing $38 million (2019: $45 million) net charge recognised in cost of good sold

Glencore has a number of dedicated financing facilities, which finance a portion of its receivables. The receivables have not been derecognised, as the Group retains the principal risks and rewards of ownership. The proceeds received are recognised as current borrowings (see note 20). As at 31 December 2020, the total amount of trade receivables pledged was $693 million (2019: $837 million) and proceeds received and classified as current borrowings amounted to $567 million (2019: $719 million).

14. Cash and cash equivalents

US$ million	**2020**	2019
Bank and cash on hand	1,387	1,618
Deposits and treasury bills	111	281
Total	**1,498**	**1,899**

Cash and cash equivalents comprise cash held at bank, cash in hand and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

As at 31 December 2020, $82 million (2019: $92 million) was restricted.

15. Assets and liabilities held for sale

In November 2020, Glencore agreed, subject to various conditions precedent and documentation, to sell its controlling interest in Mopani to minority shareholder, ZCCM Investments Holding plc (ZCCM) for $1, leaving $1.5 billion of Glencore loans outstanding, where the pace and size of repayment instalments is linked to Mopani's future production and copper prices. Completion of the sale is conditional on receipt of certain regulatory approvals in Zambia and ZCCM shareholders, expected to occur over H1 2021. The sale is considered highly probable as at 31 December 2020 and as a result, it has been determined that these operations meet the requirements of IFRS 5 which requires that its assets and liabilities be presented as current assets and liabilities "held for sale" as at 31 December 2020 at the lower of their carrying value or fair value less costs to sell. Also see note 6.

In November 2019, an agreement was reached to dispose the Oxidos and Cerro de Pasco operations (separately identifiable zinc and silver processing areas within the Volcan group) which predominantly comprise an oxide processing plant, environmental and rehabilitation provisions and old tailings dumps for $30 million, due over a two year period, and a royalty contingent upon the price of silver and gold over certain thresholds, estimated to be worth $100 million on a discounted basis. The transaction was subject to customary regulatory approvals and was expected to close during 2020. The long stop date has, however, elapsed with the conditions precedent not having been fulfilled. As a result, net assets (assets of $286 million and liabilities of $156 million) previously classified as held for sale in 2019 were reclassified to the respective line items in the statement of financial position at depreciated cost and a one-time depreciation charge of $18 million was recognised to reflect the additional depreciation that would have been charged if the related assets had not previously been classified as held for sale.

Assets of $1,046 million and liabilities of $185 million have been classified as held for sale within the Industrial activities segment as detailed below:

US$ million	**2020 Mopani**	2019 Cerro de Pasco
Non-current assets		
Property, plant and equipment	745	196
Advances and loans	5	–
Deferred tax assets	–	13
	750	**209**
Current assets		
Inventories	187	22
Accounts receivable	106	53
Prepaid expenses	3	–
Cash and cash equivalents	–	2
	296	**77**
Total assets held for sale	**1,046**	**286**
Non-current liabilities		
Deferred tax liabilities	–	(68)
Provisions	(64)	(52)
	(64)	**(120)**
Current liabilities		
Borrowings	(26)	(2)
Accounts payable	(58)	(34)
Provisions	(24)	–
Income tax payable	(13)	–
	(121)	**(36)**
Total liabilities held for sale	**(185)**	**(156)**
Total net assets held for sale	**861**	**130**

NOTES TO THE FINANCIAL STATEMENTS
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16. Share capital and reserves

	Number of shares (thousand)	Share capital (US$ million)	Share premium (US$ million)
Authorised:			
31 December 2020 and 2019 Ordinary shares with a par value of $0.01 each	50,000,000		
Issued and fully paid up:			
1 January 2019 and 31 December 2019 – Ordinary shares	**14,586,200**	**146**	**45,794**
31 December 2020 – Ordinary shares	**14,586,200**	**146**	**45,794**

	Treasury Shares		Trust Shares		**Total**	
	Number of shares (thousand)	Share premium (US$ million)	Number of shares (thousand)	Share premium (US$ million)	**Number of shares (thousand)**	**Share premium (US$ million)**
Own shares:						
1 January 2019	583,572	(2,483)	170,130	(835)	**753,702**	**(3,318)**
Own shares purchased during the year	678,315	(2,318)	–	–	**678,315**	**(2,318)**
Own shares disposed during the year	–	–	(40,138)	199	**(40,138)**	**199**
31 December 2019	**1,261,887**	**(4,801)**	**129,992**	**(636)**	**1,391,879**	**(5,437)**
1 January 2020	1,261,887	(4,801)	129,992	(636)	**1,391,879**	**(5,437)**
Own shares disposed during the year	–	–	(26,991)	133	**(26,991)**	**133**
31 December 2020	**1,261,887**	**(4,801)**	**103,001**	**(503)**	**1,364,888**	**(5,304)**

OWN SHARES

Own shares comprise shares acquired under the Company's share buy-back programmes and shares of Glencore plc held by Group employee benefit trusts ("the Trusts") to satisfy the potential future settlement of the Group's employee stock plans, primarily assumed as part of previous business combinations.

The Trusts also coordinate the funding and manage the delivery of ordinary shares and free share awards under certain of Glencore's share plans. The shares have been acquired by either stock market purchases or share issues from the Company. The Trusts are permitted to sell the shares and may hold up to 5% of the issued share capital of the Company at any one time. The Trusts have waived the right to receive distributions from the shares that they hold. Costs relating to the administration of the Trusts are expensed in the period in which they are incurred.

As at 31 December 2020: 1,364,888,033 shares (2019: 1,391,879,129 shares), equivalent to 9.36% (2019: 9.54%) of the issued share capital were held at a cost of $5,304 million (2019: $5,437 million) and market value of $4,341 million (2019: $4,347 million).

16. Share capital and reserves continued

OTHER RESERVES

US$ million	Translation adjustment	Cash flow hedge reserve	Net unrealised gain/(loss)	Net ownership changes in subsidiaries	Total
1 January 2020	(2,665)	(97)	364	(2,573)	(4,971)
Exchange loss on translation of foreign operations	(167)	–	–	–	(167)
Loss on cash flow hedges, net of tax	–	(50)	–	–	(50)
Loss on equity investments accounted for at fair value through other comprehensive income	–	–	(631)	–	(631)
Change in ownership interest in subsidiaries (see note 33)	–	–	–	(31)	(31)
Gain due to changes in credit risk on financial liabilities accounted for at fair value through profit and loss	–	–	19	–	19
Reclassifications	–	–	(18)	1	(17)
31 December 2020	**(2,832)**	**(147)**	**(266)**	**(2,603)**	**(5,848)**
1 January 2019	(2,779)	(47)	38	(2,149)	(4,937)
Exchange gain on translation of foreign operations	114	–	–	–	114
Loss on cash flow hedges, net of tax	–	(51)	–	–	(51)
Gain on equity investments accounted for at fair value through other comprehensive income	–	–	342	–	342
Change in ownership interest in subsidiaries (see note 33)	–	–	–	(418)	(418)
Loss due to changes in credit risk on financial liabilities accounted for at fair value through profit and loss	–	–	(1)	–	(1)
Reclassifications	–	1	(15)	(6)	(20)
31 December 2019	**(2,665)**	**(97)**	**364**	**(2,573)**	**(4,971)**

The translation adjustment reserve is used to capture the cumulative impact of foreign currency translation adjustments arising from the Group's non-USD denominated functional currency subsidiaries.

The cash flow hedge reserve is used to accumulate the gains and losses from hedging instruments contained within hedge relationships until the hedged item impacts profit or loss.

The net unrealised gain/loss reserve is used to accumulate the gains and lossess associated with the remeasurement of the Group's investments carried at FVTOCI.

The net ownership changes in subsidiaries reserve is used to capture equity movements arising from changes in the Group's ownership in its subdiairies.

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17. Earnings per share

US$ million	2020	2019
Loss attributable to equity holders of the Parent for basic earnings per share	(1,903)	(404)
Weighted average number of shares for the purposes of basic earnings per share (thousand)	13,216,886	13,684,091
Effect of dilution:		
Equity-settled share-based payments (thousand)[1]	139,989	92,470
Weighted average number of shares for the purposes of diluted earnings per share (thousand)	13,216,886	13,684,091
Basic loss per share (US$)	**(0.14)**	**(0.03)**
Diluted loss per share (US$)	**(0.14)**	**(0.03)**

HEADLINE EARNINGS:

Headline earnings is a Johannesburg Stock Exchange (JSE) defined performance measure. The calculation of basic and diluted earnings per share, based on headline earnings as determined by the requirements of the Circular 1/2019 as issued by the South African Institute of Chartered Accountants (SAICA), is reconciled using the following data:

US$ million	2020	2019
Loss attributable to equity holders of the Parent for basic earnings per share	(1,903)	(404)
Net loss on disposals[2]	36	43
Net loss on disposals – tax	(11)	(6)
Impairments[3]	6,693	3,191
Impairments – non-controlling interest	(1,596)	(270)
Impairments – tax	(1,214)	(323)
Headline earnings for the year	**2,005**	**2,231**
Headline earnings per share (US$)	**0.15**	**0.16**
Diluted headline earnings per share (US$)	**0.15**	**0.16**

1 These equity-settled share-based payments could potentially dilute basic earnings per share in the future, but did not impact diluted loss per share because they were anti-dilutive.
2 See note 4.
3 Comprises impairments of property, plant and equipment, investments and advances and loans (see note 6), Glencore's share of impairments booked directly by various associates (see note 2) and impairments related to Cerrejón (see note 10).

18. Distributions

The proposed distribution in respect of the year ended 31 December 2020 of $0.12 per ordinary share amounting to $1,587 million is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Owing to the uncertainty resulting from the Covid pandemic and to support the Group's overall financial position during 2020, the Board elected not to pay any distributions in 2020. A distribution of $0.20 per ordinary share amounting to $2,710 million was paid in 2019.

19. Share-based payments

US$ million	Number of awards granted (thousands)	Fair value at grant date (US$ million)	**Number of awards outstanding 2020 (thousands)**	Number of awards outstanding 2019 (thousands)	**Expense recognised 2020 (US$ million)**	Expense recognised 2019 (US$ million)
Deferred Bonus Plan – Bonus share award						
2018 Series	12,891	65	4,316	11,052	–	–
2019 Series	10,791	37	7,914	9,552	–	33
2020 Series	45,798	85	45,798	–	85	–
	69,480		**58,028**	**20,604**	**85**	**33**
Performance Share Plan						
2015 Series	79,787	109	9,509	11,878	–	5
2016 Series	23,984	84	–	7,407	3	9
2017 Series	19,732	95	5,965	12,498	10	27
2018 Series	28,458	104	18,396	27,912	29	54
2019 Series	29,689	90	28,330	12,171	55	–
2020 Series	19,761	59	19,761	–	–	–
	201,411		**81,961**	**71,866**	**97**	**95**
Total	**270,891**		**139,989**	**92,470**	**182**	**128**

DEFERRED BONUS PLAN

Under the Glencore Deferred Bonus Plan (DBP), the payment of a portion of a participant's annual bonus is deferred for a period of one to two years as an award of either ordinary shares (a "Bonus Share Award") or cash. The awards are vested at grant date with no further service conditions, however they are subject to forfeiture for malus events. The Bonus Share Awards may be satisfied, at Glencore's option, in shares by the issue of new ordinary shares, by the transfer of ordinary shares held in treasury or by the transfer of ordinary shares purchased in the market or in cash, with a value equal to the market value of the award at settlement, including distributions paid between award and settling. Glencore currently intends to settle these awards in shares. The associated expense is recorded in the statement of income/loss as part of the expense for performance bonuses. The fair value at grant date is determined with respect to the average share price of Glencore plc in the month of granting.

PERFORMANCE SHARE PLAN

Under the Glencore Performance Share Plan (PSP), participants are awarded PSP awards which vest in annual tranches over a specified period, subject to continued employment and forfeiture for malus events. At grant date, each PSP award is equivalent to one ordinary share of Glencore. The awards vest in three or five equal tranches on 31 December or 31 January of the years following the year of grant, as may be the case. The fair value of the awards is determined by reference to the market price of Glencore's ordinary shares at grant date. The PSP awards may be satisfied, at Glencore's option, in shares by the issue of new ordinary shares, by the transfer of ordinary shares held in treasury or by the transfer of ordinary shares purchased in the market or in cash, with a value equal to the market value of the award at vesting, including distributions paid between award and vesting. Glencore currently intends to settle these awards in shares. The fair value at grant date is determined with respect to the average share price of Glencore plc in the month of granting.

SHARE-BASED AWARDS ASSUMED IN PREVIOUS BUSINESS COMBINATIONS

	Total options outstanding (thousands)	**Weighted average exercise price (GBP)**
1 January 2020	102,623	3.98
Lapsed	(30,956)	3.38
Exercised	–	–
31 December 2020	**71,667**	**4.25**
1 January 2019	106,637	3.88
Lapsed	–	–
Exercised[1]	(4,014)	1.10
31 December 2019	**102,623**	**3.98**

1 The weighted average share price at date of exercise of the share based awards was GBP3.03.

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19. Share-based payments continued

As at 31 December 2020, a total of 71,667,011 options (2019: 102,623,112 options) were outstanding and exercisable, having a range of exercise prices from GBP3.91 to GBP4.80 (2019: GBP3.37 to GBP4.80) and a weighted average exercise price of GBP4.25 (2019: GBP3.98). These outstanding awards have expiry dates ranging from February 2021 to February 2022 (2019: February 2020 to February 2022) and a weighted average contractual life of 275 days (2019: 438 days). The awards may be satisfied at Glencore's option, by the issue of new ordinary shares, by the transfer of ordinary shares held in treasury or by the transfer of ordinary shares purchased in the market. Glencore currently intends to settle these awards, when exercised, by the transfer of ordinary shares held in treasury.

20. Borrowings

US$ million	Notes	**2020**	2019
Non-current borrowings			
Capital market notes		22,353	21,452
Committed syndicated revolving credit facilities		4,766	5,615
Lease liabilities		1,008	1,158
Other bank loans		1,100	842
Total non-current borrowings		**29,227**	**29,067**
Current borrowings			
Secured inventory/receivables/other facilities	10/12/13	1,346	1,138
U.S. commercial paper		1,090	675
Capital market notes		2,018	2,455
Lease liabilities		513	484
Other bank loans[1]		3,285	3,224
Total current borrowings		**8,252**	**7,976**
Total borrowings		**37,479**	**37,043**

1 Comprises various uncommitted bilateral bank credit facilities and other financings and is net of $135 million (2019: $Nil) of funds advanced by the Group under a netting arrangement with a bank and a subsidiary.

RECONCILIATION OF CASH FLOW TO MOVEMENT IN BORROWINGS

US$ million	Notes	**2020**	2019
Cash related movements in borrowings[1]			
Proceeds from issuance of capital market notes		3,362	3,866
Repayment of capital market notes		(4,017)	(3,167)
Repurchase of capital market notes		(72)	–
Repayment of revolving credit facilities		(870)	(29)
Proceeds from other non-current borrowings		392	291
Repayment of other non-current borrowings		(44)	(325)
Repayment of lease liabilities		(560)	(358)
Proceeds from U.S. commercial papers		415	79
Proceeds from/(repayment of) current borrowings		217	(682)
		(1,177)	(325)
Non-cash related movements in borrowings			
Borrowings (disposed of)/acquired in business combinations	25	(13)	284
Foreign exchange movements		812	231
Fair value hedge movements[2]		344	387
Impact of adoption of IFRS 16		–	865
Change in lease liabilities		435	582
Interest on convertible bonds		20	19
Other non-cash movements		15	6
		1,613	2,374
Increase in borrowings for the year		**436**	**2,049**
Total borrowings – opening		37,043	34,994
Total borrowings – closing		**37,479**	**37,043**

1 See consolidated statement of cash flows.
2 The fair value hedge movements were equivalent to the change in fair value of the respective hedging instrument (see note 26).

20. Borrowings continued

CAPITAL MARKET NOTES

US$ million	Maturity	**2020**	2019
Euro 1,250 million 1.25% coupon bonds	Mar 2021	–	1,386
Euro 600 million 2.75% coupon bonds	Apr 2021	–	667
Euro 700 million 1.625% coupon bonds	Jan 2022	865	793
Euro 1,000 million 1.875% coupon bonds	Sep 2023	1,219	1,118
Euro 400 million 3.70% coupon bonds	Oct 2023	520	480
Euro 600 million 0.625% coupon bonds	Sep 2024	732	672
Euro 750 million 1.75% coupon bonds	Mar 2025	951	860
Euro 500 million 3.75% coupon bonds	Apr 2026	680	616
Euro 500 million 1.50% coupon bonds	Oct 2026	632	568
Euro 950 million 1.125% coupon bonds	Mar 2028	1,159	–
Eurobonds		**6,758**	**7,160**
JPY 10 billion 1.075% coupon bonds	May 2022	97	92
GBP 500 million 6.00% coupon bonds	Apr 2022	685	664
GBP 500 million 3.125% coupon bonds	Mar 2026	724	672
Sterling bonds		**1,409**	**1,336**
CHF 250 million 2.25% coupon bonds	May 2021	–	254
CHF 175 million 1.25% coupon bonds	Oct 2024	202	184
CHF 250 million 0.35% coupon bonds	Sep 2025	283	258
CHF 225 million 1.00% coupon bonds	Mar 2027	256	–
Swiss Franc bonds		**741**	**696**
US$ 1,000 million 4.95% coupon bonds	Nov 2021	–	1,022
US$ 600 million 5.375% coupon bonds	Feb 2022	535	535
US$ 250 million LIBOR plus 1.65% coupon bonds	May 2022	250	250
US$ 1,000 million 4.25% coupon bonds	Oct 2022	1,002	1,005
US$ 500 million 3.00% coupon bonds	Oct 2022	461	498
US$ 1,500 million 4.125% coupon bonds	May 2023	1,580	1,542
US$ 1,000 million 4.125% coupon bonds	Mar 2024	969	993
US$ 1,000 million 4.625% coupon bonds	Apr 2024	1,069	1,042
US$ 625 million non-dilutive convertible bonds	Mar 2025	532	513
US$ 500 million 4.00% coupon bonds	Apr 2025	531	502
US$ 1,000 million 1.625% coupon bonds	Sep 2025	992	–
US$ 1,000 million 4.00% coupon bonds	Mar 2027	1,103	1,030
US$ 50 million 4.00% coupon bonds	Mar 2027	50	50
US$ 500 million 3.875% coupon bonds	Oct 2027	553	514
US$ 750 million 4.875% coupon bonds	Mar 2029	864	801
US$ 1,000 million 2.500% coupon bonds	Sep 2030	991	–
US$ 250 million 6.20% coupon bonds	Jun 2035	270	271
US$ 500 million 6.90% coupon bonds	Nov 2037	586	589
US$ 500 million 6.00% coupon bonds	Nov 2041	537	538
US$ 500 million 5.55% coupon bonds	Oct 2042	473	473
US$ bonds		**13,348**	**12,168**
Total non-current bonds		**22,353**	**21,452**

20. Borrowings continued

US$ million	Maturity	2020	2019
GBP 500 million 7.375% coupon bonds	May 2020	–	675
Euro 750 million 3.375% coupon bonds	Sep 2020	–	842
Euro 600 million 2.750% coupon bonds	Apr 2021	724	–
CHF 500 million 1.250% coupon bonds	Dec 2020	–	519
CHF 250 million 2.250% coupon bonds	May 2021	284	–
US$ 1,000 million 2.875% coupon bonds	Apr 2020	–	419
US$ 1,000 million 4.950% coupon bonds	Nov 2021	1,010	–
Total current bonds		**2,018**	**2,455**

2020 BOND ACTIVITIES

- In September 2020, issued:
  - 7.5 year EUR 850 million, 1.125% coupon bonds
  - 5.5 year CHF 225 million, 1.000% coupon bonds
  - 5 year $1,000 million, 1.625% coupon bonds
  - 10 year $1,000 million, 2.500% coupon bonds
- In December 2020, issued 7.5 year EUR 100 million, 1.125% coupon bonds

2019 BOND ACTIVITIES

- In March 2019, issued:
  - 5 year $1,000 million, 4.125% coupon bonds
  - 10 year $750 million, 4.875% coupon bonds
  - 7 year GBP 500 million 3.125% coupon bonds
- In April 2019, issued 7 year EUR 500 million 1.50% coupon bonds
- In September 2019, issued 6 year CHF 250 million 0.35% coupon bonds and 5 year EUR 600 million 0.625% coupon bonds

COMMITTED SYNDICATED REVOLVING CREDIT FACILITIES

In March 2020 (effective May 2020), Glencore signed new one-year revolving credit facilities of $9,975 million, refinancing the $9,775 million one-year revolving facilities signed in March 2019, as well as extended its medium term facilities of $4,650 million. Funds drawn under the facilities bear interest at US$LIBOR plus a margin of 40 basis points.

As at 31 December 2020, the active facilities comprise:

- a $9,975 million one year revolving credit facility with a one-year borrower's term-out option (to May 2022) and a one-year extension option; and
- a $4,650 million medium-term revolving credit facility (to May 2025), with a one-year extension option.

As in previous years, these committed unsecured facilities contain no financial covenants, no rating triggers, no material adverse change clauses and no external factor clauses.

SECURED FACILITIES

US$ million	Maturity[1]	Interest	2020	2019
Syndicated committed metals inventory/receivables facilities[2]	Nov 2024	3.2%	81	82
Syndicated uncommitted metals and oil inventory/receivables facilities	Jan[3]/Jul/Aug 2021	US$ LIBOR + 65 bps	1,245	1,056
Other secured facilities	Mar 2021	US$ LIBOR + 75 bps	100	80
Total			**1,426**	**1,218**
Current			1,346	1,138
Non-current			80	80

1 Uncommitted facilities are re-drawn several times until actual expiry of the facility contract.
2 Comprises various facilities. The maturity and interest detail represent the weighted average of the various debt balances outstanding at year end.
3 Since year-end, in the ordinary course of business, these maturities have been rolled/extended as required.

21. Deferred income

US$ million	Unfavourable contracts	Prepayments	**Total**
1 January 2020	609	2,619	3,228
Additions	–	1,047	1,047
Accretion in the year	–	127	127
Utilised in the year	(66)	(663)	(729)
Effect of foreign currency exchange difference	(14)	1	(13)
31 December 2020	**529**	**3,131**	**3,660**
Current	79	991	1,070
Non-current	450	2,140	2,590
1 January 2019	684	2,029	2,713
Additions	–	940	940
Accretion in the year	–	134	134
Utilised in the year	(83)	(484)	(567)
Effect of foreign currency exchange difference	8	–	8
31 December 2019	**609**	**2,619**	**3,228**
Current	78	480	558
Non-current	531	2,139	2,670

UNFAVOURABLE CONTRACTS

In several business combinations, Glencore recognised liabilities related to various assumed contractual agreements to deliver tonnes of coal over various periods ending until 2034 at fixed prices lower than the prevailing market prices on the respective acquisition dates.

These amounts are released to revenue as the underlying commodities are delivered to the buyers over the life of the contracts at rates consistent with the extrapolated forward price curves at the time of the acquisitions.

PREPAYMENTS

Prepayments comprise various short to long-term product supply agreements whereby an upfront prepayment is received in exchange for the future delivery of a specific product, such as gold, silver or cobalt. The arrangements are accounted for as executory contracts whereby the advance payment is recorded as deferred revenue. The revenue from the advance payment is recognised as the specific product identified in the contract is delivered consistent with the implied forward price curve at the time of the transaction and an accretion expense, representing the time value of the upfront deposit, is also recognised.

Prepayments predominantly comprise:

- Life of mine arrangements – long-term streaming agreements for the future delivery of gold and/or silver produced over the life of mine from our Antamina, Antapaccay and Ernest Henry operations. In addition to the upfront payment received, for product delivered from the Antamina and Antapaccay operations, Glencore receives an ongoing amount equal to 20% of the spot silver and gold price. Once certain delivery thresholds have been met at Antapaccay, the ongoing cash payment increases to 30% of the spot gold and silver prices. As at 31 December 2020, $1,391 million (2019: $1,499 million) of product delivery obligations remain of which, $118 million (2019: $103 million) are due within 12 months.
- Silver supply arrangement – In December 2019, Glencore signed an extension of a silver prepayment arrangement, in exchange for an upfront advance payment of $500 million. Under the terms of the arrangement, Glencore is required to deliver an average of 19 million ounces of silver per annum, over a three year period. In December 2020, Glencore signed an extension of and one new silver prepayment arrangement, in exchange for an upfront advance of $426 million required to deliver an average of 6 million ounces of silver per annum, over a five year period. As at 31 December 2020, $841 million (2019: $680 million) of product delivery obligations remain of which, $292 million (2019: $265 million) are due within 12 months.
- Cobalt supply arrangement – In March 2019, Glencore signed a six year cobalt prepayment arrangement in exchange for an upfront advance payment of $100 million. Under the terms of the arrangement, Glencore is required to deliver an average of 1,621 metric tons of cobalt per annum over a four year period starting 2021. As at 31 December 2020, $100 million (2019: $102 million) of delivery obligations remain of which, $5 million (2019: $1 million) are due within 12 months.
- Palladium supply arrangement – In June 2019, Glencore signed a five year palladium prepayment arrangement in exchange for an upfront advance payment of $200 million. Under the terms of the arrangement, Glencore is required to deliver a minimum of 44 thousand ounces ounces of palladium per annum over a five year. In May 2020, Glencore signed a three year palladium prepayment arrangement in exchange for an upfront advance payment of $40 million. Under the terms of the arrangement, Glencore is required to deliver a minimum of 12 thousand ounces of palladium per annum over three year period. As at 31 December 2020, $200 million (2019: $200 million) of product delivery obligations remain of which, $63million (2019: $40 million) are due within 12 months.

NOTES TO THE FINANCIAL STATEMENTS
continued

21. Deferred income continued

- Gold supply arrangement – In December 2020, Glencore signed a 12 month gold prepayment arrangement in exchange for an upfront advance payment of $360 million. Under the terms of the arrangement, Glencore is required to deliver an average of 19 thousand ounces of gold per month. As at 31 December 2020, $360 million (2019: $Nil) of product delivery obligations remain of which, $360million (2019: $Nil) are due within 12 months.

22. Provisions (including post-retirement benefits)

US$ million	Notes	Post-retirement employee benefits	Other employee entitlements	Rehabilitation costs	Onerous contracts	Other	Total[1]
1 January 2020		958	228	4,847	595	633	7,261
Utilised		(106)	(71)	(189)	–	(37)	(403)
Released		–	–	–	(282)	(42)	(324)
Accretion		26	–	144	40	4	214
Disposal of subsidiaries	25	–	(9)	(208)	–	(15)	(232)
Additions		94	38	614	184	245	1,175
Reclassification to held for sale	15	–	(10)	(54)	–	(24)	(88)
Reclassification from held for sale	15	–	–	45	–	7	52
Effect of foreign currency exchange movements		8	5	(17)	(2)	(25)	(31)
31 December 2020		**980**	**181**	**5,182**	**535**	**746**	**7,624**
Current		–	–	297	143	253	693
Non-current		980	181	4,885	392	493	6,931
1 January 2019		798	243	4,457	722	628	6,848
Utilised		(93)	(25)	(171)	(1)	(118)	(408)
Released		–	(8)	(46)	(195)	(18)	(267)
Accretion		28	–	139	40	3	210
Assumed in business combination	25	44	–	80	–	2	126
Additions		153	19	419	36	151	778
Impact of adoption of IFRS 16		–	–	–	(8)	–	(8)
Reclassification to held for sale	15	–	–	(45)	–	(7)	(52)
Effect of foreign currency exchange movements		28	(1)	14	1	(8)	34
31 December 2019		**958**	**228**	**4,847**	**595**	**633**	**7,261**
Current		–	10	239	98	142	489
Non-current		958	218	4,608	497	491	6,772

1 As at 31 December 2019, provisions were restated by $530 million to reflect reclassification of uncertain tax provisions to current ($410 million) and deferred tax liabilities ($120 million).

POST-RETIREMENT EMPLOYEE BENEFITS
The provision for post-retirement employee benefits includes pension plan liabilities of $504 million (2019: $446 million) and post-retirement medical plan liabilities of $476 million (2019: $512 million), see note 23.

OTHER EMPLOYEE ENTITLEMENTS
The employee entitlement provision represents the value of governed employee entitlements due to employees upon their termination of employment. The associated expenditure will occur in a pattern consistent with when employees choose to exercise their entitlements.

REHABILITATION COSTS
Rehabilitation provision represents the accrued cost required to provide adequate restoration and rehabilitation upon the completion of production activities. These amounts will be settled when rehabilitation is undertaken, generally at the end of a project's life, which ranges from two to in excess of 50 years with an average for all sites, weighted by closure provision, of some 23 years (2019: 24 years).

As at 31 December 2020, the discount rate applied in calculating the restoration and rehabilitation provision is a pre-tax risk free rate specific to the liability and the currency in which they are denominated as follows: US dollar 1.6% (2019: 1.8%), South African rand 3.6% (2019: 3.8%), Australian dollar 2.3% (2019: 2.5%), Canadian dollar 1.7% (2019: 2.0%), and Chilean peso 2.6% (2019: 2.8%).

22. Provisions (including post-retirement benefits) continued

The effect of decreasing the discount rates used by 0.5% would result in an increase in the overall rehabilitation provision by $426 million, with a resulting movement of $348 million in property, plant and equipment and $78 million in the statement of income. In the following year, the depreciation expense would increase by some $15 million, with an opposite direction interest expense adjustment of $7 million. The resulting net impact in the statement of income would be a decrease of $8 million, eventually netting to $Nil over the weighted average settlement date of the provision.

ONEROUS CONTRACTS
Onerous contracts represent liabilities related to contractual take or pay commitments for securing coal logistics capacity and LNG re-gasification capacity at fixed prices and quantities higher than the acquisition date forecasted usage and prevailing market price. The provision is released to costs of goods sold as the underlying commitments are incurred.

OTHER
Other comprises provisions for possible demurrage, mine concession and construction related claims.

23. Personnel costs and employee benefits

Total personnel costs, which include salaries, wages, social security, other personnel costs and share-based payments, incurred for the years ended 31 December 2020 and 2019, were $5,403 million and $5,231 million, respectively. Personnel costs related to consolidated industrial subsidiaries of $3,944 million (2019: $4,035 million) are included in cost of goods sold. Other personnel costs, including deferred bonus and performance share plans, are included in selling and administrative expenses.

The Company and certain subsidiaries sponsor various pension schemes in accordance with local regulations and practices. Eligibility for participation in the various plans is either based on completion of a specified period of continuous service, or date of hire. Among these schemes are defined contribution plans as well as defined benefit plans.

DEFINED CONTRIBUTION PLANS
Glencore's contributions under these plans amounted to $122 million in 2020 (2019: $141 million).

POST-RETIREMENT MEDICAL PLANS
The Company participates in a number of post-retirement medical plans, principally in Canada, which provide coverage for prescription drugs, medical, dental, hospital and life insurance to eligible retirees. Almost all of the post-retirement medical plans in the Group are unfunded.

DEFINED BENEFIT PENSION PLANS
The Company operates defined benefit plans in various countries, the main locations being Canada, Switzerland, UK and the U.S.. Approximately 65% of the present value of obligations accrued relates to the defined benefit plans in Canada, which are pension plans that provide benefits to members in the form of a guaranteed level of pension payable for life. Contributions to the Canadian plans are made to meet or exceed minimum funding requirements based on provincial statutory requirements and associated federal taxation rules.

The majority of benefit payments are from trustee-administered funds; however, there are also a number of unfunded plans where Glencore meets the benefit payments as they fall due. Plan assets held in trusts are governed by local regulations and practices in each country. Responsibility for governance of the plans – overseeing all aspects of the plans including investment decisions and contribution schedules – lies with Glencore. Glencore has set up committees to assist in the management of the plans and has also appointed experienced, independent professional experts such as investment managers, actuaries, custodians, and trustees.

23. Personnel costs and employee benefits continued

The movement in the defined benefit pension and post-retirement medical plans over the year is as follows:

US$ million	Notes	Post-retirement medical plans	Defined benefit pension plans: Present value of defined benefit obligation	Fair value of plan assets	Net liability for defined benefit pension plans
1 January 2020		**512**	2,951	(2,547)	**404**
Current service cost		8	59	–	59
Past service cost – plan amendments		–	2	–	2
Settlement of pension plan disposal		–	(41)	48	7
Interest expense/(income)		19	75	(68)	7
Total expense/(income) recognised in consolidated statement of income		**27**	95	(20)	**75**
Gain on plan assets, excluding amounts included in interest expense – net		–	–	(150)	(150)
Gain from change in demographic assumptions		(75)	(3)	–	(3)
Loss from change in financial assumptions		28	211	–	211
Loss from actuarial experience		4	5	–	5
Actuarial (gains)/losses recognised in consolidated statement of comprehensive income		**(43)**	213	(150)	**63**
Employer contributions		–	–	(83)	(83)
Employee contributions		–	1	(1)	–
Benefits paid directly by the Company		(23)	(8)	8	–
Benefits paid from plan assets		–	(174)	174	–
Net cash (outflow)/inflow		**(23)**	(181)	98	**(83)**
Exchange differences		3	60	(55)	5
31 December 2020		**476**	3,138	(2,674)	**464**
Of which:					
Pension surpluses	11	–			(40)
Pension deficits	22	476			504

The actual return on plan assets in respect of defined benefit pension plans amounted to a gain of $273 million (2019: $396 million), comprising interest income and the re-measurement of plan assets.

During the next financial year, the Group expects to make a contribution of $84 million to the defined benefit pension and post-retirement medical plans across all countries, including current service costs and contributions required by pension legislation. Contributions over the next five years for the Canadian plans only, based on the most recently filed actuarial reports, approximate $121 million. Future funding requirements and contributions are reviewed and adjusted on an annual basis.

23. Personnel costs and employee benefits continued

			Defined benefit pension plans		
US$ million	Notes	Post-retirement medical plans	Present value of defined benefit obligation	Fair value of plan assets	Net liability for defined benefit pension plans
1 January 2019		**405**	2,651	(2,299)	**352**
Current service cost		7	52	–	52
Past service cost – plan amendments		(1)	(5)	–	(5)
Settlement of pension plan disposal		–	(86)	85	(1)
Interest expense/(income)		21	93	(83)	10
Total expense recognised in consolidated statement of income		**27**	54	2	**56**
Gain on plan assets, excluding amounts included in interest expense – net		–	–	(207)	(207)
Gain from change in demographic assumptions		–	(2)	–	(2)
Loss from change in financial assumptions		39	256	–	256
Loss from actuarial experience		1	12	–	12
Actuarial losses/(gains) recognised in consolidated statement of comprehensive income		**40**	266	(207)	**59**
Employer contributions		–	–	(72)	(72)
Employee contributions		–	1	(1)	–
Benefits paid directly by the Company		(21)	(8)	8	–
Benefits paid from plan assets		–	(153)	153	–
Net cash (outflow)/inflow		**(21)**	(160)	88	**(72)**
Acquisition of business	25	44	25	(25)	–
Exchange differences		17	115	(106)	9
31 December 2019		**512**	2,951	(2,547)	**404**
Of which:					
Pension surpluses	11	–			(42)
Pension deficits	22	512			446

The defined benefit obligation accrued in Canada represents the majority for the Company. The breakdown below provides details of the Canadian plans for both the statement of financial position and the weighted average duration of the defined benefit obligation as at 31 December 2020 and 2019. The net liability of any of the Group's defined benefit plans outside of Canada as at 31 December 2020 does not exceed $92 million (2019: $108 million).

23. Personnel costs and employee benefits continued

2020

US$ million	Canada	Other	Total
Post-retirement medical plans			
Present value of defined benefit obligation	415	61	**476**
of which: amounts owing to active members	142	11	153
of which: amounts owing to pensioners	273	50	323
Defined benefit pension plans			
Present value of defined benefit obligation	2,041	1,097	**3,138**
of which: amounts owing to active members	501	533	1,034
of which: amounts owing to non-active members	37	192	229
of which: amounts owing to pensioners	1,503	372	1,875
Fair value of plan assets	(1,917)	(757)	**(2,674)**
Net defined benefit liability at 31 December 2020	**124**	**340**	**464**
Of which:			
Pension surpluses	(38)	(2)	(40)
Pension deficits	162	342	504
Weighted average duration of defined benefit obligation – years	13	16	**14**

2019

US$ million	Canada	Other	Total
Post-retirement medical plans			
Present value of defined benefit obligation	443	69	**512**
of which: amounts owing to active members	140	13	153
of which: amounts owing to pensioners	303	56	359
Defined benefit pension plans			
Present value of defined benefit obligation	1,967	984	**2,951**
of which: amounts owing to active members	525	453	978
of which: amounts owing to non-active members	24	188	212
of which: amounts owing to pensioners	1,418	343	1,761
Fair value of plan assets	(1,882)	(665)	**(2,547)**
Net defined benefit liability at 31 December 2019	**85**	**319**	**404**
Of which:			
Pension surpluses	(40)	(2)	(42)
Pension deficits	125	321	446
Weighted average duration of defined benefit obligation – years	12	17	**14**

Estimated future benefit payments of the Canadian plans, which reflect expected future service but exclude plan expenses, up until 2030 are as follows:

US$ million	Post-retirement medical plans	Defined benefit pension plans	Total
2021	19	137	156
2022	19	106	125
2023	19	106	125
2024	19	149	168
2025	19	102	121
2026-2030	91	502	593
Total	**186**	**1,102**	**1,288**

23. Personnel costs and employee benefits continued

The plan assets consist of the following:

	2020		2019	
	Active market	Non-active market	Active market	Non-active market
Cash and short-term investments	24	21	15	19
Fixed income	844	213	900	185
Equities	979	–	960	–
Other	393	200	296	172
Total	**2,240**	**434**	**2,171**	**376**

The fair value of plan assets includes none of Glencore's own financial instruments and no property occupied by or other assets used by Glencore. For many of the plans, representing a large portion of the global plan assets, asset-liability matching strategies are in place, where the fixed-income assets are invested broadly in alignment with the duration of the plan liabilities, and the proportion allocated to fixed-income assets is raised when the plan funding level increases. The asset mix for each plan reflects the nature, expected changes in, and size of the liabilities and the assessment of long-term economic conditions, market risk, expected investment returns as considered during a formal asset mix study, including sensitivity analysis and/or scenario analysis, conducted periodically for the plans.

Through its defined benefit plans, Glencore is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The funded plans hold a significant proportion of equities, which are expected to outperform bonds in the long term while contributing volatility and risk in the short term. Glencore believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of Glencore's long-term strategy to manage the plans efficiently.

Change in bond yields: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk: Some of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities, although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation.

Life expectancy: The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liability.

Salary increases: Some of the plans' benefit obligations related to active members are linked to their salaries. Higher salary increases will therefore tend to lead to higher plan liabilities.

The principal weighted-average actuarial assumptions used were as follows:

	Post-retirement medical plans		Defined benefit pension plans	
	2020	2019	**2020**	2019
Discount rate	3.6%	3.9%	2.2%	2.7%
Future salary increases	–	–	2.6%	2.6%
Future pension increases	–	–	0.4%	0.4%
Ultimate medical cost trend rate	4.6%	4.5%	–	–

Mortality assumptions are based on the latest available standard mortality tables for the individual countries concerned. As at 31 December 2020, these tables imply expected future life expectancy, for employees aged 65, 16 to 23 years for males (2019: 16 to 24) and 20 to 25 years for females (2019: 20 to 25). The assumptions for each country are reviewed regularly and are adjusted where necessary to reflect changes in fund experience and actuarial recommendations.

NOTES TO THE FINANCIAL STATEMENTS
continued

23. Personnel costs and employee benefits continued

The sensitivity of the defined benefit obligation to changes in principal assumptions as at 31 December 2020 is set out below, assuming that all other assumptions are held constant and the effect of interrelationships is excluded.

	Increase/(decrease) in pension obligation		
US$ million	Post-retirement medical plans	Defined benefit pension plans	**Total**
Discount rate			
Increase by 50 basis points	(33)	(200)	**(233)**
Decrease by 50 basis points	37	219	**256**
Rate of future salary increase			
Increase by 100 basis points	–	41	**41**
Decrease by 100 basis points	–	(39)	**(39)**
Rate of future pension benefit increase			
Increase by 100 basis points	–	65	**65**
Decrease by 100 basis points	–	(58)	**(58)**
Medical cost trend rate			
Increase by 100 basis points	60	–	**60**
Decrease by 100 basis points	(47)	–	**(47)**
Life expectancy			
Increase in longevity by one year	14	77	**91**

24. Accounts payable

US$ million	Notes	**2020**	2019
Financial liabilities at amortised cost			
Trade payables		8,021	7,099
Margin calls received[1]		1,033	310
Associated companies		1,209	1,501
Other payables and accrued liabilities		1,844	1,776
Financial liabilities at fair value through profit and loss			
Trade payables containing provisional pricing features	28	11,264	14,808
Non-financial instruments			
Advances settled in product		289	240
Other tax and related payables		378	459
Total		**24,038**	**26,193**

1 Includes $988 million (2019: $263 million) of cash collateral receipts under margin arrangements related to cross currency swaps held to hedge non-U.S. dollar denominated bonds.

Trade payables are obligations to pay for goods and services. Trade payables typically have maturities up to 90 days depending on the type of material and the geographic area in which the purchase transaction occurs and the agreed terms. As at 31 December 2020, 10% (2019: 2%) of total trade payables of $19,285 million (2019: $21,907 million) include liabilities under supplier financing arrangements with maturities beyond 91 days (refer to note 1 for critical judgements associated with classification of liabilities which contain a financing element). The carrying value of trade payables approximates fair value.

25. Acquisition and disposal of subsidiaries and other entities

2020 ACQUISITIONS

In 2020, there were no material acquisitions of subsidiaries.

2019 ACQUISITIONS

In 2019, Glencore acquired a 75% controlling interest in Chevron South Africa Proprietary Limited and a 100% interest in Chevron Botswana Proprietary Limited (together "Astron Energy"), a 42.9% additional interest in Polymet Mining Corp ("Polymet") and increased its interest in Ulan and Hail Creek.

The net cash used in the acquisition of subsidiaries and the provisional fair value of assets acquired and liabilities assumed on the acquisition date are detailed below:

US$ million	Astron Energy	Polymet	Ulan	Hail Creek	Other	**Total**
Non-current assets						
Property, plant and equipment	1,013	420	134	40	16	1,623
Intangible assets	335	24	–	–	12	371
Advances and loans[1]	7	13	–	–	1	21
	1,355	457	134	40	29	**2,015**
Current assets						
Inventories	584	–	3	3	–	590
Accounts receivable[1]	294	2	8	3	–	307
Cash and cash equivalents	50	6	1	1	1	59
	928	8	12	7	1	**956**
Non-controlling interest	(260)	(111)	–	–	–	**(371)**
Non-current liabilities						
Borrowings	(151)	(1)	–	–	(2)	(154)
Deferred tax liabilities	(199)	–	–	–	(4)	(203)
Provisions including post-retirement benefits	(48)	(63)	(5)	(2)	–	(118)
	(398)	(64)	(5)	(2)	(6)	**(475)**
Current liabilities						
Borrowings	(130)	–	–	–	–	(130)
Accounts payable	(487)	(7)	(17)	(5)	(1)	(517)
Provisions	(3)	(4)	–	(1)	–	(8)
	(620)	(11)	(17)	(6)	(1)	**(655)**
Total fair value of net assets acquired	**1,005**	**279**	**124**	**39**	**23**	**1,470**
Less: cash and cash equivalents acquired	(50)	(6)	(1)	(1)	(1)	(59)
Less: amounts previously recognised as exchangeable loan	(1,005)	–	–	–	–	(1,005)
Less: amounts previously recognised as investments	–	(36)	–	–	(4)	(40)
Less: amounts previously recognised as non-current loan	–	(243)	–	–	–	(243)
Net cash used in acquisition of subsidiaries	**(50)**	**(6)**	**123**	**38**	**18**	**123**
Acquisition related costs	–	–	6	–	–	6

1 There is no material difference between the gross contractual amounts for advances and loans and accounts receivable and their fair value.

Astron Energy

On 6 October 2017, Glencore entered into an agreement with Off the Shelf Investments Fifty Six (RF) Proprietary Limited ("OTS") to acquire from OTS (i) a 75% stake in Chevron South Africa Proprietary Limited (Chevron SA) and certain related interests and (ii) the entire issued share capital of Chevron Botswana Proprietary Limited (together the "Astron Energy") following closing of OTS's exercise of its pre-emptive right to acquire Astron Energy from the Chevron group. OTS's acquisition from Chevron closed on 1 October 2018, at which time Glencore advanced $1,044 million to OTS under an exchangeable loan arrangement. On 8 April 2019, the loan was exchanged into the 75% stake in Chevron SA and the 100% stake in Chevron Botswana acquired by OTS. As Glencore holds the majority of the voting shares, providing it the ability to appoint a controlling number of directors to the board, Glencore is required to account for Astron Energy using the full consolidation method in accordance with IFRS 10. The acquisition accounting for Astron Energy has now been finalised, with no adjustments to the previously reported provisional fair values.

If the acquisition had taken place effective 1 January 2019, the operation would have contributed additional revenue of $1,914 million and additional attributable net loss of $1 million for the year ended 31 December 2019. From the date of acquisition, the operation contributed $3,888 million of revenue and $71 million of attributable net loss for the year ended 31 December 2019.

25. Acquisition and disposal of subsidiaries and other entities continued

Polymet

On 26 June 2019, Glencore concluded the acquisition (via a rights issue) of an additional 42.9% interest in Polymet Mining Corp ("Polymet"), a company in the early stages of developing the NorthMet polymetallic (copper, nickel and precious metals) deposit in Minnesota for a total consideration of $243 million. Polymet is listed on the Toronto and New York stock exchanges. The consideration was satisfied through Glencore's participation in Polymet's rights issue, in which the proceeds raised were used to repay loans previously extended to Polymet by Glencore. As such, Glencore did not commit any new funds to Polymet. Following the capital raise, Glencore's voting interest increased from 28.8% to 71.7%.

As Glencore holds the majority of the voting rights, providing it the ability to appoint a controlling number of directors to the board, Glencore is required to account for Polymet using the full consolidation method in accordance with IFRS 10.

Prior to acquisition, Glencore owned a 28.8% interest in Polymet which was accounted for as an associate. In accordance with IFRS 3: Business Combinations, this equity interest is required to be revalued, at the date of acquisition, to its fair value with any resulting gain or loss recognised in the statement of income. The fair value of the existing interest was determined to be $36 million, by reference to the Polymet share price on the date of acquisition and as a result, a loss of $38 million was recognised in loss on disposals and investments. The acquisition accounting for Polymet has now been finalised, with no adjustments to the previously reported provisional fair values.

If the acquisition had taken place effective 1 January 2019, the operation would have contributed additional revenue of $Nil and additional attributable net loss of $2 million for the year ended 31 December 2019. From the date of acquisition, the operation contributed $Nil of revenue and attributable net loss of $3 million for the year ended 31 December 2019.

Ulan/Hail Creek

In January 2019, Glencore completed the acquisition of an additional 10% of Ulan and 2.7% of Hail Creek for a net consideration of $124 million and $39 million respectively, increasing Glencore's interest in Ulan and Hail Creek to 100% and 84.7%, respectively.

25. Acquisition and disposal of subsidiaries and other entities continued

2020 DISPOSALS

In 2020, Glencore disposed of its controlling interest in Minera Alumbrera Limited. The carrying value of the assets and liabilities over which control was lost and the net cash used in the disposal are detailed below:

US$ million	Alumbrera
Non-current assets	
Property, plant and equipment	12
	12
Current assets	
Inventories	2
Accounts receivable	14
Cash and cash equivalents	222
	238
Non-controlling interest	**2**
Current liabilities	
Provisions	(182)
	(182)
Current liabilities	
Borrowings	(13)
Accounts payable	(9)
Provisions	(50)
	(72)
Carrying value of net assets disposed	**(2)**
Net gain on disposal	**(2)**
Cash and cash equivalents received	–
Less: cash and cash equivalents disposed	(222)
Net cash used in disposal	**(222)**

Minera Alumbrera Limited

In December 2020, Glencore disposed of its 50% interest in Minera Alumbrera Limited, a copper-gold operation in Argentina, in return for a 24.99% interest in Minera Agua Rica Alumbrera Limited. Glencore is no longer able to unilaterally direct the key strategic, operating and capital decisions of Minera Alumbrera Limited and was deemed to have disposed of its controlling interest at fair value. The difference to the net carrying value was recognised through the statement of income, with Glencore subsequently accounting for its share in Minera Agua Rica Alumbrera Limited using the equity method in accordance with IAS 28.

NOTES TO THE FINANCIAL STATEMENTS
continued

25. Acquisition and disposal of subsidiaries and other entities continued

2019 DISPOSALS

In 2019, Glencore disposed of its controlling interest in Terminales Portuarios Chancay S.A.. The carrying value of the assets and liabilities over which control was lost and the net cash received from the disposal are detailed below:

US$ million	Terminales Portuarios Chancay	Others	**Total**
Non-current assets			
Property, plant and equipment	55	–	55
Intangible assets	33	–	33
Advances and loans	2	–	2
Deferred tax asset	1	–	1
	91	–	**91**
Current assets			
Accounts receivable	44	–	44
Cash and cash equivalents	1	–	1
	45	–	**45**
Current liabilities			
Accounts payable	(1)	(3)	(4)
	(1)	(3)	**(4)**
Carrying value of net assets disposed	**135**	**(3)**	**132**
Cash and cash equivalents received	–	(6)	(6)
Retained interest recognised as investment	(150)	–	(150)
Future consideration	(11)	(6)	(17)
Net loss/(gain) on disposal	**(26)**	**(15)**	**(41)**
Cash and cash equivalents received	–	6	6
Less: cash and cash equivalents disposed	(1)	–	(1)
Net cash received from disposal	**(1)**	**6**	**5**

Terminales Portuarios Chancay

In April 2019, Glencore disposed of a 60% interest in Terminales Portuarios Chancay S.A., a Peruvian port, for cash consideration of $11 million. Glencore is no longer able to unilaterally direct the key strategic, operating and capital decisions of Terminales Portuarios Chancay S.A. and was deemed to have disposed of its controlling interest at fair value. The difference to the net carrying value was recognised through the statement of income, with Glencore subsequently accounting for its remaining share using the equity method in accordance with IAS 28 (see note 10).

26. Financial and capital risk management

Financial risks arising in the normal course of business from Glencore's operations comprise market risk (including commodity price risk, interest rate risk and currency risk), credit risk (including performance risk) and liquidity risk. It is Glencore's policy and practice to identify and, where appropriate and practical, actively manage such risks (for management of "margin" risk within Glencore's extensive and diversified industrial portfolio, refer net present value at risk below) to support its objectives in managing its capital and future financial security and flexibility. Glencore's overall risk management programme focuses on the unpredictability of financial markets and seeks to protect its financial security and flexibility by using derivative financial instruments where possible to substantially hedge these financial risks. Glencore's finance and risk professionals, working in coordination with the commodity departments, monitor, manage and report regularly to senior management and the Board of Directors on the approach and effectiveness in managing financial risks along with the financial exposures facing the Group.

Glencore's objectives in managing its "capital attributable to equity holders" include preserving its overall financial health and strength for the benefit of all stakeholders, maintaining an optimal capital structure in order to provide a high degree of financial flexibility at an attractive cost of capital and safeguarding its ability to continue as a going concern, while generating sustainable long-term profitability. Central to meeting these objectives is maintaining an investment grade credit rating status. Glencore's current credit ratings are Baa1 (negative outlook) from Moody's and BBB+ (stable) from S&P.

DISTRIBUTION POLICY AND OTHER CAPITAL MANAGEMENT INITIATIVES

Glencore's cash distribution policy comprises two components: (1) a fixed $1 billion component and (2) a variable element representing 25% of free cash flow generated by our industrial assets during the year. The actual variable distribution component (25% pay-out guidance) will reflect prevailing balance sheet position, market conditions and outlook and be confirmed annually in respect of prior period's cash flows. Distributions are expected to be formally declared by the Board annually (with the preliminary full-year results). Distributions, when declared, will be settled equally in May and September of the year they are declared in. In addition and acknowledging the cyclical nature of the industry, in periods of strong earnings and cash generation the Board, considering all relevant factors, could declare additional distributions to be included with the distribution confirmed with respect to the prior year, consider top-up distributions during the year and/or initiate or continue share buy-back programmes. Notwithstanding that the distribution is declared and paid in U.S. dollars, shareholders will be able to elect to receive their distribution payments in Pounds Sterling, Euros or Swiss Francs based on the exchange rates in effect around the date of payment. Shareholders on the JSE will receive their distributions in South African Rand.

COMMODITY PRICE RISK

Glencore is exposed to price movements for the inventory it holds and the products it produces which are not held to meet priced forward contract obligations and forward priced purchase or sale contracts. Glencore manages a significant portion of this exposure through futures and options transactions on worldwide commodity exchanges or in over the counter (OTC) markets, to the extent available. Commodity price risk management activities are considered an integral part of Glencore's physical commodity marketing activities and the related assets and liabilities are included in other financial assets from and other financial liabilities to derivative counterparties, including clearing brokers and exchanges. Whilst it is Glencore's policy to substantially hedge its commodity price risks, there remains the possibility that the hedging instruments chosen may not always provide effective mitigation of the underlying price risk. The hedging instruments available to the marketing businesses may differ in specific characteristics to the risk exposure to be hedged, resulting in an ongoing and unavoidable basis risk exposure. Residual basis risk exposures represent a key focus point for Glencore's commodity department teams who actively engage in the management of such.

26. Financial and capital risk management continued

VALUE AT RISK

One of the tools used by Glencore to monitor and limit its primary market risk exposure, principally commodity price risk related to its physical marketing activities, is a value at risk (VaR) computation. VaR is a risk measurement technique which estimates a threshold for potential loss that could occur on risk positions as a result of movements in risk factors over a specified time horizon, given a specific level of confidence and based on a specific price history. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities, as well as risk diversification by recognising offsetting positions and correlations between commodities and markets. In this way, risks can be measured consistently across markets and commodities and risk measures can be aggregated to derive a single risk value.

Glencore uses a VaR approach based on Monte Carlo simulations computed at a 95% confidence level and utilising a weighted data history for a one-day time horizon. Glencore's Board has set an unchanged consolidated VaR limit (one day 95% confidence level) of $100 million representing less than 0.2% of total equity, which the Board reviews annually. Given H1 2020's extreme implied market volatility, together with statistically elevated commodity correlations and increased Glencore Carry Trade transactions, the Board approved a temporary increase in the VaR limit to $120 million in May 2020. With markets having stabilized through June/July, the original $100 million limit has been restored. There were no limit breaches during the year.

Position sheets are regularly distributed and monitored and daily Monte Carlo simulations are applied to the various business groups' net marketing positions to determine potential losses.

Market risk VaR (one-day 95% confidence level) ranges and year-end positions were as follows:

US$ million	**2020**	2019
Year-end position	33	18
Average during the year	39	27
High during the year	102	43
Low during the year	14	18

VaR does not purport to represent actual gains or losses in fair value in earnings to be incurred by Glencore, nor does Glencore claim that these VaR results are indicative of future market movements or representative of any actual impact on its future results. VaR should always be viewed in the context of its limitations; notably, the use of historical data as a proxy for estimating future events, market illiquidity risks and tail risks. Glencore recognises these limitations, and thus complements and continuously refines its VaR analysis by analysing forward looking stress scenarios, benchmarking against an alternative VaR computation based on historical simulations and back testing calculated VaR against the hypothetical portfolio returns arising in the next business day.

Glencore's VaR computation currently covers its business in the key base metals (including aluminium, nickel, zinc, copper and lead), coal, iron ore and oil/natural gas and assesses the open priced positions which are subject to price risk, including inventories of these commodities. Due to the lack of a liquid terminal market, Glencore does not include a VaR calculation for products such as alumina, molybdenum, cobalt, freight and some risk associated with metals' concentrates as it does not consider the nature of these markets to be suited to this type of analysis. Alternative measures are used to monitor exposures related to these products.

NET PRESENT VALUE AT RISK

Glencore's future cash flows related to its forecast Industrial production activities are also exposed to commodity price movements. Glencore manages this exposure through a combination of portfolio diversification, occasional shorter-term hedging via futures and options transactions, insurance products and continuous internal monitoring, reporting and quantification of the underlying operations' estimated cash flows and valuations.

INTEREST RATE RISK

Glencore is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its assets and liabilities and cash flows. Matching of assets and liabilities is utilised as the dominant method to hedge interest rate risks; other methods include the use of interest rate swaps and similar derivative instruments with the same critical terms as the underlying interest rate exposures. See details on swap instruments used below.

Floating rate debt which is predominantly used to fund fast turning working capital (interest is internally charged on the funding of this working capital) is primarily based on US$ LIBOR plus an appropriate premium. Accordingly, prevailing market interest rates are continuously factored into transactional pricing and terms.

Assuming the amount of floating rate liabilities at the reporting period end were outstanding for the whole year, interest rates were 50 basis points higher/lower and all other variables held constant, Glencore's income for the year ended 31 December 2020 would decrease/increase by $112 million (2019: $126 million).

Interest rate benchmark reform

Whereas initially the UK FCA announced that they would not compel the 20 panel banks to submit into the LIBOR interest rate setting mechanism by the end of 2021, in November 2020 they issued a revised timetable, with the consequence that overnight, 1, 3 and 6 month USD LIBOR's will continue to be quoted until 30 June 2023.

26. Financial and capital risk management continued

To cater for the envisaged transition of interest rate hedging arrangements, which have an accelerated timetable, the Group has agreed to align with the ISDA fall-back protocol. Therefore, all existing and new commercial and financial arrangements referencing LIBORs, will be amended in line with the timelines and announcements made by regulators in the respective currency jurisdiction.

The Group has additionally established a multidisciplinary working group, to prepare and implement a LIBOR transition plan. This working group is assessing on an ongoing basis the potential impact of LIBOR reform. This transition plan includes updating policies, systems and processes, in order to anticipate the appropriate changes as and when deemed necessary.

CURRENCY RISK

The U.S. dollar is the predominant functional currency of the Group. Currency risk is the risk of loss from movements in exchange rates related to transactions and balances in currencies other than the U.S. dollar. Such transactions include operating expenditure, capital expenditure and to a lesser extent purchases and sales in currencies other than the functional currency. Purchases or sales of commodities concluded in currencies other than the functional currency, apart from certain limited domestic sales at industrial operations which act as a hedge against local operating costs, are ordinarily economically hedged through forward exchange contracts. Consequently, foreign exchange movements against the U.S. dollar on recognised transactions would have an immaterial financial impact. Glencore enters into currency hedging transactions with leading financial institutions.

Glencore's debt related payments (both principal and interest) are primarily denominated in or swapped using hedging instruments into U.S. dollars. Glencore's operating expenses, being a small portion of its revenue base, are incurred in a mix of currencies of which the U.S. dollar, Swiss Franc, Pound Sterling, Canadian dollar, Australian dollar, Euro, Kazakhstan Tenge, Colombian Peso and South African Rand are the predominant currencies.

Glencore has issued Euro, Swiss Franc, Sterling and Yen denominated bonds (see note 20). Cross currency swaps were concluded to hedge the currency risk on the principal and related interest payments of these bonds. These contracts were designated as fair value or cash flow hedges of the associated foreign currency risks. The critical terms of these swap contracts and their corresponding hedged items are matched and the Group expects a highly effective hedging relationship with the swap contracts and the value of the corresponding hedged items to change systematically in opposite direction in response to movements in the underlying exchange rates. The corresponding fair value and notional amounts of these derivatives is as follows:

	Notional amounts		Average FX rates		Carrying amount Assets (Note 28)		Carrying amount Liabilities (Note 28)		Average maturity[1]
US$ million	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	
Cross currency swap agreements									
Cash flow hedges – currency risk									
Eurobonds	2,907	1,777	1.14	1.11	164	6	–	4	2025
Sterling bonds	798	1,783	1.60	1.79	–	–	126	454	2022
Swiss franc bonds	504	256	1.06	1.02	16	–	–	4	2026
Fair value hedges – currency and interest rate risk									
Eurobonds	4,323	6,664	1.27	1.24	232	128	120	513	2024
Yen bonds	81	81	0.01	0.01	16	10	–	–	2022
Sterling bonds	663	663	1.33	1.33	81	28	–	–	2026
Swiss franc bonds	440	956	1.04	1.04	48	–	–	2	2022
	9,716	12,180			557	172	246	977	
Interest rate swap agreements									
Fair value hedges – interest rate risk									
US$ bonds	5,250	5,670	–	–	525	235	4	1	2025
	14,966	**17,850**			**1,082**	**407**	**250**	**978**	

1 Refer to note 20 for details.

26. Financial and capital risk management continued

The gross liquidity risk relating to the above cross currency swaps entered into for the purposes of hedging foreign currency and interest rate risks arising from the Group's non-U.S. dollar denominated bonds is presented below. The amounts reflect the expected gross settlement of the U.S. dollar pay leg of these swaps. The inflows from the related foreign currency receive leg of these swaps are not presented in the below table, but would approximate the foreign currency equivalent of the US dollar pay leg. Counterparty settlement date risk related to these swaps is limited, as the Group has entered into margining arrangements for both the outflow and inflow legs of the swap.

US$ million	After 5 years	Due 3 – 5 years	Due 2 – 3 years	Due 1 – 2 years	Due 0 – 1 year	**Total**
2020	3,381	2,123	1,823	1,970	1,305	**10,602**
2019	3,099	2,804	1,987	2,688	1,909	**12,487**

The carrying amounts of the fair value hedged items are as follows:

	Carrying amount of the hedged item (Note 20)		Of which, accumulated amount of fair value hedge adjustments	
US$ million	**2020**	2019	**2020**	2019
Foreign exchange and interest rate risk				
Eurobonds	4,372	6,213	184	154
Yen bonds	97	92	–	–
Swiss franc bonds	486	957	5	1
Sterling bonds	724	672	45	12
US$ bonds	5,702	5,850	489	213
	11,381	**13,784**	**723**	**380**

CREDIT RISK

Credit risk arises from the possibility that counterparties may not be able to settle obligations due to Glencore within their agreed payment terms. Financial assets which potentially expose Glencore to credit risk consist principally of cash and cash equivalents, receivables and advances, derivative instruments and non-current advances and loans. Glencore's credit management process includes the assessment, monitoring and reporting of counterparty exposure on a regular basis. Glencore's cash and cash equivalents are placed overnight with a diverse group of highly credit rated financial institutions. Margin calls paid are similarly held with credit rated financial institutions. Glencore determines these instruments to have low credit risk at the reporting date. Credit risk with respect to receivables and advances is mitigated by the large number of customers comprising Glencore's customer base, their diversity across various industries and geographical areas, as well as Glencore's policy to mitigate these risks through letters of credit, netting, collateral and insurance arrangements where appropriate. Additionally, it is Glencore's policy that transactions and activities in trade related financial instruments be concluded under master netting agreements or long form confirmations to enable offsetting of balances due to/from a common counterparty in the event of default by the counterparty. Glencore actively and continuously monitors the credit quality of its counterparties through internal reviews and a credit scoring process, which includes, where available, public credit ratings. Balances with counterparties not having a public investment grade or equivalent internal rating are typically enhanced to investment grade through the extensive use of credit enhancement products, such as letters of credit or insurance products. Glencore has a diverse customer base, with no customer representing more than 5.1% (2019: 4.7%) of its trade receivables (on a gross basis taking into account credit enhancements) or accounting for more than 3.1% of its revenues over the year ended 31 December 2020 (2019: 3.5%)(see notes 3 and 13).

The maximum exposure to credit risk (including performance risk – see below), without considering netting agreements or without taking account of any collateral held or other credit enhancements, is equal to the carrying amount of Glencore's financial assets (see note 27) and physically-settled advances (see notes 11 and 13).

26. Financial and capital risk management continued

Performance risk

Performance risk (part of the broader credit risk subject matter, discussed above) is inherent in contracts, with agreements in the future, to physically purchase or sell commodities with fixed price attributes, and arises from the possibility that counterparties may not be willing or able to meet their future contractual physical sale or purchase obligations to/from Glencore. Glencore undertakes the assessment, monitoring and reporting of performance risk within its overall credit management process. Glencore's market breadth, diversified supplier and customer base as well as the standard pricing mechanism in the vast majority of Glencore's commodity portfolio which does not fix prices beyond three months, with the main exception being coal, where longer-term fixed price contracts are relatively common, ensure that performance risk is adequately mitigated. The commodity industry has trended towards shorter term fixed price contract periods, in part to mitigate against such potential performance risk, but also due to the continuous development of transparent and liquid spot commodity markets, with their associated derivative products and indexes.

LIQUIDITY RISK

Liquidity risk is the risk that Glencore is unable to meet its payment obligations when due, or that it is unable, on an ongoing basis, to borrow funds in the market on an unsecured or secured basis at an acceptable price to fund actual or proposed commitments. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and availability of adequate committed funding facilities. Glencore has set itself an internal minimum liquidity target to maintain at all times, including via available committed undrawn credit facilities, of $3 billion (2019: $3 billion), which has purposely been substantially exceeded in recent years, accounting for the more volatile market backdrop. Glencore's credit profile, diversified funding sources and committed credit facilities, ensure that sufficient liquid funds are maintained to meet its liquidity requirements. As part of its liquidity management, Glencore closely monitors and plans for its future capital expenditure, working capital needs and proposed investments, as well as credit facility refinancing/extension requirements, well ahead of time (see notes 1, 11, 20, 21 and 24).

As at 31 December 2020, Glencore had available committed undrawn credit facilities and cash amounting to $10,259 million (2019: $10,141 million), refer to Other reconciliations section. The maturity profile of Glencore's financial liabilities based on the contractual terms is as follows:

2020

US$ million	After 5 years	Due 3 – 5 years	Due 2 – 3 years	Due 1 – 2 years	Due 0 – 1 year	**Total**
Borrowings excluding lease liabilities	8,887	6,566	3,690	9,077	7,739	35,959
Expected future interest payments	1,993	724	524	642	846	4,729
Lease liabilities – undiscounted	1,013	267	235	426	593	2,534
Accounts payable	–	–	–	–	23,371	23,371
Other financial liabilities	336	–	–	–	4,628	4,964
Total	**12,229**	**7,557**	**4,449**	**10,145**	**37,177**	**71,557**
Current assets					43,212	43,212

2019

US$ million	After 5 years	Due 3 – 5 years	Due 2 – 3 years	Due 1 – 2 years	Due 0 – 1 year	**Total**
Borrowings excluding lease liabilities	8,294	6,343	4,000	9,272	7,492	35,401
Expected future interest payments	2,586	866	613	834	925	5,824
Lease liabilities – undiscounted	618	289	239	385	569	2,100
Accounts payable	–	–	–	–	25,494	25,494
Other financial liabilities	379	–	–	–	3,722	4,101
Total	**11,877**	**7,498**	**4,852**	**10,491**	**38,202**	**72,920**
Current assets					41,410	41,410

27. Financial instruments

FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables present the carrying values and fair values of Glencore's financial instruments. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (most advantageous) market at the measurement date under current market conditions. Where available, market values have been used to determine fair values. When market values are not available, fair values have been calculated by discounting expected cash flows at prevailing market interest and exchange rates. The estimated fair values have been determined using market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that Glencore could realise in the normal course of business.

The financial assets and liabilities are presented by class in the tables below at their carrying values, which generally approximate the fair values with the exception of $37,479 million (2019: $37,043 million) of borrowings, the fair value of which at 31 December 2020 was $38,672 million (2019: $37,670 million) based on observable market prices applied to the borrowing portfolio (a Level 2 fair value measurement). Presentation of prior period balances relating to financial derivatives has been restated to reflect their appropriate classification as either current or non-current, in accordance with contractual maturities. As a result, $428 million (2018: $252 million) was reclassified from other financial assets to non-current other financial assets and $850 million (2018: $1,091 million) was reclassified from other financial liabilities to non-current other financial liabilities as of 31 December 2019 and 31 December 2018 respectively.

2020 US$ million	Amortised cost	FVTPL[1]	FVOCI[2]	**Total**
Assets				
Other investments[3]	–	86	1,647	1,733
Non-current other financial assets (see note 28)	–	1,106	–	1,106
Advances and loans	994	404	–	1,398
Accounts receivable	7,696	4,598	–	12,294
Other financial assets (see note 28)	–	1,998	–	1,998
Cash and cash equivalents	1,498	–	–	1,498
Total financial assets	**10,188**	**8,192**	**1,647**	**20,027**
Liabilities				
Borrowings	37,479	–	–	37,479
Non-current other financial liabilities (see note 28)	100	588	–	688
Accounts payable	12,107	11,264	–	23,371
Other financial liabilities (see note 28)	–	4,276	–	4,276
Total financial liabilities	**49,686**	**16,128**	**–**	**65,814**

1 FVTPL – Fair value through profit and loss.
2 FVTOCI – Fair value through other comprehensive income.
3 Other investments of $1,691 million are classified as Level 1 measured using quoted market prices with the remaining balance of $41 million being investments in private companies, classified as Level 2 measured using discounted cash flow models.

2019 US$ million	Amortised cost	FVTPL[1]	FVOCI[2]	**Total**
Assets				
Other investments[3]	–	97	2,290	2,387
Non-current other financial assets (see note 28)	–	453	–	453
Advances and loans	907	161	–	1,068
Accounts receivable	6,654	6,577	–	13,231
Other financial assets (see note 28)	–	1,953	–	1,953
Cash and cash equivalents	1,899	–	–	1,899
Total financial assets	**9,460**	**9,241**	**2,290**	**20,991**
Liabilities				
Borrowings	37,043	–	–	37,043
Non-current other financial liabilities (see note 28)	98	1,131	–	1,229
Accounts payable	10,686	14,808	–	25,494
Other financial liabilities (see note 28)	–	2,872	–	2,872
Total financial liabilities	**47,827**	**18,811**	**–**	**66,638**

1 FVTPL – Fair value through profit and loss.
2 FVTOCI – Fair value through other comprehensive income.
3 Other investments of $2,345 million are classified as Level 1 measured using quoted market prices with the remaining balance of $42 million being investments in private companies, classified as Level 2 measured using discounted cash flow models.

27. Financial instruments continued

OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

In accordance with IAS 32 the Group reports financial assets and liabilities on a net basis in the consolidated statement of financial position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements as at 31 December 2020 and 2019 were as follows:

2020	Amounts eligible for set off under netting agreements			Related amounts not set off under netting agreements				
US$ million	Gross amount	Amounts offset	**Net amount**	Financial instruments	Financial collateral	Net amount	**Amounts not subject to netting agreements**	**Total as presented in the consolidated statement of financial position**
Derivative assets[1]	11,575	(9,678)	**1,897**	(246)	(925)	726	**1,199**	**3,096**
Derivative liabilities[1]	(12,941)	9,678	**(3,263)**	246	2,389	(628)	**(1,365)**	**(4,628)**

1 Presented within current other financial assets and current other financial liabilities.

2019	Amounts eligible for set off under netting agreements			Related amounts not set off under netting agreements				
US$ million	Gross amount	Amounts offset	**Net amount**	Financial instruments	Financial collateral	Net amount	**Amounts not subject to netting agreements**	**Total as presented in the consolidated statement of financial position**
Derivative assets[1]	7,334	(6,190)	**1,144**	(365)	(275)	504	**1,237**	**2,381**
Derivative liabilities[1]	(7,959)	6,190	**(1,769)**	365	1,135	(269)	**(1,953)**	**(3,722)**

1 Presented within current and non-current other financial assets and current and non-current other financial liabilities.

For the financial assets and liabilities subject to enforceable master netting or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities may be settled on a gross basis, however, each party to the master netting or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. Per the terms of each agreement, an event of default includes failure by a party to make payment when due, failure by a party to perform any obligation required by the agreement (other than payment) if such failure is not remedied within periods of 30 to 60 days after notice of such failure is given to the party or bankruptcy.

28. Fair value measurements

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. Glencore classifies the fair values of its financial instruments into a three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Glencore can assess at the measurement date, or

Level 2 Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly, or

Level 3 Unobservable inputs for the assets or liabilities, requiring Glencore to make market-based assumptions.

Level 1 classifications primarily include futures with a tenor of less than one year and options that are exchange traded, whereas Level 2 classifications primarily include futures with a tenor greater than one year, over the counter options, swaps and physical forward transactions which derive their fair value primarily from exchange quotes and readily observable broker quotes. Level 3 classifications primarily include physical forward transactions which derive their fair value predominantly from models that use broker quotes and applicable market-based estimates surrounding location, quality and credit differentials and financial liabilities linked to the fair value of certain mining operations. In circumstances where Glencore cannot verify fair value with observable market inputs (Level 3 fair values), it is possible that a different valuation model could produce a materially different estimate of fair value.

28. Fair value measurements continued

It is Glencore's policy that transactions and activities in trade related financial instruments be concluded under master netting agreements or long form confirmations to enable balances due to/from a common counterparty to be offset in the event of default, insolvency or bankruptcy by the counterparty.

The following tables show the fair values of the derivative financial instruments including trade related financial and physical forward purchase and sale commitments by type of contract and non-current other financial liabilities as at 31 December 2020 and 2019. Other assets and liabilities which are measured at fair value on a recurring basis are marketing inventories, other investments and certain advances and loans. There are no non-recurring fair value measurements.

FINANCIAL ASSETS

2020

US$ million	Level 1	Level 2	Level 3	**Total**
Accounts receivable	–	4,468	130	**4,598**
Deferred consideration (Note 11)	–	–	302	**302**
Other financial assets				
Commodity related contracts				
Futures	107	75	–	**182**
Options	19	13	–	**32**
Swaps	142	249	–	**391**
Physical forwards	–	916	258	**1,174**
Financial contracts				
Cross currency swaps	–	219	–	**219**
Current other financial assets	**268**	**1,472**	**258**	**1,998**
Non-current other financial assets				
Cross currency swaps	–	529	–	**529**
Foreign currency and interest rate contracts	–	569	–	**569**
Purchased call options over Glencore shares[1]	–	8	–	**8**
Non-current other financial assets	**–**	**1,106**	**–**	**1,106**
Total	**268**	**7,046**	**690**	**8,004**

1 Call options over the Company's shares in relation to conversion rights of the $500 million non-dilutive convertible bond, due in 2025. See note 20.

2019

US$ million	Level 1	Level 2	Level 3	**Total**
Accounts receivable	–	6,540	37	**6,577**
Deferred consideration (Note 11)	–	–	45	**45**
Other financial assets				
Commodity related contracts				
Futures	377	80	–	**457**
Options	14	63	–	**77**
Swaps	80	122	–	**202**
Physical forwards	–	898	317	**1,215**
Financial contracts				
Cross currency swaps	–	2	–	**2**
Current other financial assets	**471**	**1,165**	**317**	**1,953**
Non-current other financial assets				
Cross currency swaps	–	173	–	**173**
Foreign currency and interest rate contracts	–	255	–	**255**
Purchased call options over Glencore shares[1]	–	25	–	**25**
Non-current other financial assets	**–**	**453**	**–**	**453**
Total	**471**	**8,158**	**399**	**9,028**

28. Fair value measurements continued

FINANCIAL LIABILITIES

2020

US$ million	Level 1	Level 2	Level 3	Total
Accounts payable	–	11,264	–	**11,264**
Other financial liabilities				
Commodity related contracts				
Futures	2,652	264	–	**2,916**
Options	29	14	–	**43**
Swaps	228	224	–	**452**
Physical forwards	–	537	252	**789**
Financial contracts				
Cross currency swaps	–	76	–	**76**
Current other financial liabilities	**2,909**	**1,115**	**252**	**4,276**
Non-current other financial liabilities				
Cross currency swaps	–	171	–	**171**
Foreign currency and interest rate contracts	–	181	–	**181**
Non-discretionary dividend obligation[1]	–	–	150	**150**
Option over non-controlling interest in Ale	–	–	22	**22**
Deferred consideration	–	–	56	**56**
Embedded call options over Glencore shares[2]	–	8	–	**8**
Non-current other financial liabilities	**–**	**360**	**228**	**588**
Total	**2,909**	**12,739**	**480**	**16,128**

2019

US$ million	Level 1	Level 2	Level 3	Total
Accounts payable	–	14,808	–	**14,808**
Other financial liabilities				
Commodity related contracts				
Futures	1,141	151	–	**1,292**
Options	85	11	–	**96**
Swaps	90	179	–	**269**
Physical forwards	–	852	208	**1,060**
Financial contracts				
Cross currency swaps	–	155	–	**155**
Current other financial liabilities	**1,316**	**1,348**	**208**	**2,872**
Non-current other financial liabilities				
Cross currency swaps	–	824	–	**824**
Foreign currency and interest rate contracts	–	26	–	**26**
Non-discretionary dividend obligation[1]	–	–	161	**161**
Option over non-controlling interest in Ale	–	–	36	**36**
Deferred consideration	–	–	59	**59**
Embedded call options over Glencore shares[2]	–	25	–	**25**
Non-current other financial liabilities	**–**	**875**	**256**	**1,131**
Total	**1,316**	**17,031**	**464**	**18,811**

1 A ZAR denominated derivative liability payable to ARM Coal, a partner in one of the Group's principal coal joint operations based in South Africa. The liability arises from ARM Coal's rights as an investor to a share of agreed free cash flows from certain coal operations in South Africa and is valued based on those cash flows using a risk-adjusted discount rate. The derivative liability is settled over the life of those operations (modelled mine life of 12 years as at 31 December 2020) and has no fixed repayment date and is not cancellable within 12 months.

2 Embedded call option bifurcated from the 2025 convertible bond. See note 20.

28. Fair value measurements continued

The following table shows the net changes in fair value of Level 3 financial assets and financial liabilities:

US$ million	Accounts Receivable	Physical forwards	Options	Other	Total Level 3
1 January 2020	37	109	–	(211)	**(65)**
Total gain recognised in revenue	–	1	–	–	**1**
Total loss recognised in cost of goods sold	–	(63)	–	–	**(63)**
Non-discretionary dividend obligation	–	–	–	11	**11**
Option over non-controlling interest	–	–	–	14	**14**
Deferred consideration	133	–	–	260	**393**
Realised	(40)	(41)	–	–	**(81)**
31 December 2020	**130**	**6**	**–**	**74**	**210**
1 January 2019	7	305	(3)	(239)	**70**
Total gain recognised in revenue	–	154	–	–	**154**
Total loss recognised in cost of goods sold	–	(226)	–	–	**(226)**
Non-discretionary dividend obligation	–	–	–	27	**27**
Option over non-controlling interest	–	–	–	4	**4**
Deferred consideration	43	–	–	(3)	**40**
Realised	(13)	(124)	3	–	**(134)**
31 December 2019	**37**	**109**	**–**	**(211)**	**(65)**

During the year, no amounts were transferred between Level 1 and Level 2 of the fair value hierarchy and no amounts were transferred into or out of Level 3 of the fair value hierarchy for either other financial assets or other financial liabilities.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides information about how the fair values of these financial assets and financial liabilities are determined, in particular, the valuation techniques and inputs used.

28. Fair value measurements continued

FAIR VALUE OF FINANCIAL ASSETS/FINANCIAL LIABILITIES

US$ million			2020	2019
Futures – Level 1		Assets	**107**	**377**
		Liabilities	**(2,652)**	**(1,141)**
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Significant unobservable inputs:	None			
Futures – Level 2		Assets	**75**	**80**
		Liabilities	**(264)**	**(151)**
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.			
Significant unobservable inputs:	None			
Options – Level 1		Assets	**19**	**14**
		Liabilities	**(29)**	**(85)**
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Significant unobservable inputs:	None			
Options – Level 2		Assets	**13**	**63**
		Liabilities	**(14)**	**(11)**
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.			
Significant unobservable inputs:	None			
Swaps – Level 1		Assets	**142**	**80**
		Liabilities	**(228)**	**(90)**
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Significant unobservable inputs:	None			
Swaps – Level 2		Assets	**249**	**122**
		Liabilities	**(224)**	**(179)**
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.			
Significant unobservable inputs:	None			

28. Fair value measurements continued

US$ million			2020	2019
Physical Forwards – Level 2		Assets	**916**	**898**
		Liabilities	**(537)**	**(852)**
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money, and counterparty credit considerations, such as history of non-performance, collateral held and current market developments, as required.			
Significant unobservable inputs:	None			
Physical Forwards – Level 3		Assets	**258**	**317**
		Liabilities	**(252)**	**(208)**
Valuation techniques and key inputs:	Discounted cash flow model			
Significant unobservable inputs:	Valuation of the Group's commodity physical forward contracts categorised within this level is based on observable market prices that are adjusted by unobservable differentials, as required, including: – Quality; – Geographic location; – Local supply & demand; – Customer requirements; and – Counterparty credit considerations. These significant unobservable inputs generally represent 1%–30% of the overall value of the instruments. The valuation prices are applied consistently to value physical forward sale and purchase contracts, and changing a particular input to reasonably possible alternative assumptions does not result in a material change in the underlying value of the portfolio.			
Cross currency swaps – Level 2		Assets	**748**	**175**
		Liabilities	**(247)**	**(979)**
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.			
Significant unobservable inputs:	None			
Foreign currency and interest rate contracts – Level 2		Assets	**569**	**255**
		Liabilities	**(181)**	**(26)**
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.			
Significant unobservable inputs:	None			
Call options over Glencore shares – Level 2		Assets	**8**	**25**
		Liabilities	**(8)**	**(25)**
Valuation techniques and key inputs:	Option pricing model – Current price of Glencore shares; – Strike price; – Maturity date of the underlying convertible debt security; – Risk-free rate; and – Volatility.			
Significant unobservable inputs:	None			

28. Fair value measurements continued

US$ million			2020	2019
Accounts receivable and payable – Level 2		Assets	**4,468**	**6,540**
		Liabilities	**(11,264)**	**(14,808)**
Comprised of trade receivables/payables containing an embedded commodity derivative, which are designated and measured at fair value through profit and loss until final settlement.				
Valuation techniques and key inputs:	Discounted cash flow model Inputs include observable quoted commodity prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.			
Significant unobservable inputs:	None			
Deferred consideration (Mototolo) – Level 3		Assets	**391**	**82**
		Liabilities	**–**	**–**
Valuation techniques and key inputs:	Discounted cash flow model			
Significant observable inputs:	– Forecast commodity prices; – Discount rates using weighted average cost of capital methodology; – Exchange rates; The valuation remains sensitive to price and a 10% increase/decrease in commodity price assumptions would result in an $48 million adjustment to the current carrying value.			
Deferred consideration (Orion) – Level 3		Assets	**41**	**–**
		Liabilities	**–**	**–**
Valuation techniques and key inputs:	Discounted cash flow model			
Significant observable inputs:	– Estimated production plan; – Forecast commodity prices; – Discount rates using weighted average cost of capital methodology; The valuation remains sensitive to commodity price assumptions and a 10% increase/decrease in gold price would result in a $14 million positive adjustment to the current carrying value of the asset, while a 10% decrease in gold price would result in a $21 million negative adjustment			
Non-discretionary dividend obligation – Level 3		Assets	**–**	**–**
		Liabilities	**(150)**	**(161)**
Valuation techniques:	Discounted cash flow model			
Significant observable inputs:	– Forecast commodity prices; – Discount rates using weighted average cost of capital methodology; – Production models; – Operating costs; and – Capital expenditures. The resultant liability is essentially a discounted cash flow valuation of the underlying mining operation. Increases/decreases in forecast commodity prices will result in an increase/decrease to the value of the liability though this will be partially offset by associated increases/decreases in the assumed production levels, operating costs and capital expenditures, which are inherently linked to forecast commodity prices. The valuation remains sensitive to price and a 10% increase/decrease in commodity price assumptions would result in an $105 million adjustment to the current carrying value.			
Option over non-controlling interest in Ale – Level 3		Assets	**–**	**–**
		Liabilities	**(22)**	**(36)**
Valuation techniques and key inputs:	Discounted cash flow model			
Significant unobservable inputs:	The resultant liability is the value of the remaining minority stake in the subsidiary, measured as the higher value of the acquisition date valuation of the shares, and a discounted future earnings based valuation. The valuation is additionally sensitive to movement in the spot exchange rates between the Brazilian Real and US Dollar.			

NOTES TO THE FINANCIAL STATEMENTS
continued

29. Auditor's remuneration

US$ million	**2020**	2019
Remuneration in respect of the audit of Glencore's consolidated financial statements	3	3
Other audit fees, primarily in respect of audits of accounts of subsidiaries	19	18
Audit-related assurance services[1]	2	3
Total audit and related assurance fees	**24**	**24**
Transaction services	1	–
Taxation compliance services	1	2
Other taxation advisory services	1	2
Other assurance services[2]	1	2
Total non-audit fees	**4**	**6**
Total professional fees	**28**	**30**

1 Audit-related assurance services primarily related to interim reviews of the Group's half-year accounts and quarterly accounts of the Group's publicly listed subsidiaries.
2 Other assurance services primarily comprise assurance in respect of certain aspects of the Group's sustainability reporting.

30. Future commitments

Capital expenditure for the acquisition of property, plant and equipment is generally funded through the cash flow generated by the respective industrial entities. As at 31 December 2020, $859 million (2019: $1,240 million), of which 87% (2019: 89%) relates to expenditure to be incurred over the next year, was contractually committed for the acquisition of property, plant and equipment.

Certain of Glencore's exploration tenements and licences require it to spend a minimum amount per year on development activities, a significant portion of which would have been incurred in the ordinary course of operations. As at 31 December 2020, $128 million (2019: $126 million) of such development expenditures are to be incurred, of which 27% (2019: 37%) are for commitments to be settled over the next year.

As part of Glencore's ordinary sourcing and procurement of physical commodities and other ordinary marketing obligations, the selling party may request that a financial institution act as either a) the paying party upon the delivery of product and qualifying documents through the issuance of a letter of credit or b) the guarantor by way of issuing a bank guarantee accepting responsibility for Glencore's contractual obligations. Similarly, Glencore is required to post rehabilitation and pension guarantees in respect of some of these future, primarily industrial, long-term obligations. As at 31 December 2020, $6,334 million (2019: $9,628 million) of procurement and $4,138 million (2019: $3,953 million) of rehabilitation and pension commitments have been issued on behalf of Glencore, which will generally be settled simultaneously with the payment for such commodity and rehabilitation and pension obligations.

ASTRON RELATED COMMITMENTS

As part of the regulatory approval process pertaining to the acquisition of a 75% shareholding in Astron Energy, Glencore and Astron Energy entered into certain commitments (subject to variation for good cause) with the South Africa Competition Tribunal and the South African Economic Development Department. These commitments include investment expenditure of up to ZAR 6.5 billion ($446 million) over the period to 2024 so as to debottleneck and improve the performance of the Cape Town oil refinery, contribute to the rebranding of certain retail sites and establish a development fund to support small and black-owned businesses in Astron Energy's value chain. In addition, Glencore has agreed to increase the level of BEE shareholding in Astron Energy from 25% to 35% in tranches up to 2026 which will include a minimum additional 3% held by qualifying employee stock ownership plans in 2021.

31. Contingent liabilities

The amount of corporate guarantees in favour of third parties as at 31 December 2020 was $Nil (2019: $Nil). Also see note 10. The Group is subject to various legal and regulatory proceedings as detailed below. These contingent liabilities are reviewed on a regular basis and where appropriate an estimate is made of the potential financial impact on the Group. As at 31 December 2020 and 2019, it was not feasible to make such an assessment.

LEGAL AND REGULATORY PROCEEDINGS

Under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, a provision is recognised when Glencore has a present obligation (legal or constructive), as a result of a past event, and it is probable that an outflow of resources embodying economic benefits, that can be reliably estimated, will be required to settle the liability. A contingent liability is a possible obligation that arises from a past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Glencore. If it is not clear whether there is a present obligation, a past event is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the end of the reporting period. When a present obligation arises but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability, a contingent liability is disclosed.

The Group is subject to various legal and regulatory proceedings as detailed below. The facts and circumstances of these proceedings are assessed on a regular basis to determine if the criteria for recognising a provision in accordance with IAS 37 are met. At 31 December 2020 and 31 December 2019, the Group has concluded that the recognition criteria have not been met, as such no liability has been recognised in relation to these matters in the consolidated statement of financial position at the end of the reporting periods. The nature of these contingent liabilities is disclosed below.

INVESTIGATIONS BY REGULATORY AND ENFORCEMENT AUTHORITIES

The Group is subject to a number of investigations by regulatory and enforcement authorities including:

- The United States Department of Justice is investigating the Group with respect to compliance with various criminal statutes, including the Foreign Corrupt Practices Act, United States money laundering statutes and fraud statutes related to the Group's business in certain overseas jurisdictions.
- The United States Commodity Futures Trading Commission ("CFTC") is investigating whether the Group may have violated certain provisions of the Commodity Exchange Act and/or CFTC Regulations including through corrupt practices in connection with commodities trading.
- The United Kingdom Serious Fraud Office is investigating the Group in respect of suspicions of bribery in the conduct of business of the Group.
- The Brazilian authorities are investigating the Group in relation to "Operation car wash", which relates to bribery allegations concerning Petrobras.
- The Office of the Attorney General of Switzerland is investigating Glencore International AG for failure to have the organisational measures in place to prevent alleged corruption.

The Board has appointed a committee, the Investigations Committee ("the Committee"), to oversee the response to the investigations on behalf of the Board. The Committee has engaged external legal counsel and forensic experts to assist in responding to the various investigations and to perform additional investigations at the request of the Committee covering various aspects of the Group's business.

The Group is continuing to cooperate fully with the various authorities, including through reporting to those authorities facts relevant to their investigations. The investigations are complex and dynamic including in relation to scope. The timing and outcome of the various investigations remain uncertain.

At 31 December 2020, taking account of all available evidence, the Committee concluded that it is not probable that a present obligation existed at the end of the reporting period for the above regulatory and enforcement proceedings. Consequently, the timing and amount, if any, of financial effects (such as fines, penalties or damages, which could be material) or other consequences, including external costs, from any of the various investigations and any change in their scope is not possible to predict or estimate.

OTHER LEGAL PROCEEDINGS

The Group was named in a securities class action suit in the United States District Court of New Jersey in connection with the various regulatory and enforcement authorities investigations. The District Court issued an order dismissing the suit on 31 July 2020.

Other claims and unresolved disputes are pending against Glencore, however, based on the Group's current assessment of these matters any future individually material financial obligations are considered to be remote.

31. Contingent liabilities continued

ENVIRONMENTAL CONTINGENCIES

Glencore's operations are subject to various environmental laws and regulations. Glencore is not aware of any material non-compliance with those laws and regulations. Glencore accrues for environmental contingencies when such contingencies are probable and reasonably estimable. Such accruals are adjusted as new information develops or circumstances change. Recoveries of environmental remediation costs from insurance companies and other parties are recorded as assets when the recoveries are virtually certain. At this time, Glencore is unaware of any material environmental incidents at its locations. Any potential liability arising from environmental incidents in the ordinary course of the Group's business would not usually be expected to have a material adverse effect on its consolidated income, financial position or cash flows.

32. Related party transactions

In the normal course of business, Glencore enters into various arm's length transactions with related parties, including fixed price commitments to sell and to purchase commodities, forward sale and purchase contracts, agency agreements and management service agreements. Outstanding balances at period end are unsecured and settlement occurs in cash (see notes 11, 13 and 24). There have been no guarantees provided or received for any related party receivables or payables.

All transactions between Glencore and its subsidiaries are eliminated on consolidation along with any unrealised profits and losses between its subsidiaries, associates and joint ventures. In 2020, sales and purchases with associates and joint ventures amounted to $2,710 million (2019: $3,727 million) and $5,033 million (2019: $4,923 million) respectively.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Glencore's key management personnel are the members of the Board of Directors, CEO, CFO and the Head of the Industrial activities segment. The remuneration of Directors and other members of key management personnel recognised in the consolidated statement of income including salaries and other current employee benefits amounted to $19 million (2019: $18 million). There were no other long-term benefits or share-based payments to key management personnel (2019: $Nil). Further details on remuneration of Directors are set out in the Directors' remuneration report on page 100.

33. Principal subsidiaries with material non-controlling interests

Non-controlling interest is comprised of the following:

US$ million	**2020**	2019
Volcan	(136)	1,217
Kazzinc	1,362	1,298
Koniambo	(4,098)	(3,607)
Other[1]	(363)	54
Total	**(3,235)**	**(1,038)**

1 Other comprises various subsidiaries in which no individual balance attributable to non-controlling interests is material.

2020 KML MINORITY SHARE ACQUISITION AND DELISTING

On 3 June 2020, Glencore completed the acquisition of the remaining 0.5% minority interest in Katanga Mining Limited ("KML"), an entity listed on the Toronto Stock Exchange which in turn owns a 75% interest in Kamoto Copper Company ("KCC") for $39 million (Canadian $56 million). As a result, KML is now a wholly-owned subsidiary of the Group and an amount of $18 million was recognised directly in 'other equity reserves' in accordance with IFRS 10. Following such acquisition, KML has been delisted from the Toronto Stock Exchange and is no longer considered a "reporting issuer" under applicable Canadian securities legislation.

The remaining non-controlling interest balance of $232 million (2019: $159 million) represents the 25% interest in KCC held by La Générale des Carrières et des Mines ("Gécamines").

33. Principal subsidiaries with material non-controlling interests continued

Summarised financial information in respect of Glencore's subsidiaries that have material non-controlling interest as at 31 December 2020, reflecting 100% of the underlying subsidiary's relevant figures, is set out below.

US$ million	Kazzinc	Koniambo	Volcan
31 December 2020			
Non-current assets	4,407	1,594	1,793
Current assets	1,167	307	293
Total assets	**5,574**	**1,901**	**2,086**
Non-current liabilities	737	12,719	1,350
Current liabilities	333	91	348
Total liabilities	**1,070**	**12,810**	**1,698**
Net assets	**4,504**	**(10,909)**	**388**
Equity attributable to owners of the Company	3,142	(6,811)	524
Non-controlling interest	1,362	(4,098)	(136)
Non-controlling interest %	30.3%	51.0%	76.7%
2020			
Revenue	3,032	239	547
Expenses	(2,418)	(1,201)	(2,307)
Net profit/(loss) for the year	**614**	**(962)**	**(1,760)**
Profit/(loss) attributable to owners of the Company	428	(471)	(413)
Profit/(loss) attributable to non-controlling interests	186	(491)	(1,347)
Total comprehensive income/(loss) for the year	**614**	**(962)**	**(1,760)**
Dividends paid to non-controlling interests	(120)	–	–
Net cash inflow/(outflow) from operating activities	1,010	(194)	129
Net cash outflow from investing activities	(388)	(36)	(117)
Net cash (outflow)/inflow from financing activities	(597)	233	67
Total net cash inflow	**25**	**3**	**79**

US$ million	Kazzinc	Koniambo	Volcan
31 December 2019			
Non-current assets	4,229	1,648	4,230
Current assets	1,133	369	255
Total assets	**5,362**	**2,017**	**4,485**
Non-current liabilities	785	11,857	1,778
Current liabilities	287	106	555
Total liabilities	**1,072**	**11,963**	**2,333**
Net assets	**4,290**	**(9,946)**	**2,152**
Equity attributable to owners of the Company	2,992	(6,339)	935
Non-controlling interest	1,298	(3,607)	1,217
Non-controlling interest %	30.3%	51.0%	76.7%
2019			
Revenue	2,917	315	756
Expenses	(2,458)	(1,159)	(1,259)
Net profit/(loss) for the year	**459**	**(844)**	**(503)**
Profit/(loss) attributable to owners of the Company	320	(414)	(117)
Profit/(loss) attributable to non-controlling interests	139	(430)	(386)
Other comprehensive income attributable to owners of the Company	–	–	–
Other comprehensive income attributable to non-controlling interests	–	–	–
Total comprehensive income/(loss) for the year	**459**	**(844)**	**(503)**
Dividends paid to non-controlling interests	(196)	–	–
Net cash inflow/(outflow) from operating activities	750	(172)	178
Net cash outflow from investing activities	(427)	(39)	(172)
Net cash (outflow)/inflow from financing activities	(325)	219	(33)
Total net cash (outflow)/inflow	**(2)**	**8**	**(27)**

NOTES TO THE FINANCIAL STATEMENTS
continued

34. Principal operating, finance and industrial subsidiaries and investments

	Country of incorporation	% interest 2020	% interest 2019	Main activity
Principal subsidiaries				
Industrial activities				
Minera Alumbrera Limited[1]	Antigua	–	50.0	Copper production
Cobar Management Pty Limited	Australia	100.0	100.0	Copper production
Compania Minera Lomas Bayas	Chile	100.0	100.0	Copper production
Complejo Metalurgico Altonorte S.A.	Chile	100.0	100.0	Copper production
Compania Minera Antapaccay S.A.	Peru	100.0	100.0	Copper production
Pasar Group	Philippines	78.2	78.2	Copper production
Glencore Recycling Inc	USA	100.0	100.0	Copper production
Mopani Copper Mines plc	Zambia	73.1	73.1	Copper production
Polymet Mining Corp.	Canada	71.6	71.7	Copper production
Kamoto Copper Company SA[2]	DRC	75.0	74.6	Copper/Cobalt production
Mutanda Group	DRC	100.0	100.0	Copper/Cobalt production
Mount Isa Mines Limited	Australia	100.0	100.0	Copper/Zinc/Lead production
Kazzinc Ltd	Kazakhstan	69.7	69.7	Copper/Zinc/Lead production
Zhairemsky GOK JSC	Kazakhstan	69.7	69.7	Copper/Zinc/Lead production
Altyntau Kokshetau JSC	Kazakhstan	69.7	69.7	Gold production
African Carbon Producers (Pty) Ltd	South Africa	100.0	100.0	Char production
African Fine Carbon (Pty) Ltd	South Africa	100.0	100.0	Char production
Char Technology (Pty) Ltd	South Africa	100.0	100.0	Char production
Sphere Minerals Limited	Australia	100.0	100.0	Iron Ore exploration
Britannia Refined Metals Limited	UK	100.0	100.0	Lead production
Access World Group	Switzerland	100.0	100.0	Logistics services
Murrin Murrin Operations Pty Limited	Australia	100.0	100.0	Nickel production
Koniambo Nickel S.A.S.[3]	New Caledonia	49.0	49.0	Nickel production
Glencore Nikkelverk AS	Norway	100.0	100.0	Nickel production
McArthur River Mining Pty Ltd	Australia	100.0	100.0	Zinc production
Nordenhamer Zinkhütte GmbH	Germany	100.0	100.0	Zinc production
Asturiana de Zinc S.A.	Spain	100.0	100.0	Zinc production
Volcan Companja Minera S.A.A.[4]	Peru	23.3	23.3	Zinc production
AR Zinc Group	Argentina	100.0	100.0	Zinc/Lead production
Portovesme S.r.L.	Italy	100.0	100.0	Zinc/Lead production
Empresa Minera Los Quenuales S.A.	Peru	97.6	97.6	Zinc/Lead production
Sinchi Wayra Group	Bolivia	100.0	100.0	Zinc/Tin production

1 In 2019, this investment was treated as a subsidiary as the Group was entitled to elect the chairman of the Board who has the casting vote where any vote is split equally between the four board positions. Minera Alumbrera Limited's principal place of business is Argentina. The investment was disposed during 2020, refer to note 25.

2 Refer to note 33.

3 The Group has control of Koniambo Nickel S.A.S. as a result of the ability to direct the key activities of the operation and to appoint key management personnel provided by the terms of the financing arrangements underlying the Koniambo project.

4 The Group has control of Volcan Compania Minera S.A.A. as a result of the ability to control the entity through the voting of its 63.0% of the voting shares (Class A); the economic interest is diluted by the outstanding non-voting shares (Class B).

34. Principal operating, finance and industrial subsidiaries and investments continued

	Country of incorporation	**% interest 2020**	% interest 2019	Main activity
Industrial activities				
Oakbridge Pty Limited	Australia	83.0	78.0	Coal production
Rolleston Coal Holdings Pty Limited	Australia	100.0	100.0	Coal production
Mangoola Coal Operations Pty Limited	Australia	100.0	100.0	Coal production
Mt Owen Pty Limited	Australia	100.0	100.0	Coal production
NC Coal Company Pty Limited	Australia	100.0	100.0	Coal production
Ravensworth Operations Pty Ltd	Australia	100.0	100.0	Coal production
Ulan Coal Mines Ltd	Australia	100.0	100.0	Coal production
Prodeco group	Colombia	100.0	100.0	Coal production
Izimbiwa Coal (Pty) Ltd[5]	South Africa	49.9	49.9	Coal production
Umcebo Mining (Pty) Ltd[6]	South Africa	48.7	48.7	Coal production
Tavistock Collieries (Pty) Ltd	South Africa	100.0	100.0	Coal production
Glencore Exploration Cameroon Ltd	Bermuda	100.0	100.0	Oil production
Glencore Exploration (EG) Ltd	Bermuda	100.0	100.0	Oil production
Petrochad (Mangara) Limited	Bermuda	100.0	100.0	Oil exploration/production
Astron Energy South Africa	South Africa	75.0	75.0	Oil refining / distribution
Astron Energy Botswana (Pty) Ltd	Botswana	100.0	100.0	Oil distribution
Marketing activities and other operating and finance				
Xstrata Limited	UK	100.0	100.0	Holding
Glencore Australia Investment Holdings Pty Ltd	Australia	100.0	100.0	Holding
Glencore Operations Australia Pty Limited	Australia	100.0	100.0	Holding
Glencore Queensland Limited	Australia	100.0	100.0	Holding
Glencore Investment Pty Ltd	Australia	100.0	100.0	Holding
Glencore Australia Holdings Pty Ltd	Australia	100.0	100.0	Finance
Glencore Finance (Bermuda) Ltd	Bermuda	100.0	100.0	Finance
ALE Combustiveis	Brazil	88.0	80.3	Oil distribution
Topley Corporation	B.V.I.	100.0	100.0	Ship owner
Glencore Canada Financial Corp	Canada	100.0	100.0	Finance
Chemoil Energy Limited	Hong Kong	–	100.0	Oil storage and bunkering
Glencore Finance (Europe) Limited	Jersey	100.0	100.0	Finance
Glencore Capital Finance DAC	Ireland	100.0	–	Finance
Finges Investment B.V.	Netherlands	100.0	100.0	Finance
Glencore (Schweiz) AG	Switzerland	100.0	100.0	Finance
Glencore Group Funding Limited	UAE	100.0	100.0	Finance
Glencore Funding LLC	USA	100.0	100.0	Finance
Glencore Australia Oil Pty Limited	Australia	100.0	100.0	Operating
Glencore Canada Corporation	Canada	100.0	100.0	Operating
Glencore Singapore Pte Ltd	Singapore	100.0	100.0	Operating
ST Shipping & Transport Pte Ltd	Singapore	100.0	100.0	Operating
Glencore AG	Switzerland	100.0	100.0	Operating
Glencore International AG	Switzerland	100.0	100.0	Operating
Glencore Commodities Ltd	UK	100.0	100.0	Operating
Glencore Energy UK Ltd	UK	100.0	100.0	Operating
Glencore UK Ltd	UK	100.0	100.0	Operating

5 Although Glencore holds less than 50% of the voting rights, it has the ability to exercise control over Izimbiwa through the ability to direct the key activities of the operations and to appoint key management personnel provided by the terms of the shareholder's agreement.

6 Although Glencore holds less than 50% of the voting rights, it has the ability to exercise control over Umcebo as a result of shareholder agreements which provide Glencore the ability to control the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS
continued

34. Principal operating, finance and industrial subsidiaries and investments continued

	Country of incorporation	**% interest 2020**	% interest 2019	Main activity
Principal joint ventures[7]				
Viterra Group (formerly Glencore Agriculture Limited)	Jersey	49.9	49.9	Agriculture business
Clermont Coal Joint Venture[8]	Australia	37.1	37.1	Coal production
BaseCore Metals LP	Canada	50.0	50.0	Copper production
Compania Minera Dona Ines de Collahuasi	Chile	44.0	44.0	Copper production
El Aouj Joint Venture	Mauritania	50.0	50.0	Iron Ore production
Principal joint operation and other unincorporated arrangement[9]				
Wandoan Joint Venture	Australia	75.0	75.0	Coal exploration
Bulga Joint Venture	Australia	72.6	68.3	Coal production
Cumnock Joint Venture	Australia	90.0	90.0	Coal production
Hail Creek Joint Venture	Australia	84.7	84.7	Coal production
Hunter Valley Operations Joint Venture	Australia	49.0	49.0	Coal production
Liddell Joint Venture	Australia	67.5	67.5	Coal production
Oaky Creek Coal Joint Venture	Australia	55.0	55.0	Coal production
Rolleston Joint Venture	Australia	75.0	75.0	Coal production
United Wambo Joint Venture	Australia	47.5	47.5	Coal production
ARM Coal (Pty) Ltd	South Africa	49.0	49.0	Coal production
Goedgevonden Joint Venture	South Africa	74.0	74.0	Coal production
Ernest Henry Mining Pty Ltd	Australia	70.0	70.0	Copper production
Merafe Pooling and Sharing Joint Venture	South Africa	79.5	79.5	Ferroalloys production
Rhovan Pooling and Sharing Joint Venture	South Africa	74.0	74.0	Vanadium production
Principal associates				
Carbones del Cerrejon LLC	Colombia	33.3	33.3	Coal production
Port Kembla Coal Terminal Limited	Australia	13.9	13.0	Coal terminal
Newcastle Coal Shippers Pty Ltd	Australia	35.7	34.7	Coal terminal
Wiggins Island Coal Export Terminal	Australia	25.0	25.0	Coal terminal
Richards Bay Coal Terminal Company Limited	South Africa	19.3	19.3	Coal terminal
Century Aluminum Company[10]	USA	47.0	47.0	Aluminium production
PT CITA Mineral Investindo Tbk	Indonesia	30.2	18.0	Alumina production
HG Storage International Limited	Jersey	49.0	49.0	Oil storage
Noranda Income Fund	Canada	25.0	25.0	Zinc production
Trevali Mining Company	Canada	26.3	25.5	Zinc production
Compania Minera Antamina S.A.	Peru	33.8	33.8	Zinc/Copper production
Recylex S.A.	France	29.8	29.8	Zinc/Lead production
Minera Agua Rica Alumbrera Limited	Argentina	25.0	–	Copper production
Other investments				
EN+ GROUP PLC[11]	Russia	10.6	10.6	Aluminium production
OAO NK Russneft[12]	Russia	25.0	25.0	Oil production

7 The principal joint arrangements are accounted for as joint ventures as the shareholder agreements do not provide the Group the ability to solely control the entities.

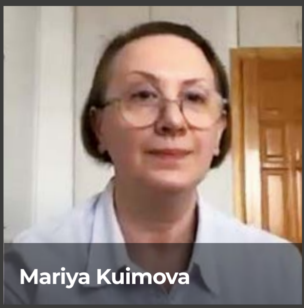
8 The Group's effective 37.1% economic interest in Clermont Coal is held through GS Coal Pty Ltd, a 50:50 joint venture with Sumitomo Corporation.

9 Classified as joint operations under IFRS 11, as these joint arrangements convey a direct right to a share of the underlying operations' assets, liabilities, revenues and expenses. The Hail Creek interest is an 'other unincorporated arrangement' accounted for similar to a joint operation.

10 Represents the Group's economic interest in Century, comprising 42.9% (2019: 42.9%) voting interest and 4% non-voting interest (2019:4%). Century is publicly traded on NASDAQ under the symbol CENX.

11 In January 2019, Glencore agreed to exchange its interest in United Company Rusal plc into a 10.6% interest in EN+ GROUP PLC.

12 Although the Group holds more than 20% of the voting rights in Russneft, it is unable to exercise significant influence over the financial and operating policy decisions of Russneft.



Human Resources Director – Kazzinc, Kazakhstan

SIMPLICITY

Mariya works in HR, where she says that the problems that need to be dealt with are rarely straightforward. However, she has a philosophy that helps her

“In order to solve complex problems, I look for simple solutions. Simpler solutions are more beautiful.”

Learn more about our culture and how we work towards simple solutions on www.glencore.com

Operations Contract Coordinator – Glencore Australia

ENTREPRENEURIALISM

Tanya joined Glencore in 2011 as an Underground Truck Operator, and has progressed her career through a number of roles, recently completing our Future Leaders Development Program. What does being an entrepreneur mean to her?

“There needs to be someone who is always thinking ‘Is there a better way to get the same task done but in a way that is better for our people, better for our business and just better overall’.”

Learn more about our culture and how we foster entrepreneurialism on www.glencore.com

ADDITIONAL INFORMATION

ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures are denoted by the symbol ◊

When assessing and discussing the Group's reported financial performance, financial position and cash flows, Glencore makes reference to Alternative performance measures (APMs), which are not defined or specified under the requirements of IFRS, but are derived from the financial statements prepared in accordance with IFRS. The APMs are consistent with how business performance is measured and reported within the internal management reporting to the Board and management and assist in providing meaningful analysis of the Group's results both internally and externally in discussions with the financial analyst and investment community.

The Group uses APMs to aid the comparability of information between reporting periods and segments and to aid the understanding of the activity taking place across the Group by adjusting for items that are of an infrequent nature and by aggregating or disaggregating (notably in the case of relevant material associates and joint ventures accounted for on an equity basis) certain IFRS measures. APMs are also used to approximate the underlying operating cash flow generation of the operations (Adjusted EBITDA).

Investments in the extractive industry are typically significant and the initial spend generally occurs over several years, "upfront", prior to the operations generating cash. As a result, the investments are sometimes made with partners and an assessment to approximate the operating cash flow generation/pay-back of the investment (Adjusted EBITDA) is required. Against this backdrop, the key APMs used by Glencore are Adjusted EBITDA, Net funding/Net debt and the disaggregation of the equivalent key APMs of our relevant material associates and joint ventures ("Proportionate adjustment") to enable a consistent evaluation of the financial performance and returns attributable to the Group.

Adjusted EBITDA is a useful approximation of the operating cash flow generation by eliminating depreciation and amortisation adjustments. Adjusted EBITDA is not a direct measure of our liquidity, which is shown by our cash flow statement and needs to be considered in the context of our financial commitments.

Proportionate adjustments are useful to enable a consistent evaluation of the financial performance and returns available to the Group, irrespective of the differing accounting treatments required to account for our minority/joint ownership interests of our relevant material investments.

Net funding is an aggregation of IFRS measures (Borrowings less cash and cash equivalents) and Net debt is Net funding less Readily marketable inventories and provides a measure of our financial leverage and, through Net debt to Adjusted EBITDA relationships, provides an indication of relative financial strength and flexibility.

APMs used by Glencore may not be comparable with similarly titled measures and disclosures by other companies. APMs have limitations as an analytical tool, and a user of the financial statements should not consider these measures in isolation from, or as a substitute for, analysis of the Group's results of operations; and they may not be indicative of the Group's historical operating results, nor are they meant to be a projection or forecast of its future results.

Listed below are the definitions and reconciliations to the underlying IFRS measures of the various APMs used by the Group.

Proportionate adjustment

For internal reporting and analysis, management evaluates the performance of Antamina copper/zinc mine (34% owned), Cerrejón coal mine (33% owned) and Collahuasi copper mine (44% owned) under the proportionate consolidation method reflecting Glencore's proportionate share of the revenues, expenses, assets and liabilities of these investments.

In November 2017, Glencore increased its voting interest in Volcan to 63%, but its total economic interest only increased to 23.3%. For internal reporting and analysis, management evaluates the performance of Volcan under the equity method, reflecting the Group's relatively low 23.3% economic ownership in this fully ring-fenced listed entity, with its stand-alone, independent and separate capital structure. The impact is that we reflect 23.3% of Volcan's net income in the Group's Adjusted EBIT/EBITDA and its consolidated results are excluded from all other APM's including production data.

The Viterra joint venture is a stand-alone group with a fully independent capital structure, governance and credit profile, supporting a global business, across many geographies, products and activities. Glencore's management evaluates this investment's financial performance on a net return basis, as opposed to an Adjusted EBITDA basis and thus, the financial results of Viterra are presented on a basis consistent with its underlying IFRS treatment (equity accounting).

See reconciliation of revenue and relevant material associates' and joint ventures' Adjusted EBIT to "Share of net income from associates and joint ventures" below.

APMS DERIVED FROM THE STATEMENT OF INCOME

Revenue

Revenue represents revenue by segment (see note 2 of the financial statements), as reported on the face of the statement of income plus the relevant Proportionate adjustments. See reconciliation table below.

US$ million	2020	2019
Revenue – Marketing activities	124,137	194,188
Revenue – Industrial activities	41,453	42,743
Intersegment eliminations	(20,803)	(19,672)
Revenue – segmental	**144,787**	**217,259**
Proportionate adjustment material associates and joint ventures – revenue	(2,996)	(2,904)
Proportionate adjustment Volcan – revenue	547	756
Revenue – reported measure	**142,338**	**215,111**

Share of income from material associates and joint ventures

US$ million	2020	2019
Associates' and joint ventures' Adjusted EBITDA	2,061	1,754
Depreciation and amortisation	(683)	(745)
Associates' and joint ventures' Adjusted EBIT	1,378	1,009
Impairment, net of tax[1]	(445)	(435)
Net finance costs	(56)	5
Income tax expense	(524)	(342)
	(1,025)	(772)
Share of income from relevant material associates and joint ventures	**353**	**237**
Share of income from other associates and joint ventures	91	(123)
Share of income from associates and joint ventures[2]	**444**	**114**

1 Represents an impairment of $445 million, net of taxes of $211 million (2019: $435 million, net of taxes of $213 million) relating to Cerrejón, resulting from lower API2 coal price assumptions and reduced production estimates, including in relation to updated mine-life approval expectations.

2 Comprises share in earnings of $197 million (2019: losses of $58 million) from Marketing activities and share in earnings of $247 million (2019: $172 million) from Industrial activities.

Adjusted EBIT/EBITDA

Adjusted EBIT/EBITDA provide insight into our overall business performance (a combination of cost management, seizing market opportunities and growth), and are the corresponding flow drivers towards our objective of achieving industry-leading returns.

Adjusted EBIT is the net result of revenue less cost of goods sold and selling and administrative expenses, plus share of income from associates and joint ventures, dividend income and the attributable share of Adjusted EBIT of relevant material associates and joint ventures, which are accounted for internally by means of proportionate consolidation, excluding Significant items, see below.

ALTERNATIVE PERFORMANCE MEASURES

continued

Adjusted EBITDA consists of Adjusted EBIT plus depreciation and amortisation, including the related Proportionate adjustments. See reconciliation table below.

US$ million	**2020**	2019
Reported measures		
Revenue	142,338	215,111
Cost of goods sold	(138,640)	(210,434)
Selling and administrative expenses	(1,681)	(1,391)
Share of income from associates and joint ventures	444	114
Dividend income	32	49
	2,493	**3,449**
Adjustments to reported measures		
Share of associates' significant items	92	219
Share of associates' significant items – Volcan	–	73
Movement in unrealised inter-segment profit elimination	760	(468)
Proportionate adjustment material associates and joint ventures – net finance, impairment and income tax expense	1,025	772
Proportionate adjustment Volcan – net finance, income tax expense and non-controlling interests	46	106
Adjusted EBIT	**4,416**	**4,151**
Depreciation and amortisation	6,671	7,161
Proportionate adjustment material associates and joint ventures – depreciation	683	745
Proportionate adjustment Volcan – depreciation	(210)	(456)
Adjusted EBITDA	**11,560**	**11,601**

Significant items

Significant items of income and expense which, due to their nature and variable financial impact or the expected infrequency of the events giving rise to them, are separated for internal reporting and analysis of Glencore's results to aid in an understanding and comparative basis of the underlying financial performance. Refer to reconciliation below.

Reconciliation of net significant items 2020

US$ million	Gross significant charges	Non-controlling interests' share	Significant items tax	**Equity holders' share**
Share of Associates' significant items[1]	(92)	–	–	(92)
Movement in unrealised inter-segment profit elimination[1]	(760)	–	80	(680)
Loss on disposals of non-current assets[2]	(36)	–	–	(36)
Other expense – net[3]	(173)	(12)	(69)	(254)
Tax significant items in their own right[4]	–	–	479	479
	(1,061)	(12)	490	(583)
Impairments attributable to equity holders				
Impairments[5]	(3,600)	350	270	(2,980)
Impairment Volcan[5]	(2,347)	1,251	716	(380)
Impairments – net, related to material associates and joint ventures[6]	(445)	–	–	(445)
	(6,392)	1,601	986	(3,805)
Total significant items	**(7,453)**	**1,589**	**1,476**	**(4,388)**

1 See note 2 of the financial statements.
2 See note 4 of the financial statements.
3 See note 5 of the financial statements.
4 Tax credits related to certain recognition of tax adjustments ($724 million), offset by tax expenses related to foreign exchange fluctuations ($76 million) and tax losses not recognised ($169 million), see note 7 of the financial statements.
5 See note 6 of the financial statements.
6 See Proportionate adjustment reconciliation above.

Reconciliation of net significant items 2019

US$ million	Gross significant charges	Non-controlling interests' share	Significant items tax	**Equity holders' share**
Share of Associates' significant items[1]	(219)	–	–	(219)
Share of significant items – Volcan	(73)	–	–	(73)
Movement in unrealised inter-segment profit elimination[1]	468	–	(46)	422
Loss on disposals of non-current assets[2]	(43)	–	–	(43)
Other expense – net[3]	(173)	–	–	(173)
Tax significant items in their own right[4]	–	–	(435)	(435)
	(40)	–	(481)	(521)
Impairments attributable to equity holders				
Impairments[5]	(2,408)	286	232	(1,890)
Impairments – net, related to material associates and joint ventures[6]	(435)	–	–	(435)
	(2,843)	286	232	(2,325)
Total significant items	**(2,883)**	**286**	**(249)**	**(2,846)**

1 See note 2 of the financial statements.
2 See note 4 of the financial statements.
3 See note 5 of the financial statements.
4 Tax expenses related to foreign exchange fluctuations ($12 million) and tax losses not recognised ($543 million), net of tax credits related to the recognition of temporary differences arising from retrospective changes in tax restructuring regulations ($120 million), see note 7 of the financial statements.
5 See note 6 of the financial statements.
6 See Proportionate adjustment reconciliation above.

Net income attributable to equity shareholder pre-significant items

Net income attributable to equity shareholders pre-significant items is a measure of our ability to generate shareholder returns. The calculation of tax items to be excluded from Net income, includes the tax effect of significant items and significant tax items themselves. Refer to reconciliation below.

US$ million	**2020**	2019
Loss attributable to equity holders of the Parent	(1,903)	(404)
Significant items	4,388	2,846
Income attributable to equity holders of the Parent pre-significant items	**2,485**	**2,442**

APMS DERIVED FROM THE STATEMENT OF FINANCIAL POSITION

Net funding/Net debt and Net debt to Adjusted EBITDA

Net funding/debt demonstrates how our debt is being managed and is an important factor in ensuring we maintain investment grade credit rating status and a competitive cost of capital. Net funding is defined as total current and non-current borrowings less cash and cash equivalents and related Proportionate adjustments. Net debt is defined as Net funding less readily marketable inventories and related Proportionate adjustments. Consistent with the general approach in relation to our internal reporting and evaluation of Volcan, its consolidated net debt has also been adjusted to reflect the Group's relatively low 23.3% economic ownership (compared to its 63% voting interest) in this still fully ring-fenced listed entity, with its standalone, independent and separate capital structure. Furthermore, the relationship of Net debt to Adjusted EBITDA provides an indication of financial flexibility. See reconciliation table below.

Readily marketable inventories (RMI)

RMI comprising the core inventories which underpin and facilitate Glencore's marketing activities, represent inventories, that in Glencore's assessment, are readily convertible into cash in the short term due to their liquid nature, widely available markets and the fact that price risk is primarily covered either by a forward physical sale or hedge transaction. Glencore regularly assesses the composition of these inventories and their applicability, relevance and availability to the marketing activities. As at 31 December 2020, $19,584 million (2019: $16,810 million) of inventories were considered readily marketable. This comprises $12,260 million (2019: $10,516 million) of inventories carried at fair value less costs of disposal and $7,324 million (2019: $6,294 million) carried at the lower of cost or net realisable value. Total readily marketable inventories includes $128 million (2019: $148 million) related to the relevant material associates and joint ventures (see note 2) presented under the proportionate consolidation method, comprising inventory carried at lower of cost or net realisable value. Given the highly liquid nature of these inventories, which represent a significant share of current assets, the Group believes it is appropriate to consider them together with cash equivalents in analysing Group net debt levels and computing certain debt coverage ratios and credit trends.

ALTERNATIVE PERFORMANCE MEASURES
continued

Net funding/net debt at 31 December 2020

US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	**Adjusted measure**
Non-current borrowings	29,227	210	(889)	28,548
Current borrowings	8,252	151	(33)	8,370
Total borrowings	**37,479**	**361**	**(922)**	**36,918**
Less: cash and cash equivalents	(1,498)	(107)	115	(1,490)
Net funding	**35,981**	**254**	**(807)**	**35,428**
Less: Readily marketable inventories	(19,456)	(128)	–	(19,584)
Net debt	**16,525**	**126**	**(807)**	**15,844**
Adjusted EBITDA				**11,560**
Net debt to Adjusted EBITDA				**1.37**

Net funding/net debt at 31 December 2019

US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	**Adjusted measure**
Non-current borrowings	29,067	95	(576)	28,586
Current borrowings	7,976	31	(221)	7,786
Total borrowings	**37,043**	**126**	**(797)**	**36,372**
Less: cash and cash equivalents	(1,899)	(143)	36	(2,006)
Net funding	**35,144**	**(17)**	**(761)**	**34,366**
Less: Readily marketable inventories	(16,662)	(148)	–	(16,810)
Net debt	**18,482**	**(165)**	**(761)**	**17,556**
Adjusted EBITDA				**11,601**
Net debt to Adjusted EBITDA				**1.51**

Capital expenditure ("Capex")

Capital expenditure is expenditure capitalised as property, plant and equipment. For internal reporting and analysis, Capex includes related Proportionate adjustments. See reconciliation table below.

US$ million	**2020**	2019
Capital expenditure – Marketing activities	488	438
Capital expenditure – Industrial activities	4,082	5,349
Capital expenditure – segmental	**4,570**	**5,787**
Proportionate adjustment material associates and joint ventures – capital expenditure	(543)	(609)
Proportionate adjustment Volcan – capital expenditure	117	190
Capital expenditure – reported measure	**4,144**	**5,368**

APMS DERIVED FROM THE STATEMENT OF CASH FLOWS

Net purchase and sale of property, plant and equipment

Net purchase and sale of property, plant and equipment is cash purchases of property, plant and equipment, net of proceeds from sale of property, plant and equipment. For internal reporting and analysis, Net purchase and sale of property, plant and equipment includes proportionate adjustments. See reconciliation table below.

2020 US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	**Adjusted measure**
Purchase of property, plant and equipment	(3,569)	(513)	105	(3,977)
Proceeds from sale of property, plant and equipment	52	4	–	56
Net purchase and sale of property, plant and equipment	**(3,517)**	**(509)**	**105**	**(3,921)**

2019 US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	**Adjusted measure**
Purchase of property, plant and equipment	(4,712)	(603)	180	(5,135)
Proceeds from sale of property, plant and equipment	178	–	(9)	169
Net purchase and sale of property, plant and equipment	**(4,534)**	**(603)**	**171**	**(4,966)**

Funds from operations (FFO) and FFO to Net debt

FFO is a measure that reflects our ability to generate cash for investment, debt servicing and distributions to shareholders. It comprises cash provided by operating activities before working capital changes, less tax and net interest payments plus dividends received and related Proportionate adjustments. Furthermore, the relationship of FFO to net debt is an indication of our financial flexibility and strength. See reconciliation table below.

2020 US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	**Adjusted measure**
Cash generated by operating activities before working capital changes	8,568	–	–	8,568
Addback EBITDA of relevant material associates and joint ventures	–	2,061	(131)	1,930
Non-cash adjustments included within EBITDA	–	15	–	15
Adjusted cash generated by operating activities before working capital changes	8,568	2,076	(131)	10,513
Income taxes paid	(820)	(383)	14	(1,189)
Interest received	100	1	(1)	100
Interest paid	(1,174)	(12)	44	(1,142)
Dividends received from associates and joint ventures	1,015	(972)	–	43
Funds from operations (FFO)	**7,689**	**710**	**(74)**	**8,325**
Net debt				**15,844**
FFO to net debt				**52.5%**

ALTERNATIVE PERFORMANCE MEASURES
continued

2019 US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	**Adjusted measure**
Cash generated by operating activities before working capital changes	10,346	–	–	10,346
Addback EBITDA of relevant material associates and joint ventures	–	1,754	(232)	1,522
Non-cash adjustments included within EBITDA	–	7	6	13
Adjusted cash generated by operating activities before working capital changes	10,346	1,761	(226)	11,881
Income taxes paid	(2,301)	(544)	31	(2,814)
Interest received	200	2	(1)	201
Interest paid	(1,604)	(8)	43	(1,569)
Dividends received from associates and joint ventures	942	(776)	–	166
Funds from operations (FFO)	**7,583**	**435**	**(153)**	**7,865**
Net debt				**17,556**
FFO to net debt				**44.8%**

OTHER RECONCILIATIONS

AVAILABLE COMMITTED LIQUIDITY[1]

US$ million	2020	2019
Cash and cash equivalents – reported	1,498	1,899
Proportionate adjustment – cash and cash equivalents	(8)	107
Headline committed syndicated revolving credit facilities	14,625	14,425
Amount drawn under syndicated revolving credit facilities	(4,766)	(5,615)
Amounts drawn under U.S. commercial paper programme	(1,090)	(675)
Total	**10,259**	**10,141**

1 Presented on an adjusted measured basis.

CASH FLOW RELATED ADJUSTMENTS 2020

US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	**Adjusted measure**
Funds from operations (FFO)	7,689	710	(74)	8,325
Working capital changes	(4,010)	(314)	6	(4,318)
Net cash received from disposal of subsidiaries	(222)	–	–	(222)
Purchase of investments	(122)	–	–	(122)
Proceeds from sale of investments	135	–	–	135
Purchase of property, plant and equipment	(3,569)	(513)	105	(3,977)
Proceeds from sale of property, plant and equipment	52	4	–	56
Margin receipts in respect of financing related hedging activities	1,040	–	–	1,040
Acquisition of non-controlling interests in subsidiaries	(56)	–	–	(56)
Return of capital/distributions to non-controlling interests	(127)	–	–	(127)
Cash movement in net funding	**810**	**(113)**	**37**	**734**

CASH FLOW RELATED ADJUSTMENTS 2019

US$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	**Adjusted measure**
Funds from operations (FFO)	7,583	435	(153)	7,865
Working capital changes	2,088	122	(35)	2,175
Net cash used in acquisitions of subsidiaries	(123)	–	–	(123)
Net cash received from disposal of subsidiaries	5	–	1	6
Purchase of investments	(125)	–	–	(125)
Proceeds from sale of investments	119	–	–	119
Purchase of property, plant and equipment	(4,712)	(603)	180	(5,135)
Proceeds from sale of property, plant and equipment	178	–	(9)	169
Margin payments in respect of financing related hedging activities	529	–	–	529
Acquisition of non-controlling interests in subsidiaries	(24)	–	–	(24)
Return of capital/distributions to non-controlling interests	(305)	–	–	(305)
Purchase of own shares	(2,318)	–	–	(2,318)
Disposal of own shares	6	–	–	6
Distributions paid to equity holders of the Parent	(2,710)	–	–	(2,710)
Cash movement in net funding	**191**	**(46)**	**(16)**	**129**

OTHER RECONCILIATIONS
continued

RECONCILIATION OF TAX EXPENSE 2020

US$ million	Total
Adjusted EBIT, pre-significant items	4,416
Net finance costs	(1,453)
Adjustments for:	
Net finance cost from material associates and joint ventures	(56)
Proportional adjustment and net finance costs – Volcan	84
Share of income from other associates pre-significant items	(183)
Profit on a proportionate consolidation basis before tax and pre-significant items	**2,808**
Income tax expense, pre-significant items	(306)
Adjustments for:	
Tax expense from material associates and joint ventures	(524)
Tax credit from Volcan	(3)
Tax expense on a proportionate consolidation basis	**(833)**
Applicable tax rate	**29.7%**

US$ million	Pre-significant tax expense	Significant items tax[1]	Total tax credit
Tax expense/(credit) on a proportionate consolidation basis	833	(971)	(138)
Adjustment in respect of material associates and joint ventures – tax	(524)	211	(313)
Adjustment in respect of Volcan – tax	(3)	(716)	(719)
Tax expense/(credit) on the basis of the income statement	**306**	**(1,476)**	**(1,170)**

1 See table above.

RECONCILIATION OF TAX EXPENSE 2019

US$ million	Total
Adjusted EBIT, pre-significant items	4,151
Net finance costs	(1,713)
Adjustments for:	
Net finance cost from material associates and joint ventures	5
Proportional adjustment and net finance costs – Volcan	82
Share of income from other associates pre-significant items	(96)
Profit on a proportionate consolidation basis before tax and pre-significant items	**2,429**
Income tax expense, pre-significant items	(369)
Adjustments for:	
Tax expense from material associates and joint ventures	(342)
Tax credit from Volcan	(29)
Tax expense on a proportionate consolidation basis	**(740)**
Applicable tax rate	**30.5%**

US$ million	Pre-significant tax expense	Significant items tax[1]	Total tax expense
Tax expense on a proportionate consolidation basis	740	142	882
Adjustment in respect of material associates and joint ventures – tax	(342)	213	(129)
Adjustment in respect of Volcan – tax	(29)	(106)	(135)
Tax expense on the basis of the income statement	**369**	**249**	**618**

1 See table above.

PRODUCTION BY QUARTER – Q4 2019 TO Q4 2020

Metals and minerals

PRODUCTION FROM OWN SOURCES – TOTAL[1]

		Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	**2020**	2019	Change 2020 vs 2019 %	Change Q4 20 vs Q4 19 %
Copper	kt	355.4	293.3	294.8	346.6	323.4	1,258.1	1,371.2	(8)	(9)
Cobalt	kt	11.9	6.1	8.2	7.3	5.8	27.4	46.3	(41)	(51)
Zinc	kt	268.3	295.6	254.5	310.0	310.3	1,170.4	1,077.5	9	16
Lead	kt	60.2	61.7	66.2	66.4	65.1	259.4	280.0	(7)	8
Nickel	kt	31.2	28.2	27.0	26.6	28.4	110.2	120.6	(9)	(9)
Gold	koz	240	211	200	244	261	916	886	3	9
Silver	koz	8,285	7,778	6,407	9,035	9,546	32,766	32,018	2	15
Ferrochrome	kt	408	388	78	185	378	1,029	1,438	(28)	(7)
Coal	mt	35.5	31.9	26.2	25.4	22.7	106.2	139.5	(24)	(36)
Oil (entitlement interest basis)	kbbl	1,880	1,806	806	748	584	3,944	5,518	(29)	(69)

PRODUCTION FROM OWN SOURCES – COPPER ASSETS[1]

			Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	**2020**	2019	Change 2020 vs 2019 %	Change Q4 20 vs Q4 19 %
African Copper (Katanga, Mutanda, Mopani)											
Katanga	Copper metal	kt	65.4	67.3	67.1	67.5	68.8	270.7	234.5	15	5
	Cobalt[2]	kt	6.2	5.3	7.2	6.4	5.0	23.9	17.1	40	(19)
Mutanda	Copper metal	kt	18.0	–	–	–	–	–	103.2	(100)	(100)
	Cobalt[2]	kt	4.5	–	–	–	–	–	25.1	(100)	(100)
Mopani	Copper metal	kt	–	–	6.7	13.3	10.3	30.3	21.6	40	n.m.
	Copper in concentrates	kt	3.3	–	–	–	–	–	10.6	(100)	(100)
African Copper – total production including third party feed											
Mopani	*Copper metal*	*kt*	*–*	*5.6*	*21.1*	*29.5*	*26.3*	*82.5*	*51.3*	*61*	*n.m.*
	Copper in concentrates	*kt*	*3.3*	*–*	*–*	*–*	*–*	*–*	*10.6*	*(100)*	*(100)*
	Total Copper metal	**kt**	**83.4**	**67.3**	**73.8**	**80.8**	**79.1**	**301.0**	**359.3**	**(16)**	**(5)**
	Total Copper in concentrates	**kt**	**3.3**	**–**	**–**	**–**	**–**	**–**	**10.6**	**(100)**	**(100)**
	Total Cobalt[2]	**kt**	**10.7**	**5.3**	**7.2**	**6.4**	**5.0**	**23.9**	**42.2**	**(43)**	**(53)**
Collahuasi[3]	**Copper in concentrates**	**kt**	**72.3**	**66.5**	**75.6**	**75.5**	**59.2**	**276.8**	**248.8**	**11**	**(18)**
	Silver in concentrates	**koz**	**910**	**1,063**	**850**	**1,155**	**893**	**3,961**	**2,878**	**38**	**(2)**
	Gold in concentrates[4]	**koz**	**14**	**12**	**14**	**18**	**9**	**53**	**38**	**39**	**(36)**
Antamina[5]	**Copper in concentrates**	**kt**	**37.6**	**33.1**	**17.8**	**36.1**	**40.7**	**127.7**	**151.4**	**(16)**	**8**
	Zinc in concentrates	**kt**	**26.7**	**36.9**	**16.4**	**44.2**	**44.9**	**142.4**	**102.4**	**39**	**68**
	Silver in concentrates	**koz**	**1,304**	**1,316**	**686**	**1,516**	**2,017**	**5,535**	**5,051**	**10**	**55**
Other South America (Antapaccay, Lomas Bayas)											
Antapaccay	Copper in concentrates	kt	47.5	38.0	43.1	53.0	51.5	185.6	197.6	(6)	8
	Gold in concentrates	koz	23	22	12	24	32	90	85	6	39
	Silver in concentrates	koz	338	270	295	378	355	1,298	1,576	(18)	5
Lomas Bayas	Copper metal	kt	19.2	18.4	18.5	19.2	18.0	74.1	78.9	(6)	(6)
	Total Copper metal	**kt**	**19.2**	**18.4**	**18.5**	**19.2**	**18.0**	**74.1**	**78.9**	**(6)**	**(6)**
	Total Copper in concentrates	**kt**	**47.5**	**38.0**	**43.1**	**53.0**	**51.5**	**185.6**	**197.6**	**(6)**	**8**
	Total Gold in concentrates and in doré	**koz**	**23**	**22**	**12**	**24**	**32**	**90**	**85**	**6**	**39**
	Total Silver in concentrates and in doré	**koz**	**338**	**270**	**295**	**378**	**355**	**1,298**	**1,576**	**(18)**	**5**

PRODUCTION BY QUARTER – Q4 2019 TO Q4 2020
continued

Metals and minerals

PRODUCTION FROM OWN SOURCES – COPPER ASSETS[1] CONTINUED

			Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	**2020**	2019	Change 2020 vs 2019 %	Change Q4 20 vs Q4 19 %
Australia (Mount Isa, Ernest Henry, Townsville, Cobar)											
Mount Isa, Ernest Henry, Townsville, Cobar											
	Copper metal	kt	45.8	31.8	32.6	40.5	33.9	138.8	151.1	(8)	(26)
	Gold	koz	18	22	24	22	25	93	100	(7)	39
	Silver	koz	245	156	165	208	226	755	1,154	(35)	(8)
Mount Isa, Ernest Henry, Townsville – total production including third party feed											
	Copper metal	*kt*	*61.2*	*53.2*	*49.8*	*59.7*	*54.5*	*217.2*	*220.5*	*(1)*	*(11)*
	Gold	*koz*	*36*	*33*	*39*	*45*	*41*	*158*	*140*	*13*	*14*
	Silver	*koz*	*395*	*331*	*321*	*393*	*372*	*1,417*	*1,389*	*2*	*(6)*
Cobar	Copper in concentrates	kt	11.1	11.8	11.0	10.7	12.7	46.2	43.5	6	14
	Silver in concentrates	koz	119	117	126	129	144	516	461	12	21
	Total Copper metal	**kt**	**45.8**	**31.8**	**32.6**	**40.5**	**33.9**	**138.8**	**151.1**	**(8)**	**(26)**
	Total Copper in concentrates	**kt**	**11.1**	**11.8**	**11.0**	**10.7**	**12.7**	**46.2**	**43.5**	**6**	**14**
	Total Gold	**koz**	**18**	**22**	**24**	**22**	**25**	**93**	**100**	**(7)**	**39**
	Total Silver	**koz**	**364**	**273**	**291**	**337**	**370**	**1,271**	**1,615**	**(21)**	**2**
Total Copper department											
	Copper	**kt**	**320.2**	**266.9**	**272.4**	**315.8**	**295.1**	**1,150.2**	**1,241.2**	**(7)**	**(8)**
	Cobalt	**kt**	**10.7**	**5.3**	**7.2**	**6.4**	**5.0**	**23.9**	**42.2**	**(43)**	**(53)**
	Zinc	**kt**	**26.7**	**36.9**	**16.4**	**44.2**	**44.9**	**142.4**	**102.4**	**39**	**68**
	Gold	**koz**	**55**	**56**	**50**	**64**	**66**	**236**	**223**	**6**	**20**
	Silver	**koz**	**2,916**	**2,922**	**2,122**	**3,386**	**3,635**	**12,065**	**11,120**	**8**	**25**

Metals and minerals

PRODUCTION FROM OWN SOURCES – ZINC ASSETS[1]

			Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	2020	2019	Change 2020 vs 2019 %	Change Q4 20 vs Q4 19 %
Kazzinc											
	Zinc metal	**kt**	**38.5**	**43.3**	**41.6**	**43.9**	**38.7**	**167.5**	**172.5**	**(3)**	**1**
	Lead metal	**kt**	**4.2**	**5.5**	**6.8**	**5.7**	**7.6**	**25.6**	**31.6**	**(19)**	**81**
	Lead in concentrates	**kt**	**–**	**–**	**–**	**–**	**–**	**–**	**2.8**	**(100)**	**n.m.**
	Copper metal[6]	**kt**	**12.7**	**8.7**	**8.8**	**10.6**	**8.9**	**37.0**	**44.0**	**(16)**	**(30)**
	Gold	**koz**	**177**	**150**	**144**	**175**	**190**	**659**	**634**	**4**	**7**
	Silver	**koz**	**1,214**	**844**	**936**	**1,218**	**1,714**	**4,712**	**4,546**	**4**	**41**
	Silver in concentrates	**koz**	**–**	**–**	**–**	**–**	**–**	**–**	**92**	**(100)**	**n.m.**
Kazzinc – total production including third party feed											
	Zinc metal	*kt*	*76.3*	*75.0*	*73.9*	*74.1*	*75.2*	*298.2*	*293.3*	*2*	*(1)*
	Lead metal	*kt*	*29.8*	*29.8*	*35.2*	*29.9*	*30.1*	*125.0*	*129.0*	*(3)*	*1*
	Lead in concentrates	*kt*	*–*	*–*	*–*	*–*	*–*	*–*	*2.8*	*(100)*	*n.m.*
	Copper metal	*kt*	*19.9*	*14.9*	*14.2*	*16.9*	*14.7*	*60.7*	*65.1*	*(7)*	*(26)*
	Gold	*koz*	*263*	*197*	*218*	*256*	*294*	*965*	*962*	*–*	*12*
	Silver	*koz*	*6,056*	*4,704*	*5,406*	*5,631*	*6,399*	*22,140*	*23,129*	*(4)*	*6*
	Silver in concentrates	*koz*	*–*	*–*	*–*	*–*	*–*	*–*	*92*	*(100)*	*n.m.*
Australia (Mount Isa, McArthur River)											
Mount Isa	Zinc in concentrates	kt	75.3	85.2	89.5	91.3	88.2	354.2	326.4	9	17
	Lead in concentrates	kt	33.8	38.1	41.3	43.6	38.9	161.9	158.0	2	15
	Silver in concentrates	koz	1,108	1,341	1,637	1,517	1,295	5,790	5,518	5	17
McArthur River	Zinc in concentrates	kt	70.4	68.5	68.6	65.8	76.4	279.3	271.2	3	9
	Lead in concentrates	kt	16.0	14.6	14.1	11.2	15.0	54.9	55.3	(1)	(6)
	Silver in concentrates	koz	525	472	340	315	487	1,614	1,675	(4)	(7)
	Total Zinc in concentrates	**kt**	**145.7**	**153.7**	**158.1**	**157.1**	**164.6**	**633.5**	**597.6**	**6**	**13**
	Total Lead in concentrates	**kt**	**49.8**	**52.7**	**55.4**	**54.8**	**53.9**	**216.8**	**213.3**	**2**	**8**
	Total Silver in concentrates	**koz**	**1,633**	**1,813**	**1,977**	**1,832**	**1,782**	**7,404**	**7,193**	**3**	**9**
North America (Matagami, Kidd)											
Matagami	Zinc in concentrates	kt	10.6	14.5	11.8	12.4	13.5	52.2	43.8	19	27
	Copper in concentrates	kt	1.3	1.8	1.6	1.4	1.9	6.7	5.6	20	46
Kidd	Zinc in concentrates	kt	15.8	19.3	11.8	18.7	12.7	62.5	67.6	(8)	(20)
	Copper in concentrates	kt	9.6	8.1	5.3	11.1	9.5	34.0	33.5	1	(1)
	Silver in concentrates	koz	561	517	412	679	517	2,125	1,654	28	(8)
	Total Zinc in concentrates	**kt**	**26.4**	**33.8**	**23.6**	**31.1**	**26.2**	**114.7**	**111.4**	**3**	**(1)**
	Total Copper in concentrates	**kt**	**10.9**	**9.9**	**6.9**	**12.5**	**11.4**	**40.7**	**39.1**	**4**	**5**
	Total Silver in concentrates	**koz**	**561**	**517**	**412**	**679**	**517**	**2,125**	**1,654**	**28**	**(8)**

PRODUCTION BY QUARTER – Q4 2019 TO Q4 2020
continued

Metals and minerals

PRODUCTION FROM OWN SOURCES – ZINC ASSETS[1] CONTINUED

		Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	**2020**	2019	Change 2020 vs 2019 %	Change Q4 20 vs Q4 19 %
Other Zinc: South America (Argentina, Bolivia, Peru)[7]										
Zinc in concentrates	**kt**	**31.0**	**27.9**	**14.8**	**33.7**	**35.9**	**112.3**	**93.6**	**20**	**16**
Lead in concentrates	**kt**	**6.2**	**3.5**	**4.0**	**5.9**	**3.6**	**17.0**	**32.3**	**(47)**	**(42)**
Copper in concentrates	**kt**	**0.4**	**0.4**	**0.2**	**0.5**	**0.5**	**1.6**	**2.7**	**(41)**	**25**
Silver in concentrates	**koz**	**1,851**	**1,574**	**844**	**1,871**	**1,832**	**6,121**	**6,906**	**(11)**	**(1)**
Total Zinc department										
Zinc	**kt**	**241.6**	**258.7**	**238.1**	**265.8**	**265.4**	**1,028.0**	**975.1**	**5**	**10**
Lead	**kt**	**60.2**	**61.7**	**66.2**	**66.4**	**65.1**	**259.4**	**280.0**	**(7)**	**8**
Copper	**kt**	**24.0**	**19.0**	**15.9**	**23.6**	**20.8**	**79.3**	**85.8**	**(8)**	**(13)**
Gold	**koz**	**177**	**150**	**144**	**175**	**190**	**659**	**634**	**4**	**7**
Silver	**koz**	**5,259**	**4,748**	**4,169**	**5,600**	**5,845**	**20,362**	**20,391**	**–**	**11**

PRODUCTION BY QUARTER – Q4 2019 TO Q4 2020
continued

Metals and minerals

PRODUCTION FROM OWN SOURCES – NICKEL ASSETS[1]

			Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	**2020**	2019	Change 2020 vs 2019 %	Change Q4 20 vs Q4 19 %
Integrated Nickel Operations (Sudbury, Raglan, Nikkelverk)											
	Nickel metal	**kt**	**14.9**	**14.5**	**13.1**	**13.8**	**15.1**	**56.5**	**59.8**	**(6)**	**1**
	Nickel in concentrates	**kt**	**0.1**	**0.1**	**0.1**	**–**	**0.2**	**0.4**	**0.5**	**(20)**	**100**
	Copper metal	**kt**	**4.7**	**3.4**	**2.9**	**3.4**	**3.8**	**13.5**	**15.8**	**(15)**	**(19)**
	Copper in concentrates	**kt**	**6.5**	**4.0**	**3.6**	**3.8**	**3.7**	**15.1**	**28.4**	**(47)**	**(43)**
	Cobalt metal	**kt**	**0.1**	**0.1**	**0.1**	**0.2**	**0.2**	**0.6**	**0.7**	**(14)**	**100**
	Gold	**koz**	**8**	**5**	**6**	**5**	**5**	**21**	**29**	**(28)**	**(38)**
	Silver	**koz**	**110**	**108**	**116**	**49**	**66**	**339**	**507**	**(33)**	**(40)**
	Platinum	**koz**	**3**	**12**	**12**	**6**	**10**	**40**	**51**	**(22)**	**233**
	Palladium	**koz**	**25**	**28**	**29**	**21**	**23**	**101**	**112**	**(10)**	**(8)**
	Rhodium	**koz**	**1**	**1**	**1**	**1**	**1**	**4**	**4**	**–**	**–**
	Nickel metal	*kt*	*23.4*	*22.4*	*21.3*	*23.9*	*23.5*	*91.1*	*92.1*	*(1)*	*–*
	Nickel in concentrates	*kt*	*0.2*	*0.1*	*0.1*	*0.1*	*0.1*	*0.4*	*0.6*	*(33)*	*(50)*
	Copper metal	*kt*	*6.3*	*5.1*	*4.6*	*5.3*	*5.5*	*20.5*	*22.0*	*(7)*	*(13)*
	Copper in concentrates	*kt*	*7.7*	*4.9*	*4.8*	*5.0*	*2.9*	*17.6*	*32.8*	*(46)*	*(62)*
	Cobalt metal	*kt*	*1.2*	*0.9*	*1.0*	*1.3*	*1.2*	*4.4*	*4.4*	*–*	*–*
	Gold	*koz*	*11*	*9*	*9*	*10*	*8*	*36*	*43*	*(16)*	*(27)*
	Silver	*koz*	*162*	*174*	*200*	*82*	*89*	*545*	*749*	*(27)*	*(45)*
	Platinum	*koz*	*19*	*21*	*22*	*13*	*16*	*72*	*84*	*(14)*	*(16)*
	Palladium	*koz*	*53*	*69*	*73*	*48*	*48*	*238*	*228*	*4*	*(9)*
	Rhodium	*koz*	*1*	*1*	*1*	*2*	*1*	*5*	*5*	*–*	*–*
Murrin Murrin											
	Total Nickel metal	**kt**	**9.7**	**7.6**	**10.2**	**9.5**	**9.1**	**36.4**	**36.6**	**(1)**	**(6)**
	Total Cobalt metal	**kt**	**1.1**	**0.7**	**0.9**	**0.7**	**0.6**	**2.9**	**3.4**	**(15)**	**(45)**
Murrin Murrin – total production including third party feed											
	Total Nickel metal	*kt*	*10.6*	*8.6*	*11.5*	*10.9*	*9.8*	*40.8*	*40.7*	*–*	*(8)*
	Total Cobalt metal	*kt*	*1.1*	*0.8*	*0.9*	*0.9*	*0.7*	*3.3*	*3.7*	*(11)*	*(36)*
Koniambo	**Nickel in ferronickel**	**kt**	**6.5**	**6.0**	**3.6**	**3.3**	**4.0**	**16.9**	**23.7**	**(29)**	**(38)**
Total Nickel department											
	Nickel	**kt**	**31.2**	**28.2**	**27.0**	**26.6**	**28.4**	**110.2**	**120.6**	**(9)**	**(9)**
	Copper	**kt**	**11.2**	**7.4**	**6.5**	**7.2**	**7.5**	**28.6**	**44.2**	**(35)**	**(33)**
	Cobalt	**kt**	**1.2**	**0.8**	**1.0**	**0.9**	**0.8**	**3.5**	**4.1**	**(15)**	**(33)**
	Gold	**koz**	**8**	**5**	**6**	**5**	**5**	**21**	**29**	**(28)**	**(38)**
	Silver	**koz**	**110**	**108**	**116**	**49**	**66**	**339**	**507**	**(33)**	**(40)**
	Platinum	**koz**	**3**	**12**	**12**	**6**	**10**	**40**	**51**	**(22)**	**233**
	Palladium	**koz**	**25**	**28**	**29**	**21**	**23**	**101**	**112**	**(10)**	**(8)**
	Rhodium	**koz**	**1**	**1**	**1**	**1**	**1**	**4**	**4**	**–**	**–**

PRODUCTION BY QUARTER – Q4 2019 TO Q4 2020
continued

Metals and minerals

PRODUCTION FROM OWN SOURCES – FERROALLOYS ASSETS[1]

		Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	**2020**	2019	Change 2020 vs 2019 %	Change Q4 20 vs Q4 19 %
Ferrochrome[8]	kt	408	388	78	185	378	1,029	1,438	(28)	(7)
Vanadium pentoxide	mlb	4.4	4.2	4.1	5.3	5.9	19.5	20.2	(3)	34

TOTAL PRODUCTION – CUSTOM METALLURGICAL ASSETS[1]

		Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	**2020**	2019	Change 2020 vs 2019 %	Change Q4 20 vs Q4 19 %
Copper (Altonorte, Pasar, Horne, CCR)										
Copper metal	kt	109.0	123.0	124.1	119.5	116.0	482.6	432.9	11	6
Copper anode	kt	132.3	127.4	102.8	125.5	134.4	490.1	510.7	(4)	2
Zinc (Portovesme, San Juan de Nieva, Nordenham, Northfleet)										
Zinc metal	kt	204.6	195.9	195.6	192.1	203.6	787.2	805.7	(2)	–
Lead metal	kt	50.6	44.6	54.7	52.9	45.8	198.0	190.5	4	(9)

Energy products

PRODUCTION FROM OWN SOURCES – COAL ASSETS[1]

		Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	**2020**	2019	Change 2020 vs 2019 %	Change Q4 20 vs Q4 19 %
Australian coking coal	mt	3.1	1.8	1.9	1.9	2.0	7.6	9.2	(17)	(35)
Australian semi-soft coal	mt	1.3	1.6	1.0	1.0	1.0	4.6	6.4	(28)	(23)
Australian thermal coal (export)	mt	16.4	14.5	14.9	13.5	12.8	55.7	64.2	(13)	(22)
Australian thermal coal (domestic)	mt	2.4	2.0	1.7	1.2	1.5	6.4	8.6	(26)	(38)
South African thermal coal (export)	mt	2.9	3.7	3.5	4.3	3.3	14.8	13.0	14	14
South African thermal coal (domestic)	mt	2.8	2.5	2.5	2.4	1.8	9.2	13.9	(34)	(36)
Prodeco	mt	4.3	3.8	–	–	–	3.8	15.6	(76)	(100)
Cerrejón[9]	mt	2.3	2.0	0.7	1.1	0.3	4.1	8.6	(52)	(87)
Total Coal department	**mt**	**35.5**	**31.9**	**26.2**	**25.4**	**22.7**	**106.2**	**139.5**	**(24)**	**(36)**

OIL ASSETS

		Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	**2020**	2019	Change 2020 vs 2019 %	Change Q4 20 vs Q4 19 %
Glencore entitlement interest basis										
Equatorial Guinea	kbbl	597	522	569	524	345	1,960	1,895	3	(42)
Chad	kbbl	1,106	1,083	29	–	–	1,112	3,371	(67)	(100)
Cameroon	kbbl	177	201	208	224	239	872	252	246	35
Total Oil department	**kbbl**	**1,880**	**1,806**	**806**	**748**	**584**	**3,944**	**5,518**	**(29)**	**(69)**
Gross basis										
Equatorial Guinea	kbbl	2,906	3,080	2,810	2,674	1,871	10,435	9,236	13	(36)
Chad	kbbl	1,511	1,481	40	–	–	1,521	4,608	(67)	(100)
Cameroon	kbbl	514	582	603	650	693	2,528	730	246	35
Total Oil department	**kbbl**	**4,931**	**5,143**	**3,453**	**3,324**	**2,564**	**14,484**	**14,574**	**(1)**	**(48)**

1 Controlled industrial assets and joint ventures only. Production is on a 100% basis except for joint ventures, where the Group's attributable share of production is included.
2 Cobalt contained in concentrates and hydroxides.
3 The Group's pro-rata share of Collahuasi production (44%).
4 Reported from Q4 2020 given higher gold price and production, with resulting increased materiality. Comparatives updated accordingly.
5 The Group's pro-rata share of Antamina production (33.75%).
6 Copper metal includes copper contained in copper concentrates and blister.
7 South American production excludes Volcan Compania Minera.
8 The Group's attributable 79.5% share of the Glencore-Merafe Chrome Venture.
9 The Group's pro-rata share of Cerrejón production (33.3%).

RESOURCES AND RESERVES

The resource and reserve data in the following tables comprise summary extracts of the Glencore Resources and Reserves report as at 31 December 2020, as published on the Glencore website on 3 February 2021. The Glencore Resources and Reserves report was publicly reported, as appropriate for individual components, in accordance with the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code), the 2016 edition of the South African Code for Reporting of Mineral Resources and Mineral Reserves (SAMREC), the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Reserves (2014 edition) and the Petroleum Resources Management System (PRMS) for reporting of oil and natural gas reserves and resources.

Data is reported as at 31 December 2020, unless otherwise noted. For comparison purposes, data for 2019 has been included. Metric units are used throughout, and all data is presented on a 100% asset basis with the exception of Oil assets which are shown on a working interest basis. All tonnage information has been rounded to reflect the relative uncertainty in the estimates; there may therefore be small differences in the totals.

Metals and minerals: Copper

COPPER MINERAL RESOURCES

		Measured Mineral Resources		Indicated Mineral Resources		Measured and Indicated Resources		Inferred Mineral Resources	
Name of operation	Commodity	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
African copper									
Katanga	(Mt)	–	16	290	249	290	265	99	163
	Copper (%)	–	3.58	4.73	3.69	4.73	3.68	1.56	3.80
	Cobalt (%)	–	0.57	0.55	0.54	0.55	0.54	0.47	0.45
Mutanda	(Mt)	368	368	96	96	464	464	17	17
	Copper (%)	1.39	1.39	0.97	0.97	1.31	1.31	0.72	0.72
	Cobalt (%)	0.55	0.55	0.44	0.44	0.53	0.53	0.54	0.53
Collahuasi	(Mt)	876	857	4,729	4,534	5,605	5,391	4,898	4,806
	Copper (%)	0.79	0.80	0.8	0.81	0.8	0.81	0.73	0.73
	Molybdenum (%)	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Antamina	(Mt)	329	344	642	650	971	994	1,272	1,295
	Copper (%)	0.82	0.84	0.89	0.86	0.86	0.86	1.01	1.02
	Zinc (%)	0.64	0.67	0.72	0.75	0.69	0.72	0.58	0.60
	Silver (g/t)	9	9	12	11	11	10	11	11
	Molybdenum (%)	0.02	0.02	0.02	0.02	0.02	0.02	0.01	0.02
Other South America	(Mt)	509	659	2,131	1,971	2,639	2,629	654	703
	Copper (%)	0.44	0.44	0.39	0.43	0.41	0.43	0.29	0.31
	Gold (g/t)	0.04	0.11	0.04	0.04	0.04	0.06	0.01	0.02
	Silver (g/t)	0.8	0.7	0.8	0.8	0.8	0.8	0.1	0.2
Australia	(Mt)	71	108	178	167	249	275	33	160
	Copper (%)	2.15	1.79	1.44	1.39	1.68	1.54	1.83	1.09
	Gold (g/t)	0.05	0.06	0.21	0.23	0.16	0.16	0.30	0.06
	Silver (g/t)	1.6	0.7	0.4	0.4	0.7	0.5	2.6	0.6
Other projects[1]	(Mt)	853	853	2,319	2,318	3,171	3,171	3,023	3,023
(El Pachon, West Wall, Polymet)	Copper (%)	0.51	0.50	0.45	0.45	0.47	0.47	0.39	0.39

1 The above listed Copper projects also include other metallic content, as noted in the Resources and Reserves report published on 3 February 2021.

COPPER ORE RESERVES

Name of operation	Commodity	Proved Ore Reserves 2020	Proved Ore Reserves 2019	Probable Ore Reserves 2020	Probable Ore Reserves 2019	Total Ore Reserves 2020	Total Ore Reserves 2019
African copper							
Katanga	(Mt)	–	9	143	115	143	124
	Copper (%)	–	3.56	3.66	3.18	3.66	3.20
	Cobalt (%)	–	0.56	0.49	0.53	0.49	0.53
Mutanda	(Mt)	48	48	82	82	130	130
	Copper (%)	1.36	1.36	1.59	1.59	1.15	1.51
	Cobalt (%)	0.62	0.62	0.75	0.75	0.70	0.70
Collahuasi	(Mt)	491	486	3,685	2,569	4,176	3.055
	Copper (%)	1.01	1.03	0.78	0.90	0.80	0.92
	Molybdenum (%)	0.02	0.02	0.02	0.03	0.02	0.03
Antamina	(Mt)	206	224	1.76	205	382	430
	Copper (%)	0.90	0.92	0.92	0.91	0.91	0.91
	Zinc (%)	0.77	0.80	1.06	1.12	0.91	0.95
	Silver (g/t)	9	9	10	11	9	10
	Molybdenum (%)	0.026	0.027	0.022	0.021	0.024	0.024
Other South America	(Mt)	328	484	510	707	838	1,192
	Copper (%)	0.41	0.44	0.34	0.49	0.37	0.46
	Gold (g/t)	0.05	0.10	0.04	0.05	0.04	0.07
	Silver (g/t)	0.7	0.8	0.6	1.2	0.6	1.0
Australia	(Mt)	17	22	56	58	73	81
	Copper (%)	2.64	2.34	1.37	1.36	1.66	1.63
	Gold (g/t)	0.13	0.22	0.30	0.31	0.26	0.29
	Silver (g/t)	4.7	2.8	0.8	0.6	1.7	1.2
Other projects[1]	(Mt)	157	157	106	106	264	264
(Polymet)	Copper (%)	0.29	0.29	0.29	0.29	0.29	0.29

1 The above listed Copper projects also include other metallic content, as noted in the Resources and Reserves report published on 3 February 2021.

RESOURCES AND RESERVES

continued

Metals and minerals: Zinc

ZINC MINERAL RESOURCES

Name of operation	Commodity	Measured Mineral Resources 2020	Measured Mineral Resources 2019	Indicated Mineral Resources 2020	Indicated Mineral Resources 2019	Measured and Indicated Resources 2020	Measured and Indicated Resources 2019	Inferred Mineral Resources 2020	Inferred Mineral Resources 2019
Kazzinc									
Kazzinc Polymetallic	(Mt)	111	130	123	93	234	223	172	149
	Zinc (%)	2.8	2.6	1.4	1.3	2.0	2.1	2.2	2.0
	Lead (%)	0.9	0.8	0.4	0.4	0.6	0.6	1.2	1.0
	Copper (%)	0.3	0.4	0.2	0.2	0.3	0.3	0.3	0.1
	Silver (g/t)	18	14	13	12	15	13	21	23
	Gold (g/t)	1.1	1.1	1.0	0.9	1.0	1.0	0.8	1.0
Kazzinc Gold (Vasilkovskoye)	(Mt)	73	70	53	44	126	113	2.0	0.1
	Gold (g/t)	1.9	2.1	2.1	1.7	2.0	1.9	1.8	1.0
Australia									
Mount Isa	(Mt)	85	131	310	284	395	414	290	226
	Zinc (%)	9.1	7.6	6.3	6.9	6.9	7.1	5	6
	Lead (%)	4.1	4.3	3.4	3.4	3.6	3.6	3	3
	Silver (g/t)	78	82	67	61	69	68	48	61
McArthur River	(Mt)	106	107	57	56	162	163	–	–
	Zinc (%)	9.5	9.6	10.2	10.3	9.7	9.8	–	–
	Lead (%)	4.1	4.1	4.8	4.9	4.4	4.4	–	–
	Silver (g/t)	40	41	52	52	45	45	–	–
North America									
Zinc North America	(Mt)	20.8	21.8	33	32	54	54	77	70
	Zinc (%)	4.3	4.4	4.6	4.5	4.4	4.5	4.1	4.0
	Lead (%)	0.5	0.5	0.6	0.6	0.6	0.6	0.8	1.0
	Copper (%)	1.4	1.4	0.6	0.6	0.9	0.9	0.7	1.0
	Silver (g/t)	46	45	114	116	88	87	124	134
	Gold (g/t)	0.4	0.5	0.3	0.3	0.4	0.4	0.2	0.2
Copper North America	(Mt)	75	75	255	255	330	330	120	120
	Copper (%)	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
	Gold (g/t)	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1
Volcan									
Lead/zinc/silver deposits	(Mt)	26	33	115	66	141	99	215	228
	Zinc (%)	5.3	6.3	3.6	5.2	3.9	5.6	4.4	2.9
	Lead (%)	1.5	1.5	1.1	1.5	1.1	1.5	1.5	1.1
	Silver (g/t)	84	107	82	87	82	93	83	78
Copper deposits	(Mt)	18.4	18.4	34.3	34.3	53	53	148	148
	Gold (g/t)	–	–	–	–	–	–	0.2	0.2
	Copper (%)	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.4
Other Zinc	(Mt)	14.1	14.6	21	24	35	38	75	76
	Zinc (%)	5.6	5.8	4.1	4.2	4.7	4.8	6.4	6.0
	Lead (%)	1.5	1.5	1.3	1.3	1.4	1.4	1.1	1.0
	Copper (%)	0.3	0.4	0.3	0.3	0.3	0.3	0.1	0.2
	Silver (g/t)	129	138	132	130	131	133	84	83

ZINC ORE RESERVES

Name of operation	Commodity	Proved Ore Reserves 2020	Proved Ore Reserves 2019	Probable Ore Reserves 2020	Probable Ore Reserves 2019	Total Ore Reserves 2020	Total Ore Reserves 2019
Kazzinc							
Kazzinc Polymetallic	(Mt)	68	78	23.8	13.0	92	91
	Zinc (%)	3.5	3.4	3.5	4.5	3.5	3.6
	Lead (%)	1.0	1.0	0.6	0.5	0.9	0.9
	Copper (%)	0.2	0.2	0.3	0.5	0.2	0.2
	Silver (g/t)	18	14	15	19	17	15
	Gold (g/t)	0.6	0.6	0.8	0.9	0.7	0.7
Kazzinc Gold (Vasilkovskoye)	(Mt)	43	42	36	44	79	86
	Gold (g/t)	2.0	2.2	1.8	1.8	1.9	2.0
Australia							
Mount Isa	(Mt)	26	29	46	50	72	79
	Zinc (%)	7.7	7.5	6.9	7.3	7.3	7.4
	Lead (%)	3.9	3.9	3.5	3.4	3.7	3.6
	Silver (g/t)	72	74	64	62	67	66
McArthur River	(Mt)	74	71	12.7	27.0	87	98
	Zinc (%)	9.4	9.5	7.8	8.0	9.2	9.1
	Lead (%)	4.3	4.3	3.8	4.0	4.2	4.2
	Silver (g/t)	43	42	39	42	42	42
North America	(Mt)	4.5	5.7	1.7	1.0	6	7
	Zinc (%)	4.04	4.42	4.0	5.1	4.0	4.5
	Copper (%)	1.67	1.59	1.6	1.9	1.6	1.6
	Silver (g/t)	41	43	38	43	40	43
	Gold (g/t)	0.2	0.22	–	–	0.1	0.2
Volcan	(Mt)	6.7	10.1	20.8	22.6	27.6	32.7
	Zinc (%)	4.3	5.3	4.6	4.5	4.6	4.8
	Lead (%)	1.1	0.9	1.1	1.1	1.1	1.1
	Silver (g/t)	80	99	91	92	88	94
Other Zinc	(Mt)	3.6	5.2	9.0	11.3	13.0	16.6
	Zinc (%)	5.6	6.0	2.8	3.5	3.6	4.3
	Lead (%)	1.2	1.4	0.8	1.1	0.9	1.2
	Copper (%)	0.2	0.2	0.2	0.2	0.2	0.2
	Silver (g/t)	152	145	113	118	124	126

RESOURCES AND RESERVES

continued

Metals and minerals: Nickel

NICKEL MINERAL RESOURCES

Name of operation	Commodity	Measured Mineral Resources 2020	Measured Mineral Resources 2019	Indicated Mineral Resources 2020	Indicated Mineral Resources 2019	Measured and Indicated Resources 2020	Measured and Indicated Resources 2019	Inferred Mineral Resources 2020	Inferred Mineral Resources 2019
INO	(Mt)	9.6	10.8	36.7	37.6	46.2	48.4	49	42
	Nickel (%)	2.59	2.77	2.55	2.48	2.55	2.54	1.6	1.7
	Copper (%)	0.85	1.06	1.95	1.90	1.72	1.72	1.8	1.9
	Cobalt (%)	0.06	0.06	0.06	0.06	0.06	0.06	0.003	0.04
	Platinum (g/t)	0.73	0.79	0.92	0.96	0.88	0.92	0.8	1.0
	Palladium (g/t)	1.47	1.53	1.59	1.59	1.57	1.58	1.4	1.6
Murrin Murrin	(Mt)	144.1	144.5	74.6	75.5	218.8	220.0	17	17
	Nickel (%)	1.00	1.01	1.00	0.99	1.00	1.00	0.9	0.9
	Cobalt (%)	0.074	0.073	0.084	0.084	0.077	0.077	0.07	0.07
Koniambo	(Mt)	11.5	11.7	44.0	41.7	55.5	53.5	84	82
	Nickel (%)	2.47	2.48	2.41	2.41	2.42	2.42	2.5	2.5

NICKEL ORE RESERVES

Name of operation	Commodity	Proved Ore Reserves 2020	Proved Ore Reserves 2019	Probable Ore Reserves 2020	Probable Ore Reserves 2019	Total Ore Reserves 2020	Total Ore Reserves 2019
INO	(Mt)	8.30	8.40	19.90	21.6	28.2	29.9
	Nickel (%)	1.93	1.92	2.33	2.30	2.21	2.20
	Copper (%)	0.67	0.81	0.95	0.92	0.87	0.89
	Cobalt (%)	0.04	0.04	0.06	0.05	0.05	0.05
	Platinum (g/t)	0.57	0.60	0.53	0.52	0.54	0.55
	Palladium (g/t)	1.05	1.01	0.95	0.97	0.99	0.98
Murrin Murrin	(Mt)	103.0	103.6	33.9	37.8	136.8	141.4
	Nickel (%)	1.02	1.03	1.04	1.04	1.03	1.03
	Cobalt (%)	0.081	0.080	0.109	0.103	0.088	0.086
Koniambo	(Mt)	11.0	11.5	26.0	30.3	37.2	41.8
	Nickel (%)	2.23	2.24	2.17	2.18	2.20	2.19

Metals and minerals: Ferroalloys

FERROALLOYS MINERAL RESOURCES

Name of operation	Commodity	Measured Mineral Resources 2020	Measured Mineral Resources 2019	Indicated Mineral Resources 2020	Indicated Mineral Resources 2019	Measured and Indicated Resources 2020	Measured and Indicated Resources 2019	Inferred Mineral Resources 2020	Inferred Mineral Resources 2019
Western Chrome Mines									
Western Chrome Mines	(Mt)	58.347	55.121	58.55	61.11	116.89	116.23	101.4	101.8
	Cr_2O_3 (%)	42.05	42.09	41.4	41.5	41.7	41.8	42	42
Tailings	(Mt)	–	–	–	–	–	–	2.9	2.8
	Cr_2O_3 (%)	–	–	–	–	–	–	17	17
Eastern Chrome Mines									
Eastern Chrome Mines	(Mt)	72.017	66.172	44.73	49.23	116.76	115.40	180.7	186.4
	Cr_2O_3 (%)	41.36	40.04	40.2	40.4	40.9	40.2	39	39
Tailings	(Mt)	–	–	–	–	–	–	4.9	4.6
	Cr_2O_3 (%)	–	–	–	–	–	–	20	20
Vanadium	(Mt)	49.754	51.160	35.56	34.90	85.31	86.06	93	91
	V_2O_5 (%)	0.47	0.48	0.5	0.5	0.5	0.5	0.5	0.5
Manganese	(Mt)	27.186	–	19.55	–	46.74	–	3	–
	Mn (%)	37.24	–	36.5	–	36.9	–	36	–

FERROALLOYS ORE RESERVES

Name of operation	Commodity	Proved Ore Reserves 2020	Proved Ore Reserves 2019	Probable Ore Reserves 2020	Probable Ore Reserves 2019	Total Ore Reserves 2020	Total Ore Reserves 2019
Western Chrome Mines	(Mt)	10.418	17.791	3.13	6.65	13.56	24.44
	Cr_2O_3 (%)	30.23	30.79	29.0	28.0	29.9	33.0
Eastern Chrome Mines	(Mt)	27.701	24.554	4.43	8.68	32.13	33.23
	Cr_2O_3 (%)	33.55	33.23	33.8	33.6	33.6	33.3
Vanadium	(Mt)	22.223	23.100	9.45	9.50	31.67	32.6
	V_2O_5 (%)	0.47	0.47	0.43	0.4	0.5	0.5
Manganese	(Mt)	21.650	–	4.10	–	25.75	–
	Mn (%)	36.34	–	35.9	–	36.3	–

Metals and minerals: Aluminium/Alumina

ALUMINA MINERAL RESOURCES

Name of operation	Commodity	Measured Mineral Resources 2020	Measured Mineral Resources 2019	Indicated Mineral Resources 2020	Indicated Mineral Resources 2019	Measured and Indicated Resources 2020	Measured and Indicated Resources 2019	Inferred Mineral Resources 2020	Inferred Mineral Resources 2019
Aurukun	(Mt)	96	95	352	334	448	429	4	3
	Al_2O_3 (%)	53.3	53.4	49.7	49.9	50.5	50.6	48.8	49.3

RESOURCES AND RESERVES

continued

Metals and minerals: Iron Ore

IRON ORE MINERAL RESOURCES

		Measured Mineral Resources		Indicated Mineral Resources		Measured and Indicated Resources		Inferred Mineral Resources	
Name of operation	Commodity	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
El Aouj Mining Company S.A.	(Mt)	470	470	1,435	1,435	1,905	1,905	2,520	2,520
	Iron (%)	36	36	36	36	36	36	35	35
Sphere Mauritania S.A.	(Mt)	215	215	190	190	405	405	251	251
(Askaf)	Iron (%)	36	36	35	35	36	36	35	35
Sphere Lebtheinia S.A.	(Mt)	–	–	2,180	2,180	2,180	2,180	560	560
	Iron (%)	–	–	32	32	32	32	32	32
Jumelles Limited	(Mt)	2,300	2,300	2,500	2,500	4,800	4,800	2,100	2,100
(Zanaga)	Iron (%)	34	34	30	30	32	32	31	31

IRON ORE RESERVES

		Proved Ore Reserves		Probable Ore Reserves		Total Ore Reserves	
Name of operation	Commodity	**2020**	2019	**2020**	2019	**2020**	2019
El Aouj Mining Company S.A.	(Mt)	380	380	551	551	931	931
	Iron (%)	35	35	35	35	35	35
Jumelles Limited	(Mt)	770	770	1,290	1,290	2,070	2,070
(Zanaga)	Iron (%)	37	37	32	32	34	34

Energy products: Coal

COAL RESOURCES

		Measured Coal Resources		Indicated Coal Resources		Inferred Coal Resources	
Name of operation	Commodity	**2020**	2019	**2020**	2019	**2020**	2019
Australia							
New South Wales	Coking/Thermal Coal (Mt)	3,671	3,745	3,644	3,669	7,591	7,591
Queensland	Coking/Thermal Coal (Mt)	3,852	3,849	5,203	5,279	9,000	8,925
South Africa	Thermal Coal (Mt)	2,314	2,346	839	839	344	344
Prodeco	Thermal Coal (Mt)	190	190	155	147	60	60
Cerrejón	Thermal Coal (Mt)	3,300	3,250	1,250	1,250	600	600
Canada projects							
(Suska, Sukunka)	Coking/Thermal Coal (Mt)	45	45	113	113	130	130

COAL RESERVES

Name of operation	Commodity	Coal Reserves Proved 2020	Coal Reserves Probable 2019	Marketable Coal Reserves Proved 2020	Marketable Coal Reserves Probable 2019	Total Marketable Coal Reserves 2020	Total Marketable Coal Reserves 2019
Australia							
New South Wales	Coking/Thermal Coal (Mt)	1,142	606	824	431	1,266	1.325
Queensland	Coking/Thermal Coal (Mt)	416	225	357	174	528	1,241
South Africa	Thermal Coal (Mt)	598	238	375	133	508	543
Prodeco	Thermal Coal (Mt)	–	–	–	–	–	135
Cerrejón	Thermal Coal (Mt)	270	90	260	85	350	330

Energy products: Oil

NET RESERVES (PROVEN AND PROBABLE)[1]

	Working Interest Basis								
	Equatorial Guinea		Chad		Cameroon		**Total**		
	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Combined mmboe
31 December 2019	13	151	100	–	3	–	**116**	**151**	**142**
Revisions	1	1	(2)	–	2	–	**1**	**1**	**1**
Production	(3)	–	(1)	–	(1)	–	**(5)**	**–**	**(5)**
31 December 2020	11	152	97	–	4	–	**112**	**152**	**138**

NET CONTINGENT RESOURCES (2C)[1]

	Working Interest Basis								
	Equatorial Guinea		Chad		Cameroon		Total		
	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Combined mmboe
31 December 2019	23	454	61	–	4	–	**88**	**454**	**166**
31 December 2020	26	434	61	–	2	–	**89**	**434**	**164**

1 "Net" reserves or resources are equivalent to Glencore's working interest in the asset/property.

SHAREHOLDER INFORMATION

Glencore plc is registered in Jersey, is headquartered in Switzerland and has operations around the world.

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Our website contains further information on our business and for shareholders including as to share transfer and distributions: **glencore.com/investors/shareholder-centre**

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