Annual Report 2023

GLENCORE

# Energising today
# Advancing tomorrow

# Contents

## Energising today, advancing tomorrow: As the world moves towards a low-carbon economy, we are focused on supporting the energy needs of today whilst investing in our portfolio of transition-enabling commodities.

Read more about our role:
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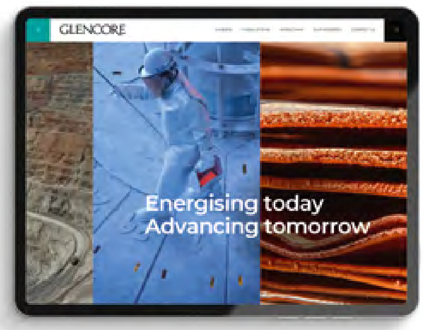



Explore the Annual Report, Climate Action Transition Plan and Basis of Reporting at: **glencore.com/publications**


Explore our Group Reporting Glossary online at: **glencore.com/publications**

Please refer to the end of this document for an important notice concerning this report, including forward-looking statements.

**◊ 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 283 for definitions, explanation of use and reconciliations and note 2 of the financial statements for reconciliation of Adjusted EBIT/EBITDA.

**Δ Selected ESG information**
Selected Environmental, Social and Governance (ESG) metrics (Selected Information) in this report have been subject to independent limited assurance under ISAE 3000 (Revised) by Deloitte LLP. The Selected Information is identified by the Δ symbol. The scope and limitations of Deloitte LLP's assurance are set out in their unqualified report on page 295. Please also see the Basis of Reporting 2023 online at **glencore.com/publications.**

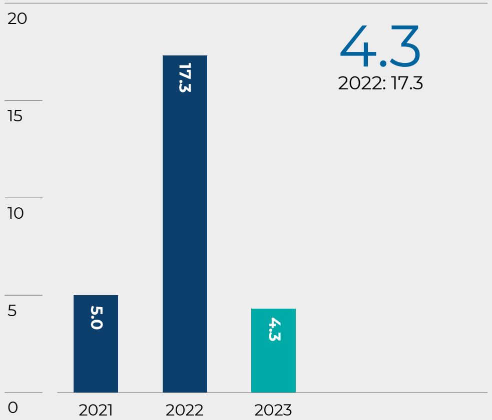
'Glencore's emissions', 'industrial emissions' or 'our emissions' means $CO_2e$ emissions from our industrial assets (including Scope 1, 2, and 3) which is defined by reference to our organisational boundary of operational control as set out in the About our emissions calculations and reporting section on page 53 and the Basis of Reporting 2023. Where we refer to our aim and/or efforts to achieve 'net zero emissions' we are referring to a net zero ambition in relation to our emissions. The basis for our approach and further information about the definitions and underlying processes applied for the collection and verification of specific Environmental, Social and Governance (ESG) metrics is set out in the About our emissions calculations and reporting section on page 53 and in the Basis of Reporting 2023. To assist the reader's understanding of climate-related terms contained in this Annual Report, reference can be made to the Group Reporting Glossary for the 2023 reporting suite which, together with the Climate Action Transition Plan and Basis of Reporting, is available on our website at **glencore.com/publications.**

# Performance highlights

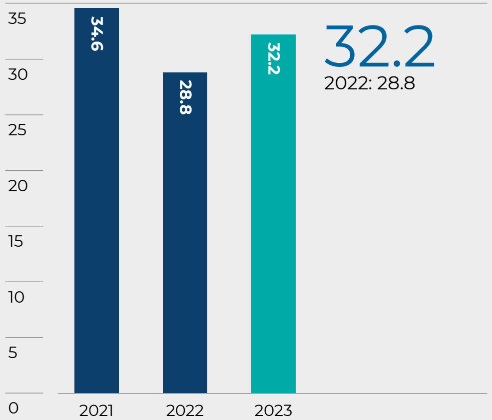
"Aided by healthy Adjusted EBITDA, we reported net income attributable to equity holders of $4.3 billion in 2023 and continue to enjoy significant financial headroom and strength."

**Gary Nagle**
**Chief Executive Officer**

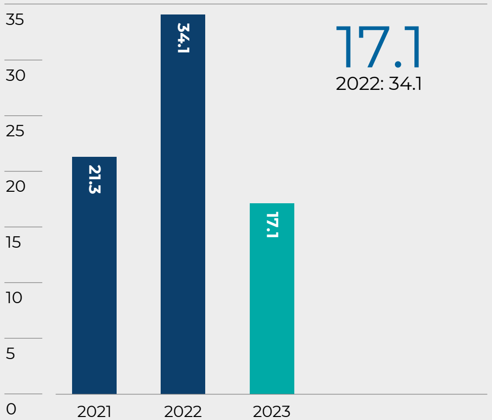
**Net income attributable to equity holders** (US$ billion)




**Total borrowings** (US$ billion)

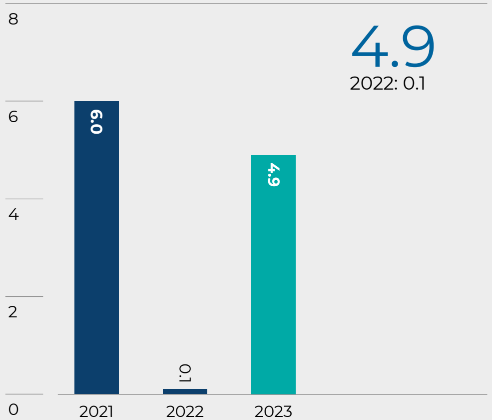



**Adjusted EBITDA◊** (US$ billion)




**Shareholder returns** (US$ billion)


**Net debt◊** (US$ billion)

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**$CO_2e$ Scope 1 and 2 market-based industrial emissions** (Million tonnes)

27.0Δ

2022: 29.2 (restated)

**$CO_2e$ Scope 3 industrial emissions** (Million tonnes)

406

2022: 368 (restated)

**Targeted reductions in our Scope 1, 2 and 3 industrial emissions against restated 2019 baseline[1]**

| 15% | 25% | 50% |
|---|---|---|
| end-2026 | end-2030 | end-2035 |

**Lost time injury frequency rate** per million hours worked

0.76Δ

2022: 0.84

**Total recordable injury frequency rate** per million hours worked

2.16Δ

2022: 2.22

1. For further information refer to the About our emissions calculations and reporting section beginning on page 53.

Sustainability review
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## Our Purpose

# Responsibly sourcing the commodities that advance everyday life

## ... influences our strategic priorities

### Responsible and ethical production and supply

Our Values are embedded in everything we do. We are committed to operating ethically, responsibly, and to contributing to socio-economic development in the countries where we operate.

### Responsible portfolio management

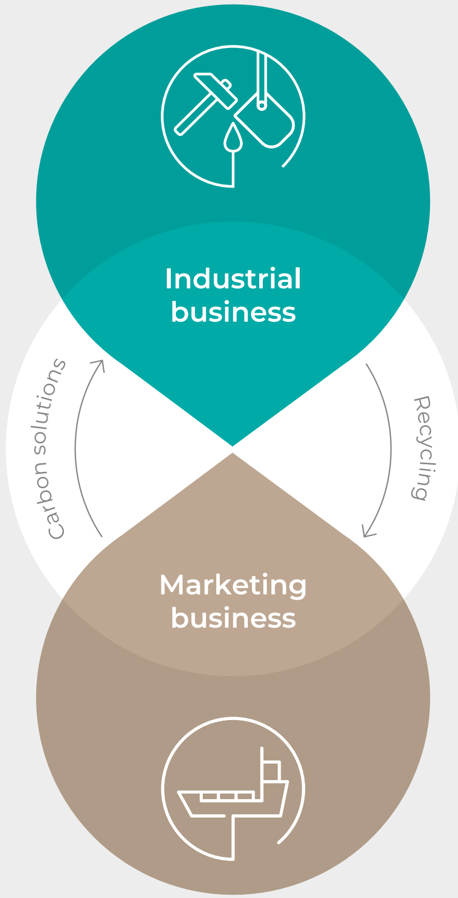
We intend to prioritise investment in transition-enabling commodities that support the decarbonisation of energy usage and help meet the commodity demands for everyday life. We will also reduce our thermal coal production over time.

### Responsible product use

The world needs a reliable source of strategic commodities. We will seek opportunities to increase the supply of transition-enabling commodities from our own industrial operations and through our extensive marketing activities.

Read more about our strategy on **page 17**

## ... which we deliver through our business model

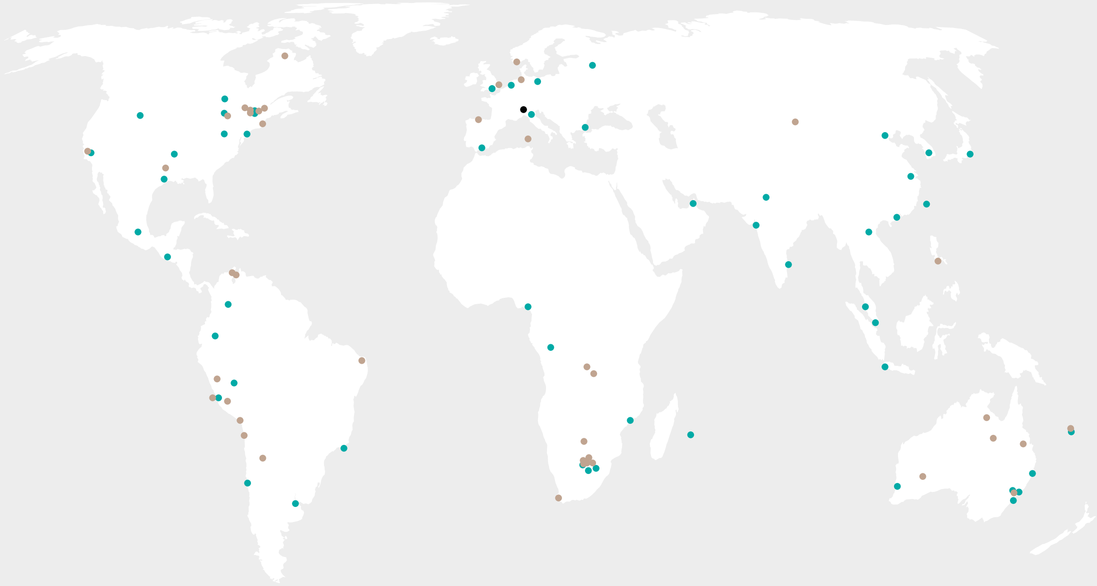



Read more about our business model on **page 12**

## ... while engaging with our stakeholders and creating value


Read more about our stakeholders in 'Section 172' on **page 23**

## Our global operations




**One of the world's largest natural resource companies**

6 continents

>30 countries

>150k employees and contractors

>50 offices

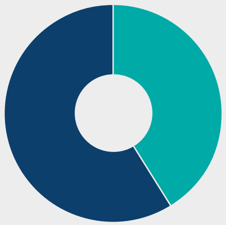
For further information, see **glencore.com/en/who-we-are/purpose-and-values/**

## … delivered through two business segments

### Industrial activities

Our industrial business spans the metals and energy markets, producing multiple commodities from over 60 industrial assets

**Adjusted EBITDA◊ Industrial 2023**



| | |
|---|---|
| Metal | 41% |
| Energy | 59% |

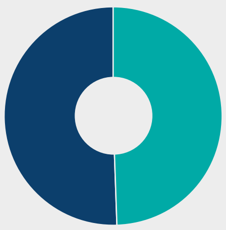
$13.2bn

2022: $27.3bn

### Marketing activities

We move commodities from where they are plentiful to where they are needed

**Adjusted EBIT◊ Marketing 2023**



| | |
|---|---|
| Metal | 50% |
| Energy | 50% |

$3.5bn

2022: $6.4bn

## … supported by our Values

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

**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

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

**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

**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

# An active and progressive year for Glencore, with continued improvements across the Group

**Kalidas Madhavpeddi**
**Chairman**

## Dear Shareholders

The key mission of our Board is to promote a sustainable Company which can generate long-term value for our stakeholders in accordance with our Purpose and Values. When we announced our financial results for last year, the headlines reflected the comparison between the 2023 outturn with that of a record 2022. It was clear on a comparative basis that the 2023 financial results were going to be more of a return to normal, however, not only was the financial outcome healthy but in overall terms our Company continues to make good progress on key objectives.

### Health and safety

Safeguarding the health and safety of our people is the first priority for the Company. The report from our HSEC Committee (see page 132) sets out the continued extensive work we are carrying out to improve our performance. Despite our continued efforts, we are disappointed and saddened to again report four[Δ] tragic occupational fatalities across our business. We are determined to meet our ambition of achieving zero work-related fatalities and continue to look to see how we can improve our systems and processes and further embed them across our operations.

Our efforts in respect of our tailings storage facilities (TSFs) are also very significant and important. During 2023, we reported on our conformance to the Global Industry Standard on Tailings Management (GISTM) for our TSFs with 'Very High' or 'Extreme' Consequence Classifications, meeting the deadline set by the ICMM. Based on our ongoing TSF management systems and the independent third-party assessments that we have in place, we believe that we have identified the relevant gaps and are seeking to manage these appropriately.

### Climate strategy

The Board remains committed to implementing our climate strategy. Alongside this Annual Report, we are today publishing our updated Climate Action Transition Plan, which will be put to an advisory vote of shareholders at the 2024 AGM in May. This plan is the result of extensive engagement last year with stakeholders, who voiced broad support for our climate approach, recognising the importance of maintaining a strategy that remains resilient to the risks and opportunities of the evolving energy transition. We are pleased to have introduced an additional emissions reduction target for 2030 and will continue our efforts to achieve our existing targets and long-term ambition.

### Investigations and monitorships

The two independent compliance monitors mandated by our resolutions with the US Department of Justice began their work in mid-2023. We have dedicated substantial effort and resources to enable constructive engagement with the monitors and their teams and will continue our active cooperation throughout the coming year.

Over the last number of years, we have invested heavily to improve our Ethics and Compliance Programme and are committed to continuing to enhance the Programme. We will provide further information in our separate Ethics and Compliance Report for 2023.

The work of the Investigations Committee remains a Board priority with regard to the ongoing investigations by the Swiss and Dutch authorities. The timing and outcome of these investigations remains uncertain.

### Business strategy

The Company believes that the best approach for growth in our industrial business is to consider promising acquisition opportunities while progressing potential organic growth opportunities in our existing transition metals portfolio.

In M&A, newsflow was inevitably dominated last year by our interactions with Teck Resources Limited (Teck). The Board was disappointed that we were unable to engage on our proposal for a complete merger/demerger of our two companies. We were pleased, however, that we were able to then enter into constructive discussions for the acquisition of Teck's steelmaking coal business, Elk Valley Resources (EVR), which led to the agreement for the purchase of a 77% stake in EVR announced last year. The acquisition of EVR unlocks the potential, subject to shareholder approval, for a value accretive demerger of our combined coal and carbon steel materials business. We will undertake a consultation process following the close of the transaction to assess shareholder views.

In addition, we acquired a 30% equity stake in the Alunorte alumina operation in Brazil alongside a 45% equity stake in Mineracão Rio do Norte S.A. Further, we continued our efforts to develop a leading pipeline of development opportunities in copper, acquiring the remaining interest in the MARA brownfield copper project in Argentina, as well as the balance of the shares in PolyMet.

### Reporting suite

Our updated Climate Action Transition Plan was also published today and further publications in our annual reporting suite will include our Review of Our Direct and Indirect Advocacy, Ethics and Compliance Report, Sustainability Report and Modern Slavery Statement, which reflect our commitment to transparency and which will provide further detailed information about our business and performance.

We look forward to continuing our work to achieve sustainable progress in 2024.

**Kalidas Madhavpeddi,**
**Chairman**

See further information at
**glencore.com/publications**

# Focused on creating sustainable long-term value for our stakeholders

**Gary Nagle**
**Chief Executive Officer**

Commodity prices trended lower in 2023, feeling the impact of higher interest rates on consumer and industrial demand and more normalisation of energy markets from 2022's extreme disruption.

As a counterweight, increasing demand in China, supported by the energy transition and related infrastructure investment, was instrumental in offsetting softer demand in developed markets, keeping most key commodity prices at levels well above prior cycle lows.

From a turbulent 2022, energy markets largely normalised in 2023, pulling oil, natural gas and coal prices lower and helping to reduce global inflationary pressures. Europe, in particular, has emerged from the acute energy crisis in 2022, with high gas inventories and relatively stable markets, despite the ongoing global geopolitical tensions. However, thermal coal's high-quality pricing benchmark remained supported at a c.100% premium to its 10-year average (2012–2021), with China importing an additional >100Mt of coal in 2023 to replenish inventories and feed its growing thermal power generation.

Both China's demand growth and broader industry supply constraints in many key markets (nickel, cobalt and lithium being the clear exceptions), played an important role in supporting metals markets in 2023, particularly in copper, which continued to see significant mine disruption and underperformance throughout the year. Together with copper's high exposure to energy transition demand, these factors kept the market tightly balanced and supported average prices just modestly below 2022. In aluminium, China's power constraints kept smelter production growth in check, while in zinc, the combination of lower prices and cost inflation prompted a supply response from miners, which stabilised the market around the mid-$2,000's/t.

In the nickel market, Indonesia's output expanded 26% year-on-year in 2023, with further growth expected for 2024. Nickel production from Indonesia largely feeds China's stainless steel industry, however recent expansion of high-pressure acid leach operations and matte conversion facilities has seen this output gain a growing share of the high-grade market, including for battery raw materials. Despite continued strong growth in global electric vehicle sales, nickel's price dropped 45% over the course of the year, with a market rebalance not expected to occur for quite some time.

## 2023 Financial scorecard

Against this backdrop, earnings from our Marketing and Industrial segments declined, with Group Adjusted EBITDA of $17.1 billion in 2023, down 50% period-on-period. Net income before significant items declined 65% to $6.7 billion, while significant items, mainly comprising impairments, reflecting lower cobalt price assumptions on Mutanda and macro assumption revisions at several zinc assets, decreased Net Income attributable to equity holders to $4.3 billion.

Marketing posted a robust result, with Adjusted EBIT of $3.5 billion, above our $2.2–3.2 billion p.a. long-term guidance range, but 46% below last year's exceptionally strong performance. A substantially calmer energy market environment saw Adjusted EBIT from Energy Products fall 67% to $1.7 billion, while generally more supportive trading conditions in Metals and Minerals lifted Adjusted EBIT 5% to $1.7 billion.

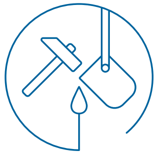
Industrial Adjusted EBITDA declined 52% to $13.2 billion, impacted primarily by lower pricing, particularly in energy coal, as well as inflationary cost impacts across the asset base, much of it having lagged and been heavily influenced by the surge in energy prices during 2022. Coal Adjusted EBITDA decreased 56% to $8.0 billion, while weaker gas markets, partially offset by higher refining margins, were largely responsible for a 29% reduction in Oil Adjusted EBITDA to $479 million.

Similarly for Metals and Minerals, lower period-on-period prices at our industrial metals' assets were largely responsible for a 41% decline in Adjusted EBITDA to $5.4 billion, with significantly weaker nickel, zinc, and cobalt hydroxide pricing weighing on earnings.

Aided by healthy operational cash generation, after funding $5.6 billion of net capex and $10.1 billion of shareholder returns, the 2023 year-end Net debt outturn was contained to $4.9 billion vs. $0.1 billion in 2022. Net funding increased to $31 billion, up a lesser $3.6 billion, owing to a $1.3 billion reduction in Readily Marketable Inventories. With a Net debt/Adjusted EBITDA of 0.29x, we continue to enjoy significant financial headroom and strength.

## Shareholder returns

The shareholder return journey must be contextualised by the significant announcement in November 2023 that we had entered into a binding agreement with Teck Resources Limited (Teck) to acquire a 77% effective interest in its steelmaking coal business, Elk Valley Resources (EVR) for $6.93 billion in cash. These are world-class assets, expected to meaningfully complement our existing thermal and steelmaking coal production in Australia, Colombia, and South Africa. EVR also supports the transition as an input into steel production needed for certain renewable energy infrastructure. The transaction is subject to mandatory regulatory approvals and, while closing could occur earlier, it is expected no later than Q3 2024.



**Year-end net debt**◊

**$4.9bn**

**Shareholder returns**

**$20.3bn**

since 2020

As also announced, the acquisition of EVR unlocks the potential, subject to shareholder approval, for a value-accretive demerger of our combined coal and carbon steel materials business and, in support thereof, we advised that Glencore could demerge the combined company, only once Glencore had sufficiently delevered towards a revised $5 billion Net debt cap, expected to occur within 24 months from close.

Over the past few years, Glencore's capital structure and credit profile has been managed around a $10 billion Net debt cap, with sustainable deleveraging (after base distribution) below the cap periodically returned to shareholders via special distributions and buybacks. Under this framework, we announced $20.3 billion of shareholder returns since 2020, comprising $10 billion of base distributions and $10.3 billion of 'top-up' returns. Following the EVR announcement, as noted above, we are now managing the balance sheet around a revised $5 billion Net debt cap, alongside our continued commitment to minimum strong BBB/Baa ratings.

The lower Net debt cap framework requires us to allocate surplus cashflows (after base distribution) towards accelerating repayment of EVR acquisition funding. As before, sustainable deleveraging below this revised $5 billion Net debt cap will be periodically returned to shareholders, as appropriate.

For 2024, basis 2023 cash flows, we are recommending to shareholders a $0.13 per share (c.$1.6 billion) base cash distribution, comprising $1 billion from Marketing cash flows and 25% ($0.6 billion) of Industrial attributable cash flows. The base distribution will be paid in two equal payments in June and September this year. Given 2023 Net debt of $4.9 billion and committed debt-like outflows expected in 2024, including the $1.6 billion base distribution and $6.9 billion purchase of EVR, Net debt exceeds $5 billion, resulting in no 'top-up' returns at this point. The business, however, is expected to be highly cash generative at current spot commodity prices, which augers well for top-up returns to recommence in the future.

## Our climate ambition

At our 2023 AGM, shareholders gave broad support for progress on our three-year Climate Action Transition Plan, with c.70% voting in favour of our 2022 Climate Report, recognising the importance of maintaining a strategy that remains resilient to the risks and opportunities of the evolving energy transition, along with encouragement to continue making progress towards our various targets and long-term ambition of achieving net zero industrial emissions by 2050, subject to a supportive policy environment.

We have engaged extensively with shareholders during the year on a range of climate matters, including seeking views on anticipated changes to our updated Climate Action Transition Plan that will be put to shareholders at the upcoming 2024 AGM. This process has given us valuable insights into the evolution of shareholders' views and voting approach.

The principal areas of shareholder interest included a comparison of our targets and ambition to various relevant IEA scenarios, including Net Zero scenarios, understanding progress on industrial emissions reduction between our short-term 2026 target and medium-term 2035 target and integration of the recently announced, but still to close (as it is going through various regulatory approvals), EVR steelmaking coal acquisition into the climate strategy.

In response to the constructive recommendations received, we have, among other actions, maintained our commitment to reducing our industrial emissions footprint and report on progress against our targets and ambition, updated our assessment of the resilience of our portfolio and expanded analysis of our targets and ambition against a range of climate policy scenarios.

## Responsible and ethical production and supply

We strive not only to deliver financial performance but also make a positive contribution to society and create lasting benefits for stakeholders in a manner that is responsible, transparent and respects the rights of all.

The implementation of our relaunched SafeWork framework in mid-2021 has been a key focus for our industrial assets and commodity departments. Good progress has been made Group-wide, but I am saddened to report that we recorded the loss of four[Δ] lives at our industrial assets in 2023. We believe that consistent application and reinforcement of our SafeWork framework, through strong visible leadership, can drive and deliver the safety culture and operating discipline we are looking for, and get all our people home safe.

Aligned with our business strategy of supporting the energy needs of today, whilst investing in our transition metals portfolio, we believe the likely scale and pace of global mine project development required in certain minerals will ultimately struggle to meet the commodity demand that the transition is expected to generate.

Glencore is well placed to participate in bridging this gap in supply through the flexibility that exists in our business to respond to global needs. In 2023, we directed most of our capital expenditure, in large part funded through the earnings of our energy business, towards development of our transition-enabling commodities portfolio.

During 2023, we acquired a 30% equity stake in Alunorte alongside a 45% equity stake in Mineracão Rio do Norte S.A., securing low-carbon and -cost alumina units for our Marketing business. In copper, we acquired the remaining 56.25% interest in the MARA brownfield copper project in Argentina that we did not already own, as well as the balance of Polymet shares (c.18%). Polymet formed a 50:50 JV with Teck, establishing the New Range Copper Nickel venture in Minnesota.

These copper acquisitions complement the muti-year reset of our copper business unit to prepare it for growth. We have disposed of non-core assets and sought to align around large, long-life, low-cost resources in key copper producing regions. Crucially, our copper portfolio offers capital-efficient growth possibilities, with most of our copper projects leveraging existing infrastructure. The addition of MARA and formation of the New Range JV, along with a near doubling of El Pachon's resource, added more than 5 billion tonnes of resource to our copper resource inventory in 2023.

During 2023, we also concluded an agreement to merge our c.50% stake in Viterra with Bunge in a cash and stock transaction to create a premier diversified global agribusiness solutions company. Glencore will receive $1.0 billion in cash and c.$3.1 billion in Bunge stock (basis Bunge's stock price at the date of announcement).

The merger, subject to ongoing approval processes, is expected to close in mid-2024.

The two independent compliance monitors mandated by our resolutions with the Department of Justice commenced their work in mid-2023. We have had constructive engagement with them throughout the process, with the first review period having recently completed. Glencore continues to cooperate with the previously disclosed and ongoing investigation by the Office of the Attorney General of Switzerland into Glencore International AG for failure to have the organisational measures in place to prevent alleged corruption and an investigation of similar scope by the Dutch Public Prosecution Service. The timing and outcome of these investigations remain uncertain.

## Outlook

Although the current macroeconomic environment remains challenging, global economic growth is forecast to bottom out in 2024. Expected interest rate cuts and corresponding restocking along the supply chain are likely to bring an improvement in demand conditions in Western markets later in the year.

Supply constraints and energy transition demand prevented large inventory increases in most commodities during this cyclical trough, leaving markets well-positioned for a strong recovery as demand conditions improve. This is particularly the case for copper, where the closure of a major mine and various cuts to production guidance through the second half of 2023 have highlighted the persistent supply challenges facing the industry. These are likely to keep the market tight throughout 2024 against previous expectations of oversupply.

The strength of our diversified business model across industrial and marketing, focusing on metals and energy, has proved itself adept in a range of market conditions, giving us a solid foundation to successfully navigate the near-term macroeconomic uncertainty, as well as meet the resource needs of the future. I would like to thank all our employees for their efforts and significant contribution during the year. As always, we remain focused on operating safely, responsibly and ethically and creating sustainable long-term value for all our stakeholders.

**Gary Nagle,**
**Chief Executive Officer**

The Strategic Report was approved by the Board and signed on its behalf by Gary Nagle

# Energising today

As the world moves towards a low-carbon economy, we remain focused on supporting the energy needs of today while investing in the metals that are key components of current energy transition technologies.

The energy transition remains a gradual process and represents far greater change than a simple switch from one energy source to another. Traditional energy sources including coal, oil and gas remain important in supporting sufficient, reliable and affordable energy supply during the transition to increased electrification and renewable energy forms.

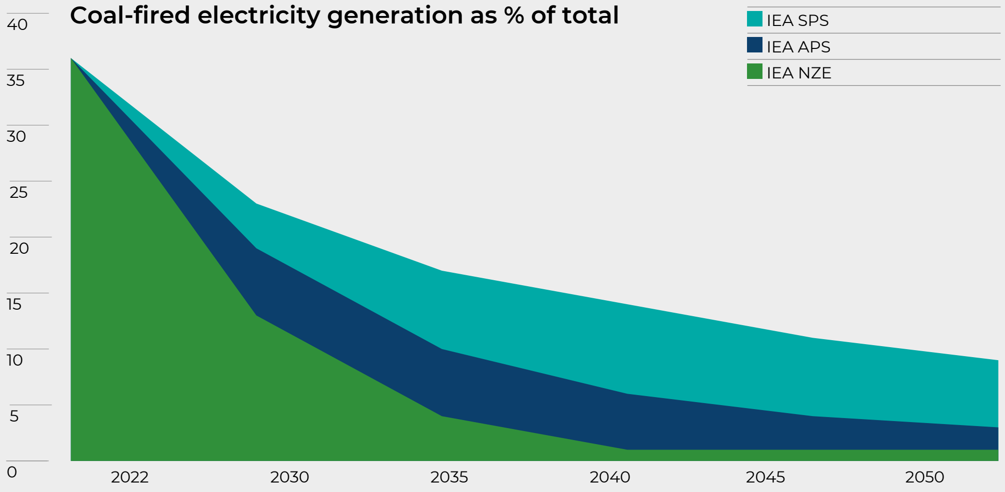
Economic and population growth are two key underlying factors driving energy demand, with the global economy forecast by the International Energy Agency (IEA) to grow at an average of 2.6% per year to 2050 and global population expanding from 8 billion today to 9.7 billion by 2050[1]. Next to meeting the supply challenge, efficiency gains on the demand side, beyond those achieved in the past, will be required to meet global decarbonisation targets.

Energy transitions take time and the geopolitical events observed over the past two years underscore the need for energy security in protecting global stability and development.

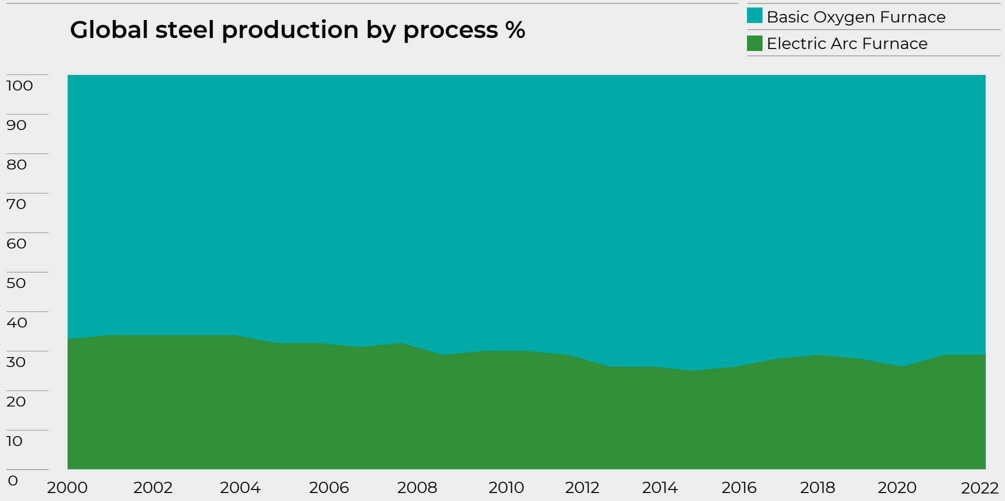
Thermal coal and other forms of fossil fuels are expected to continue to play a part in supporting energy system stability. The share of fossil fuels in global energy supply, which has remained at around 80% for several decades, is forecast by the IEA to peak in the mid-2020s, before declining to an estimated 62–73% by 2030[2] across the various transition scenarios.[3]

# Energising today *continued*

## Coal-fired electricity generation as % of total




## Global steel production by process %




Under the same scenarios, coal-fired electricity, which currently accounts for c.36% of total energy generation, is forecast to drop to 4–17% by the mid-2030s.

While some of the immediate pressures on the energy systems seen in 2022 eased in 2023, bringing an alleviation of commodity market imbalances and price volatility across the energy complex, the risk of further disruption remains elevated.

### Glencore's role in energising today

In 2023, Glencore produced 113.6 million tonnes of coal, the majority of which was sold into the c.1.3 billion tonne seaborne coal market. The seaborne market itself typically accounts for around 12%–16%[4] of the approximately 8.3 billion tonnes of coal consumed annually worldwide, the majority of which is mined and consumed domestically.[5]

The seaborne thermal coal market, in particular, provides an important balancing mechanism for global energy security by moving coal from where it is mined to where it is needed, including markets without indigenous supply sources and markets which require coals with particular energy and quality characteristics.

China and India are the largest importers of thermal coal, typically accounting for almost half of total seaborne demand. Although decarbonisation is underway in these markets, their scale, existing infrastructure, and cost factors mean coal is expected to continue to play a role in meeting their energy needs into the long term. Recent increases in Chinese coal demand, for example, were partially driven by lower calorific values of coal produced in China[5] compared with higher-quality, low-ash thermal coal currently traded on the seaborne market.

Glencore also produces steelmaking coal, used in the manufacture of steel in blast furnaces. The announced acquisition of EVR should lift, on completion, Glencore's steelmaking coal production to c.30Mt per year. When assessing the merits of the transaction, we acknowledged the important distinction between thermal coal and steelmaking coal.

Together with its traditional applications, steel also has an important role to play in the energy transition – with end-use applications in utility-scale solar installations, wind turbines, and power grids. The acquisition therefore presented a unique opportunity to strengthen our position further across the products necessary for the energy transition as well as everyday life. Refer to the TCFD section on page 29 for further details.

Decarbonisation of the steelmaking process is underway in developed economies, but requires substantial investment in renewable electricity generation, high-quality recycling, and/or green hydrogen capacity that is not projected to be available at scale for several years. In the meantime, steel production remains dependent on high-quality metallurgical coal to support current, predominantly blast furnace, production.

1. IEA 2023, World Energy Outlook 2023, https://www.iea.org/reports/world-energy-outlook-2023/context-and-scenario-design#abstract, License: CC BY 4.0
2. IEA 2023, World Energy Outlook 2023, Pathways for the energy mix: https://www.iea.org/reports/world-energy-outlook-2023/pathways-for-the-energy-mix , License: CC BY 4.0
3. Net Zero Emissions (NZE) scenario: This is one of the three scenarios which the International Energy Agency explores in the 2023 World Energy Outlook. In the NZE by 2050 scenario, the temperature increase peaks in mid-century and falls to around 1.4°C in 2100 whereas the Stated Policies Scenario (SPS) shows the trajectory implied by today's policy settings, forecasting the temperature to rise by 1.9°C in 2050 and 2.4°C in 2100. This is 0.1°C less than projected in the SPS from the World Energy Outlook-2022, but far above the levels of the Paris Agreement. The Announced Pledges Scenario (APS) assumes that all aspirational targets announced by governments are met on time and in full, including their long-term net zero and energy access goals, predicting the temperature rise in 2100 is 1.7°C. IEA's 2023 World Energy Outlook 2023, Secure and people-centred energy transitions, https://www.iea.org/reports/world-energy-outlook-2023/secure-and-people-centred-energy-transitions, CC BY 4.0
4. IEA 2023, Coal Market Update July 2023, https://www.iea.org/reports/coal-market-update-july-2023/trade, License: CC BY 4.0
5. IEA 2023, Coal Market Update July 2023, https://www.iea.org/reports/coal-market-update-july-2023/demand, License: CC BY 4.0

# Advancing tomorrow

An energy system based on renewable energy technologies will look fundamentally different to the current hydrocarbon-reliant model.

The metals and minerals we produce, recycle, source and market are essential components in the technologies and infrastructure required to harness renewable sources of energy and support ever-growing levels of connectivity.

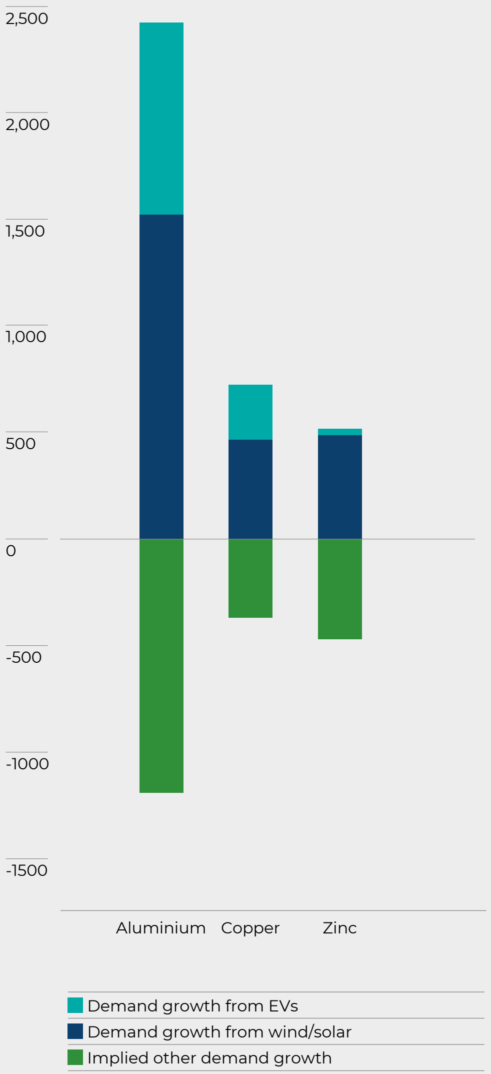
Wind turbines, solar photovoltaic plants and electric vehicles (EVs) generally require greater volumes of critical minerals than their fossil fuel-based equivalents. The impact of growth in demand for renewable energy products and technologies is expected to continue to expand over the coming years as the journey towards a net zero world accelerates.

During 2023, the traditional manufacturing and construction sectors, which had underpinned demand growth over most of the last decade, were subdued. However, the energy transition – particularly strong growth in solar power installations – contributed to global metals demand growth, including aluminium, copper and zinc, while EV batteries underpinned demand for cobalt and nickel. Investments in solar- and wind-generating capacity, electricity grids and stationary energy storage batteries, EVs and charging facilities more than offset slower growth and, in some cases, decline from traditional demand sectors.

# Advancing tomorrow *continued*

### 2023 estimated demand growth from energy transition vs. traditional applications (including secondary)

(kt)




In a future scenario where fossil fuels make up a lower share of the energy mix, energy security would be much more heavily dependent on critical minerals. Building and safeguarding the supply chains that provide access to such minerals as well as associated infrastructure for refining and processing has already become a priority for many governments around the world. In a truly low-carbon economy, this would become an even more important objective, in order to provide the same level of overall system resilience and energy security as provided by fossil fuels today.

Our 2023 capital deployment reflected our focus on investing in metals that are key components of current renewable energy technologies. Outside of capital expenditure on our existing portfolio, we spent $1.25 billion, mainly on purchasing the remaining stake of the large, long-life MARA copper project in Argentina and acquiring a minority stake in Alunorte in Brazil, an alumina refinery providing Glencore with long-term exposure to low-carbon alumina.

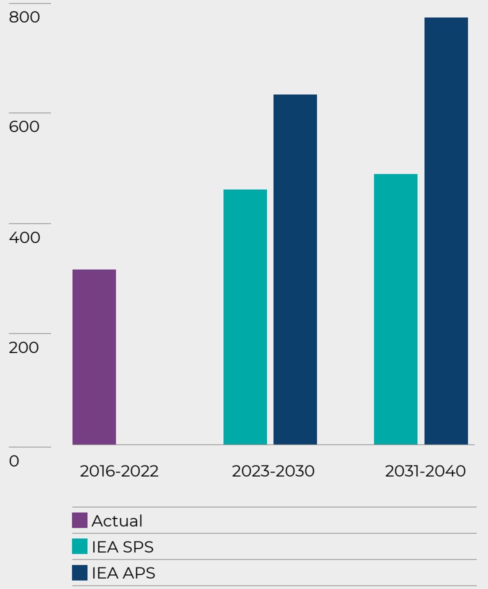
Beyond primary production, the importance of recycling critical minerals to relieve stress on supply chains and support sustainability and climate-related objectives continues to grow. Glencore is a major recycler of end-of-life electronics, batteries and battery metals. Narrowing the gap between resource use and recycling is essential to promoting a circular economy. Looking ahead, we see significant opportunities for our recycling business. By 2040, more than 3TWh of forecast battery scrap per year has the potential to contribute raw materials to around 40% of the future demand for batteries[6], underpinned by accelerating passenger EV scrappage rates which are expected from 2030 onwards[7]. This should generate significant volumes of recoverable metals[8,9] including cobalt, nickel and lithium; while copper recovered from end-of-life EVs is expected to reach over 3Mt per year by 2040[10].

We believe building capacity and capability today to source and process a diverse range of global recycling feeds for conversion into the commodities needed to develop, sustain and support the world's decarbonisation efforts is vital to support a low-carbon future. No one player can scale and lead across the breadth of the value chain covering scrap and pre-processing to processing and refining. To this end, Glencore helped define and launch the Circular Electronics Partnership[11] to promote leadership on furthering battery circularity in North America and Europe.

Glencore is further working with international organisations and policy makers to raise awareness and find solutions that accelerate circularity without diluting oversight and compliance. At the same time, we are exploring ways to increase capacity worldwide – in core as well as new markets, across key streams such as batteries, end-of-life electronics and automotive shredder residue.

### Grid investment, estimated average annual investment

($bn)




6. Benchmark Mineral Intelligence Recycling Forecast Q2 2023
7. Rho Motion Battery Recycling Outlook Q3 2023
8. Benchmark Mineral Intelligence Recycling Forecast Q2 2023
9. Market size data from IEA Critical Minerals Demand Dataset Jul 2023, NZE Scenario
10. Rho Motion Battery Recycling Outlook Q3 2023, International Copper Association
11. Circular Electronics Partnership: http://www.cep2030.org/

# Our business model

## Our inputs and resources

### Assets and natural resources
- Many long-life and high-quality industrial assets
- Value over volume approach
- Embedded network and knowledge in marketing activities

### Our people and partners
- Established long-term relationships with customers and suppliers
- >150,000 employees and contractors globally

### Financial discipline
- Capital deployed in disciplined manner
- Marketing hedges a significant majority of its price risk
- Marketing profitability driven by volume-based economies of scale, value-added services and arbitrage opportunities

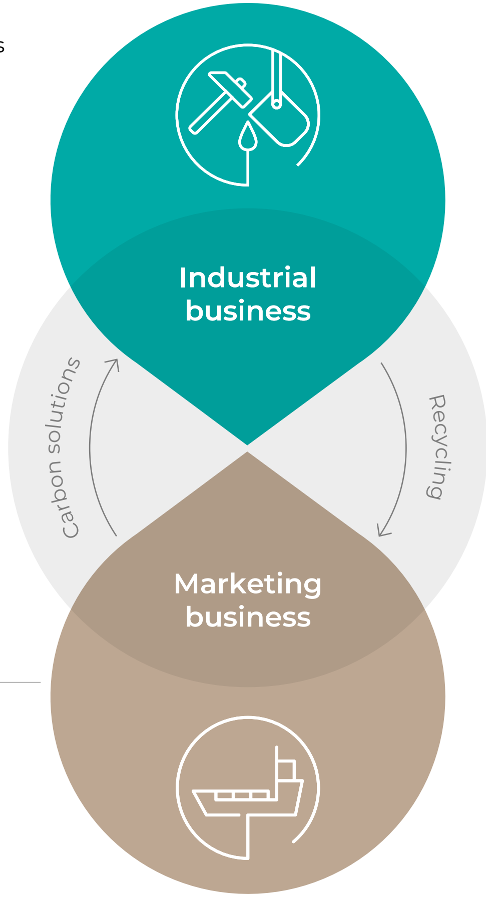
### Unique market knowledge
- Finding value at many stages in the commodity chain

Investment case on **page 14**

## ... which drive our business model

### Industrial business
Our Industrial business spans the metals and energy markets, producing multiple commodities from over 60 industrial assets

- Exploration, acquisition and development
- Extraction and production
- Processing and refining




### Marketing business
We move commodities from where they are plentiful to where they are needed

- Logistics and delivery
- Blending and optimisation

Underpinned by:

Market trends and opportunities on **page 8**
Stakeholders on **page 23**
Risk Management on **page 105**
Governance on **page 119**

## ... and deliver positive impact for our key stakeholders

### Investors

**$17.1bn**

2023 Adjusted EBITDA◊

**$3.9bn**

Equity free cash flow (FFO◊ less net purchases of property, plant and equipment and dividends to minorities)

### Our people

**3%**

Reduction in total recordable injury frequency rate (2023 vs. 2022)

### Payments to governments

**$12.7bn**∆

Financial and operational review on **page 78**

# Our value chain

## Industrial business

### Our recycling business
We recycle key commodities to support the circular economy

### 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

**As a global producer and marketer of commodities, we are 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**

### 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

### 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 often make us a preferred counterparty for customers without such capabilities

## Marketing business

### Our commodities in everyday products
The products we produce and market play an essential role in modern life

# Investment case

## Glencore is well placed to deliver growth with a clear and differentiated strategy

### Our markets

- Many markets are underinvested relative to the forecast commodity needs of the energy transition
- Vital for urbanisation, electrification of mobility and decarbonisation of energy
- Higher commodity prices are generally needed to encourage sufficient supply growth to help meet forecast demand needs of the future

### Our business

- Positioned to produce, recycle, source, market and distribute the commodities that enable the transition
- Portfolio of energy and transition-enabling commodities necessary to meet the needs of today and tomorrow
- Pipeline of growth options in transition metals, with a majority of these being brownfield
- Progressing our climate strategy with reduction targets for our Scope 1, 2 and 3 industrial emissions and long-term net zero ambition by the end of 2050, subject to a supportive policy environment[1]

### Our strength

- Flexible business model that adapts quickly to changing conditions
- Experienced management team focused on maximising value creation
- Positioned to be highly cash generative through the cycle

1. Significant global technological evolution and advancements, and 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, much of which is not within our direct control or ability to materially influence but is critical to our ability to achieve our net zero emissions ambition by the end of 2050.

# Our market drivers

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

Responsible and ethical production and supply

Responsible portfolio management

Responsible product use

## Key market driver 1

### Net zero emissions by the end of 2050

#### Efforts to limit global temperature rises will impact fossil fuel demand

- Momentum to decarbonise the global economy has accelerated in recent years as nations increasingly coordinate efforts aimed at reducing greenhouse gas emissions, including efforts to achieve net zero emissions by the end of 2050
- The Paris Agreement aims to hold the increase of global average temperatures to well below 2°C above pre-industrial levels and to pursue efforts to limit temperature increase to 1.5°C above pre-industrial levels

#### 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, have introduced policies and may introduce further policies that are materially adverse to Glencore
- Technological advances are making renewable energy sources competitive with fossil fuels, which will increase renewable energy's market share over the longer run

#### How we are responding

- We recognise the role we can play to contribute to the global effort to achieve the goals of the Paris Agreement by taking measures to decarbonise our own operational footprint
- We believe that our contribution should take a holistic approach and have considered our commitments and goals through the lens of our Scope 1, Scope 2 and Scope 3 industrial emissions
- Against a restated 2019 baseline, we are targeting a reduction in our Scope 1, 2 and 3 industrial emissions of 15% by the end of 2026, 25% by the end of 2030 and 50% by the end of 2035 and we have an ambition to achieve net zero industrial emissions by the end of 2050, subject to a supportive policy environment. Our 2030 target has been introduced as part of our updated Climate Action Transition Plan, which will be put to a shareholder vote at our 2024 AGM

#### Link to strategy

## Key market driver 2

### Future commodity supply

#### Timing within the economic cycle is very important when bringing new mine supply to market

- 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 online, the timing as to when this supply becomes available in the economic cycle is difficult to predict and it could become available at low points in the economic cycle, creating excess supply in the market

#### Impact on our industry

- Over-investment creates over-supply and, with it, potentially prolonged periods of low commodity prices
- Although most commodity prices have increased from the lows seen in early 2020, the experience of prior economic cycles has increased investor pressure on companies to be more cautious about investing in new supply
- Balancing a finite declining resource base along with heightened country and operational risks with the need to grow to meet expected future demand, is an inherent challenge for companies in the resource sector

#### How we are responding

- 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 brownfield expansions which are generally more capital efficient / lower-risk. We may also look to develop a suitably derisked greenfield project if we believe that there is strong enough demand and bringing on that supply will not oversupply the market
- With the expectation that growth drivers in the global economy will become weighted towards decarbonisation spending, in addition to the commodities currently needed for everyday life, our large-scale metals portfolio is well placed to benefit from this transition

#### Link to strategy

Responsible and ethical production and supply
Responsible portfolio management
Responsible product use

## Key market driver 3

# Demand for the commodities we produce

### Decarbonisation demand, population growth and industrialisation of developing economies has an impact on commodity demand

- The industrialisation and urbanisation of developing economies over the past two decades 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 many commodities
- Looking forward, the world is forecast by the United Nations to add c.1.7 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

**Impact on our industry**

- Current levels of industrialisation and urbanisation suggest, in isolation, that demand growth rates for commodities could be lower in the future
- In the short to medium term, inflation, economic instability related to rising geopolitical tensions and a drag on growth in China could constrain or reverse commodity demand growth
- Accelerated shift in energy demand from fossil fuel sources to electrification, and continued population growth, particularly in Africa and South East Asia, could generate additional demand for commodities

**How we are responding**

- Energy transition commodities such as copper, nickel, cobalt, zinc, vanadium and aluminium could become substantially more important given their roles in the technologies and infrastructure that underpin low- or no-carbon energy sources
- We are a major producer of metals that enable low-carbon technologies
- We are investing in transition commodities, including our South American copper assets and projects, our African copper / cobalt operations, Kazakhstan polymetallic and Brazilian bauxite/alumina investments and our Canadian INO nickel life-extension projects
- All energy demand decarbonisation pathways will require the type of transition-enabling commodities that Glencore produces

**Link to strategy**

## Emerging drivers

# Substitution

### Higher commodity prices and resource scarcity increase the likelihood of material substitution

- Widespread adoption of renewable energy sources as a means of decarbonising energy supply is expected to create significant new demand for the current key enabling commodities, including copper, nickel and cobalt
- The quantum of potential new demand is generally large relative to the current annual production of such commodities

**Impact on our industry**

- 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 result in higher prices for those commodities
- Higher sustained commodity prices will increase the risk of accelerating efforts to either reduce the quantity of material needed for a certain application or substitute an alternative that provides similar performance at a lower price. For example, demand for cobalt could fall if newer battery technologies provide similar results with less or no cobalt content

**How we are responding**

- Diversification of our portfolio of commodities, currencies, assets and liabilities can mitigate the financial impact of a negative demand shift in the event of substitution of a particular commodity
- 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

**Link to strategy**

# Our strategy for a sustainable future

Aligned with our Purpose, the commodities in our portfolio help support both the transition to a low-carbon economy and society's energy needs as it progresses through the transition.

### Our Purpose

Responsibly sourcing the commodities that advance everyday life.

## Strategic priorities

### Responsible and ethical production and supply

We seek to embed our Values in everything we do. We are committed to operating ethically, responsibly, and to contributing to socio-economic development in the countries where we operate.

We will continue to focus on reducing the emissions of our operations and will allocate financial returns towards fulfilment of our business strategy.

Our commitment is delivered through our operational excellence, the promotion of health and safety, acting ethically, advancing our environmental performance, respecting human rights and by developing, maintaining and strengthening our relationships with our stakeholders.

Read more on **page 18**

### Responsible portfolio management

We intend to prioritise investment in transition-enabling commodities that support the decarbonisation of energy usage as well as help meet the commodity demands for everyday life. The announced purchase of EVR, which remains subject to regulatory approvals, will further enhance our steelmaking coal activities, which supports steel production needed for, among other things, renewable energy infrastructure. We will reduce our thermal coal production over time to meet our decarbonisation targets.

Our capital allocation supports this strategy and we seek to balance shareholder returns, credit ratings, and business reinvestment in transition-enabling commodities and value-accretive Scope 1 and 2 abatement opportunities that can help us achieve our emissions reduction targets and ambition.

Read more on **page 19**

### Responsible product use

The world needs a reliable source of strategic commodities. We will seek opportunities to increase the supply of transition-enabling commodities from our own industrial 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.

Read more on **page 20**

# Responsible and ethical production and supply

## Performance in 2023

### Operational performance

2023 production volumes were generally moderately down on 2022. Such year-over-year declines reflected the disposals of the Cobar copper mine and various South American zinc operations, together with the subsequent impact of strike action at Raglan (nickel) in 2022, which led to a higher mix of third-party nickel units processed in 2023.

2023 coal production was 3.6 million tonnes (3%) higher than 2022, mainly reflecting abnormally wet weather in the prior period, which constrained operations.

### Safety

We require an effective safety management system at each industrial asset to ensure the integrity of plant and equipment, structures, processes and protective systems, as well as the monitoring and review of critical controls. Regrettably, there were four[Δ] occupational fatalities during the year.

Our ambition is to become a leader in safety and create a workplace free from fatalities and injuries.

Our Total Recordable Injury Frequency Rate (TRIFR) and Lost Time Injury Frequency Rate (LTIFR) decreased by 3% and 10% respectively compared to 2022.

### Climate change

We recognise the contribution we can make to the global effort to achieve the goals of the Paris Agreement by decarbonising our emissions footprint and responsibly managing the depletion of our thermal coal portfolio.

We have set ourselves the target of reducing our Scope 1, 2 and 3 industrial emissions in the short term by 15% by the end of 2026 and in the medium term by 50% by the end of 2035 against our restated 2019 baseline. We have also introduced a further industrial emissions reduction target of 25% by the end of 2030 as part of our updated Climate Action Transition Plan. Post-2035, our ambition is to achieve net zero industrial emissions by the end of 2050, subject to a supportive policy environment.

During 2023, the Scope 1 and 2 market-based emissions of the industrial assets within our operational control, were 27.0[Δ] million tonnes $CO_2e$. This represents a 7% decrease from the 29.2 million tonnes recorded in 2022 (restated).

Our Scope 3 emissions in 2023 were 406 million tonnes $CO_2e$, compared to 368 million tonnes $CO_2e$ in 2022 (restated).

As of the end of 2023, our Scope 1, 2 and 3 industrial emissions were down 22% compared to our restated 2019 baseline. Detailed information on our restatements in respect of our emissions is set out in the About our emissions calculations and reporting section on page 53.

## Priorities going forward

### Operational excellence

We continue to focus on operational efficiencies and improvements to optimise operating costs and 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, social 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 emissions.

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 thermal coal business as it supports society's energy needs through the energy transition.

### Ethics and transparency

We are committed to operating transparently, responsibly and ethically and meeting or exceeding applicable legal requirements. We resolved investigations by the US, UK and Brazilian authorities and continue to work to resolve the outstanding Swiss and Dutch investigations. The independent compliance monitors mandated under our resolutions with the US Department of Justice (DOJ) commenced their work in 2023.

### KPIs

- Value for our shareholders – Adjusted EBIT/EBITDA, Net income attributable to equity holders of the parent
- Safe and healthy workplace – fatalities, FFR, TRIFR, LTIFR and occupational disease cases
- Environmental performance – reducing our industrial emissions in line with our targets

Key performance indicators: **page 21**
Financial and operational review: **page 78**
Sustainability: **page 62**

### Principal risks

- Health, safety and environment
- Low-carbon economy transition
- Community relations and human rights

Risk management: **page 105**

### TRIFR

**2.16[Δ]**

Down 3% (2022: 2.22)

### LTIFR

**0.76[Δ]**

Down 10% (2022: 0.84)

# Responsible portfolio management

## Performance in 2023

### Balance sheet

Over recent years, Glencore's capital structure and credit profile has been managed around a $10 billion Net debt cap, with sustainable deleveraging (after base distribution) below the cap periodically returned to shareholders via special distributions and buybacks.

Following the November 2023 announcement of our acquisition (subject to regulatory approval) of a 77% interest in Teck's steelmaking coal business, EVR, for c.$7 billion, given the potential demerger of our combined coal and carbon steel materials business (subject to shareholder approval), the capital structure and credit profile is now being managed around a revised $5 billion Net debt cap, alongside our continued commitment to minimum strong BBB/Baa ratings. Sustainable deleveraging below this revised cap will be periodically returned to shareholders via special distributions/buybacks as appropriate.

Year-end Net debt was $4.9 billion. After taking account of committed debt-like outflows in 2024, including the proposed $1.6 billion base distribution and c.$7 billion for the purchase of EVR, no top-up shareholder payments have been proposed in order to help accelerate the return of Net debt towards the $5 billion cap.

### Bonds

We issued $3.5 billion of bonds in 2023 across a range of maturities from 5 to 10 years. Maturities are managed around a cap of c.$3 billion in any one year.

### Reinvestment

Our net 2023 cash capital expenditure of $5.6 billion was weighted towards transition-enabling commodities, as illustrated in the Industrial Activities section.

### Credit rating

The Group's credit ratings are currently Baa1 from Moody's and BBB+ from Standard & Poor's.

### Credit facilities

During the year, the Group's $13.0 billion committed syndicated revolving credit facilities were refinanced. Committed available liquidity was $12.9 billion at year end.

## Priorities going forward

### Balance sheet

We are committed to maintaining a strong balance sheet capable of supporting our strategy.

### Investment grade ratings

We will prioritise preservation of a robust capital structure and business portfolio, reflecting our commitment to maintaining a minimum strong BBB/Baa investment grade ratings.

Our revised optimal Net debt target around a $5 billion cap provides significant balance sheet flexibility, with Net debt/Adjusted EBITDA levels comfortably at <1x.

### Reinvestment

We intend to prioritise investment in transition-enabling commodities that support the decarbonisation of energy usage and help meet the commodity demands of everyday life, over investment in our energy fossil fuels portfolio, with the majority of that investment, following the acquisition of EVR, being directed to our transition metals portfolio.

### KPIs

- Returns to shareholders – Funds from operations, Net funding and Net debt and annual capital returns/distributions
- Value for our shareholders – Adjusted EBIT/EBITDA, Net income attributable to equity holders of the parent

Key performance indicators: **page 21**
Financial and operational review: **page 78**

### Principal risks

- Supply, demand and prices of commodities
- Currency exchange (FX) rates
- Liquidity
- Counterparty credit and performance

Risk management: **page 105**

**Year-end 2023 net debt**◊

$4.9bn

2022: $0.1bn

**Committed available liquidity**

$12.9bn

2022: $13.0bn

# Responsible product use

## Performance in 2023

### Collaborating with our value chains

Our industrial assets provide a consistent source of volumes for our marketing operations, which are supplemented by third-party production. Our marketing teams use our scale and capabilities to extract additional margin throughout our business model and provide a high-quality service to our customers and a reliable supply of quality product.

As a vertically integrated industrial and marketing business, we will seek to leverage our own carbon reduction efforts and market expertise to help meet the increasing needs for attestable low-carbon products.

Adjusted EBITDA contribution from the Industrial segment was $13.2 billion and mining margins were 23% and 49%, respectively, in our metals and energy operations, down on 2022, reflecting price declines notably in coal, cobalt, nickel and zinc.

Adjusted EBIT contribution from the Marketing segment was $3.5 billion, down on the record 2022, reflecting the return to a more stable market environment, notably in energy.

### Strategic partnerships

Recognising the need for strategic partnerships between providers of raw materials and manufacturers, we continue to pursue opportunities for long-term supply agreements, including with providers who supply products that can help accelerate the energy transition.

In 2023, we announced an intention to partner with FCC Ámbito and Iberdrola to provide lithium-ion battery recycling solutions at scale for Spain and Portugal. The aim of this partnership is to tackle one of the biggest medium- to long-term challenges in the sector, recycling of lithium-ion batteries through the establishment of a purpose-built facility.

## Priorities going forward

### Partnerships

Working with our customers and supply chain to provide transition-enabling commodities and support progress towards technological solutions.

### Abatement

Supporting uptake and integration of abatement – an essential contributor to achieving low or net zero emissions objectives.

### Circular economy

Leveraging our value chain to expand the volumes of recyclable commodities, including for processing through our global network of metallurgical assets.

### Responsible sourcing

Pursuing strategic long-term agreements to provide a reliable supply of responsibly produced commodities essential to the low-carbon economy.

### KPIs

- Returns to shareholders – Funds from operations, Net funding and Net debt and annual capital returns/distributions
- Value for our shareholders – Adjusted EBIT/EBITDA, Net income attributable to equity holders of the parent

Key performance indicators: **page 21**
Financial and operational review: **page 78**

### Principal risks

- Geopolitical, permits and licence to operate
- Laws and enforcement
- Operational delivery

Risk management: **page 105**

# 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.

**Strategic priorities**

- Responsible and ethical production and supply
- Responsible portfolio management
- Responsible product use

For a detailed definition of our industrial assets, refer to our Group Reporting Glossary see: **glencore.com/publications**

## Selected non-financial key performance indicators

### Safety: number of fatalities

Four$^{\Delta}$

Link to strategy

**2022**: Four

#### Approach

We take a proactive, preventative approach towards health and safety. We require an effective safety management system at each industrial asset to ensure the integrity of plant and equipment, structures, processes and protective systems, as well as the monitoring and review of critical controls.

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

#### 2023 Performance

With deep regret, we recorded four$^{\Delta}$ work-related (occupational) fatalities at our operations in 2023 (2022: four). The incidents were unconnected. Each one has been thoroughly investigated by an internal team with root cause analysis and recommendations for improvement shared with senior management and the Board. We believe that consistent application of our SafeWork initiatives, through strong, visible leadership, can drive a culture of safe operating discipline and get our people home safe.

The 2023 fatality frequency rate, the total number of fatalities from incidents and occupational diseases per 1 million man-hours worked, was 0.013 (2022: 0.013).

### Scope 1, 2 and 3 emissions

(million tonnes $CO_2e$)

433

Link to strategy

**2022**: 398 (restated)

#### Approach

We have set ourselves the target of reducing our Scope 1, 2 and 3 industrial emissions in the short term by 15% by the end of 2026, and in the medium term by 50% by the end of 2035, both on a restated 2019 baseline. We have also introduced a further industrial emissions reduction target of 25% by the end of 2030 as part of our updated Climate Action Transition Plan. Post 2035, our ambition is to achieve net zero industrial emissions by the end of 2050, subject to a supportive policy environment.

#### 2023 Performance

During 2023, the Scope 1 and 2 market-based emissions of the industrial assets within our operational control, were 27.0$^{\Delta}$ million tonnes $CO_2e$. This represents a 7% decrease from the 29.2 million tonnes $CO_2e$ recorded in 2022 (restated), and is largely attributable to planned maintenance shutdowns of three ferroalloys smelters in South Africa.

Our Scope 3 emissions in 2023 were 406 million tonnes $CO_2e$, compared to 368 million tonnes $CO_2e$ in 2022 (restated). The increase over 2022 is due primarily to the restart of the Astron Energy refinery and 3% higher industrial assets coal production, which resulted in an increase in sold coal and refined oil volumes.

Overall 2023 Scope 1, 2 and 3 emissions are down 22% on our 2019 restated baseline, reflecting coal mine closures over the period including Calenturitas, La Jagua, Hlagisa[1], Newlands and Liddell.

We remain committed to managing our operations to deliver our emissions reduction targets.

In accordance with the GHG Protocol's standards for emissions reporting, including its guidance on adjustments to baseline emissions, significant changes to the portfolio or emissions calculation methods require a restatement of reported emissions back to the baseline year. The most prominent restatement we are making in 2023 results from the implementation of our updated Scope 3 methodology, which extended coverage of our reported emissions to include all Scope 3 categories and emission sources that we consider material and relevant to our industrial assets' inventory. Our emission reduction targets and ambition remain unchanged in the context of these restatements. Detailed information on our Scope 3 method and our restatements in respect of our emissions is set out in the About our emissions calculations and reporting section on page 53.

1. An independently managed joint venture in which we have a 23.12% equity interest.

# Key performance indicators *continued*

## Financial key performance indicators

### Adjusted EBITDA◊
(US$ billion)

17.1

Link to strategy

**2022**: 34.1

#### Policy
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.

#### 2023 Performance
Adjusted EBITDA was $17.1 billion, reflecting a level of normalisation from the extreme price dislocations seen in 2022, particularly in relation to energy. Notwithstanding the 50% year-over-year decrease in Adjusted EBITDA, this was still a relatively strong year, bettered only in 2021 and 2022 over the past decade.

### Net debt◊
(US$ billion)

4.9

Link to strategy

**2022**: 0.1

#### Policy
Net funding/Net debt demonstrates how our debt is being managed and is an important factor in ensuring we maintain strong 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.

#### 2023 Performance
Net funding at 31 December 2023 was $31.1 billion, while Net debt stood at $4.9 billion.

In the context of the announced EVR acquisition (subject to regulatory approvals), Net debt is now being managed around a $5 billion cap, requiring us to allocate surplus cash flows (after base distribution) towards accelerating repayment of the pending EVR acquisition funding.

After taking account of committed debt-like obligations for 2024, Net debt exceeds $5 billion, resulting in no 'top-up' shareholder returns at this point.

### Funds from operations (FFO)◊
(US$ billion)

9.5

Link to strategy

**2022**: 28.9

#### 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.

#### 2023 Performance
FFO was $9.5 billion, reflecting the effect of lower prices on operating cash flows, also significantly impacted by the lag effect of taxes calculated on 2022 earnings, but paid in 2023.

Final income tax payments in Australia and Colombia, paid in H1 2023 in respect of 2022, were $2.7 billion. Total cash taxes including this were $7.1 billion in 2023.

Net interest payments were $0.2 billion higher year-over-year, as base floating rates increased.

### Net income attributable to equity holders of the parent
(US$ billion)

4.3

Link to strategy

**2022**: 17.3

#### Definition
Net income attributable to equity holders of the parent is a measure of our ability to generate shareholder returns.

Reconciliations of gross significant charges to net significant charges attributable to equity holders of the parent, after taking into account the effects of tax and non-controlling interests, are presented in the Alternative Performance Measures section.

#### 2023 Performance
Net income attributable to equity holders of the parent before significant items was $6.7 billion, equivalent to $0.53 per share.

Significant items totalled $2.4 billion, principally comprising $1.7 billion of impairments (attributable to equity holders) and $0.5 billion additional rehabilitation provisioning on closed sites.

Net income attributable to equity holders of the parent was $4.3 billion, equivalent to $0.34 per share.

# Section 172 Statement and stakeholder engagement

The UK Corporate Governance Code (the Code) requires the Board to understand the views of the Company's 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. The Board considers the interests of a range of stakeholders in its discussions, decision making and development of strategy, and considers the impact of decision making on the long-term success of the Group.

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 Strategy on pages 17 to 20, and Risk management from pages 105 to 118;
- the interests of the Group's employees: see Our people section on pages 75 to 77, ECC Committee report on page 131 and Directors' remuneration report on pages 134 to 160;
- the need to foster the Company's business relationships with suppliers, customers and others: refer to the next pages where we provide further details on stakeholder engagement;
- the impact of the Company's operations on the community and environment: see our Sustainability section on pages 62 to 70 and our Sustainability Report (to be published later in 2024), TCFD section on pages 29 to 61 and Risk management section on pages 105 to 118;
- the desirability of the Company to maintain a reputation for high standards of business conduct: see our Ethics and compliance section on pages 65 to 68, our 2023 Ethics and Compliance Report (to be published later in 2024), TCFD section on pages 29 to 61, Sustainability section on page 62 to 70 and Sustainability Report, and discussion of risks around permitting, licence to operate, and laws and enforcement on pages 111 to 117; and
- the need to act fairly between members of the Company: see the Corporate governance section, from pages 123 to 128, and specifically the Interactions with shareholders description on page 128, which outlines the material ways in which the Board and management interact with and communicate to shareholders.

Explore these reports online at
**glencore.com/publication**

When adhering to the Code requirements as to Section 172, the Directors have focused on mapping out the Company's key stakeholder groups and reviewing our level of engagement with them. We operate assets in more than 30 countries and have over 150,000 employees and contractors. Engaging and responding to our stakeholder groups, regardless of their location or opinion, is a fundamental input into how we operate. In addition to direct Board engagement, engagement by management at different levels of the Group with stakeholders, with appropriate feedback and reporting to the Board, enables the Board to understand the perspectives of our stakeholders and consider the likely consequences of decisions in the long term.

To enable and ensure stakeholder considerations are reflected in our decision making, the Board:

- oversees a strategy that can achieve lasting success and generate sustainable returns for business, whilst maintaining our licence to operate;
- has standing agenda items at Board and committee meetings that consider our main stakeholder groups' interests;
- remains focused on its stakeholder awareness and strengthening its understanding of the broad range of views expressed by Glencore's stakeholders; and
- holds management to account on the Company's commitments, particularly in relation to matters which are of significant interest to our stakeholders such as climate, local communities, health and safety and ethics and compliance, thereby also ensuring that management acts in accordance with our Purpose and Values.

The competing interests of diverse stakeholder groups are integral to the Board's decision making. The Board challenges management's approach to understanding, evaluating and, where necessary, mitigating adverse impacts on particular stakeholder groups.

Further details on key topics considered and principal decisions taken by the Board in the year are detailed on pages 27 to 28.

# Section 172 Statement and stakeholder engagement *continued*

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. In each section, the paragraph 'Why they are important to the Company' outlines why these stakeholders play an important role in the Company's pursuit of success, implying how events negatively affecting these relationships can be detrimental to the Company.

## Our people

**Why they are important to the Company**
The success of our business would not be possible without the dedication of our workforce

**What these stakeholders have indicated is important**
- Health, safety and wellbeing
- Training, compensation and career opportunities
- Company culture and reputation
- Industrial relations

**How the Group maintains engagement**
- Intranet, emails, newsletter updates
- Posters and leaflets
- Town hall meetings and forums
- Pre-shift 'toolbox' talks
- Employee surveys
- Focus groups, webinars and trainings
- Raising Concerns platform and other whistleblowing channels

**How the Board takes account of these interests**
- Workforce engagement by designated Directors
- Regular updates from corporate functions such as Human Resources and HSEC&HR
- Regular updates on Raising Concerns programme and material internal or external investigations by the General Counsel and Head of HR
- Results of employee surveys and focus groups
- Site visits to various operations

## Communities

**Why they are important to the Company**
Mutually beneficial relationships with communities are crucial to maintaining our social licence in the regions in which we operate

**What these stakeholders have indicated is important**
- Local employment and procurement opportunities
- Health, safety and wellbeing of workers
- Operational impacts
- Socio-economic development projects
- Environmental management
- Tailings storage facilities
- Potential site closure
- Security and its engagement with the community
- Artisanal and small-scale mining (ASM)

**How the Group maintains engagement**
- Community liaison teams
- Various meetings in different formats to reflect local expectations and gather community input
- Radio and television broadcasts
- Social media channels and industrial assets' websites
- Industrial asset-specific publications

**How the Board takes account of these interests**
- Group HSEC&HR provides the Board HSEC Committee with regular updates on Glencore's impact on the communities living around its operations and other relevant matters relating to these communities, such as the security situation and the levels of artisanal and small-scale mining
- Industrial asset management provides details of community considerations as input into Directors' discussions on operational matters, where relevant

## Investors, financial analysts and the media

**Why they are important to the Company**
Our strategy and long-term success depend on the support of our investors. Financial analysts and the media are important stakeholders for ensuring investors have equal access to quality information

**What these stakeholders have indicated is important**
- Financial and operational performance
- Climate change
- Compliance with laws and regulations
- Company culture and reputation
- Transparent payments to governments
- Health, safety and human rights
- Industrial relations

**How the Group maintains engagement**
- 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
- Webinars and online Q&A sessions
- Annual Report, Half-Year Report, Climate Action Transition Plan, Ethics and Compliance Report, Payments to Governments Report and other reports and presentations
- AGM
- Website, social media channels, media releases, and regulatory announcements

**How the Board takes account of these interests**
- Financial results meetings
- AGM
- Meetings with shareholders, analysts and key media
- Group Investor Relations provides the Board with sell-side analyst analysis and investor feedback on corporate activities and events
- Following major announcements, Group Corporate Affairs provides feedback on stakeholder responses to the Board

## Governments and regulators

**Why they are important to the Company**
Governments and regulators provide the legal and policy framework that supports our businesses and ensures that our communities and people are protected

**What these stakeholders have indicated is important**
- 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

**How the Group maintains engagement**
- 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 Extractive Industries Transparency Initiative (EITI)
- Direct engagement with national, regional and local government on key topics
- Industrial site visits by government stakeholders
- Public reporting

**How the Board takes account of these interests**
- Group Legal and other Group functions, as applicable, report on material regulatory issues and emerging legislation to the Board
- Group Corporate Affairs report on material engagement with governments and regulators

## Suppliers and customers

**Why they are important to the Company**
Well-established relationships with suppliers and customers are essential to the long-term viability of our business model

**What these stakeholders have indicated is important**
- Responsible sourcing and supply
- Transparency and due diligence in the supply chain
- Procurement spend
- Human rights
- Compliance with laws and regulations
- Competitive pricing
- Reputation

**How the Group maintains engagement**
- Regular meetings and updates
- Customer industrial site visits
- Participation in commodity-specific responsible sourcing initiatives
- Local procurement initiatives

**How the Board takes account of these interests**
- Oversight of the implementation of the Responsible Sourcing Policy

## Unions

**Why they are important to the Company**
Unions represent our workforce in a number of regions and our workforce is critical to our success

**What these stakeholders have indicated is important**
- Health, safety and wellbeing
- Negotiation of workplace agreements
- Industrial relations

**How the Group maintains engagement**
- Regular meetings with industrial asset management
- Union participation in asset safety committees

**How the Board takes account of these interests**
- Periodic updates from the Head of Human Resources and Head of Industrial Assets on material workforce issues

## NGOs and civil society groups

**Why they are important to the Company**
Maintaining effective engagement with NGOs supports our efforts to operate responsibly and ethically

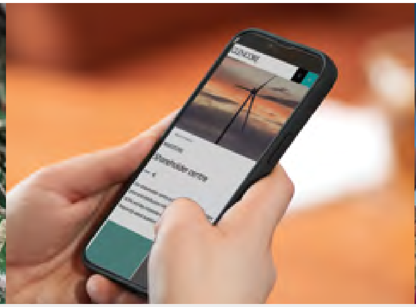
**What these stakeholders have indicated is important**
- Human rights
- Climate change
- Tailings storage facilities
- Social incidents and public health
- Operational and environmental management
- Socio-economic development projects
- Transparency in payments to governments
- Security and its engagement with community groups
- Compliance with laws and regulations

**How the Group maintains engagement**
- Direct engagement with global and local NGOs and civil society groups
- Sustainability reporting, including Sustainability Report, Modern Slavery Statement and Climate Action Transition Plan
- 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
- NGO site visits

**How the Board takes account of these interests**
- Group Sustainability provides regular updates 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 our engagement with them

## Reflecting stakeholder views in our Board decision making

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



### Commitment to recycling

Glencore has been a participant in the recycling business for over 30 years, centred at the Horne and Sudbury smelters in Canada.

The demand for recycled metals has increased significantly and is expected to become increasingly important in the coming years given possible constraints on supply and the lower environmental footprint of secondary versus primary material.

More information on our website at **glencore.com/what-we-do/recycling.**

### Shareholder returns

Providing shareholders with appropriate shareholder returns is an important part of our approach to capital allocation. During 2023, the Company paid a total of $0.52 per share: $0.44 approved by shareholders at the AGM on 26 May 2023; and $0.08 per share approved by the Board on 5 August 2023 following review of the Company's half-yearly financial position. Combined with our $2.7 billion cumulative share buyback programmes announced in February and August, total returns to shareholders exceeded $10 billion in 2023.

The Board regularly reviews the balance sheet position and has recommended a distribution of $0.13 per share for 2024, in respect of 2023 cash flow generation.

### Our commitment to responsible sourcing

We expect our suppliers to share our commitment to ethical, safe and responsible business practices in line with our Purpose and Values. Responsible sourcing is our commitment to take into account social, ethical and environmental considerations with regards to our products and supply chains and when managing our relationships with suppliers. We facilitate this through our policies, standards, and processes, including our Responsible Sourcing Policy and Supplier Code of Conduct and these documents have been approved and endorsed by the Board through the HSEC Committee. Where feasible, we also seek to leverage our business relationships to promote dialogue with other stakeholders to advance these commitments and industry best practice.

### Workforce engagement

Our Directors engage with the workforce directly via site visits and through management reports from engagement activities including employee surveys and focus groups. During 2023, the Directors visited a number of industrial assets and offices, including in Colombia, Kazakhstan, and Spain and received comprehensive reports relating to numerous focus groups across the globe focused on identifying attitudes to the Ethics and Compliance Programme and people's day-to-day experience of and engagement with the Programme across Glencore industrial and marketing businesses. This feedback is a useful indicator of areas of strength and weakness in the Programme and provided the Directors with insight into future areas of improvement for the Programme, while also providing general insight into the culture at the relevant industrial assets and offices.

### Climate

Our Board is responsible for oversight of overall performance and strategic direction, including with respect to climate change, and considers climate-related issues when reviewing and guiding major acquisitions and disposals, overall risk management, capital expenditure and budgeting, setting the Group's performance objectives and other strategic matters.

As part of our update to our Climate Action Transition Plan and following the outcome of votes at our 2023 AGM on two resolutions relating to our climate-related disclosures, we undertook an extensive consultation with shareholders, including on a range of climate matters and views on updates to our Climate Action Transition Plan, which will be put to a shareholder vote at the 2024 AGM and is available on our website at **glencore.com/publications.**

## Section 172 Statement and stakeholder engagement *continued*

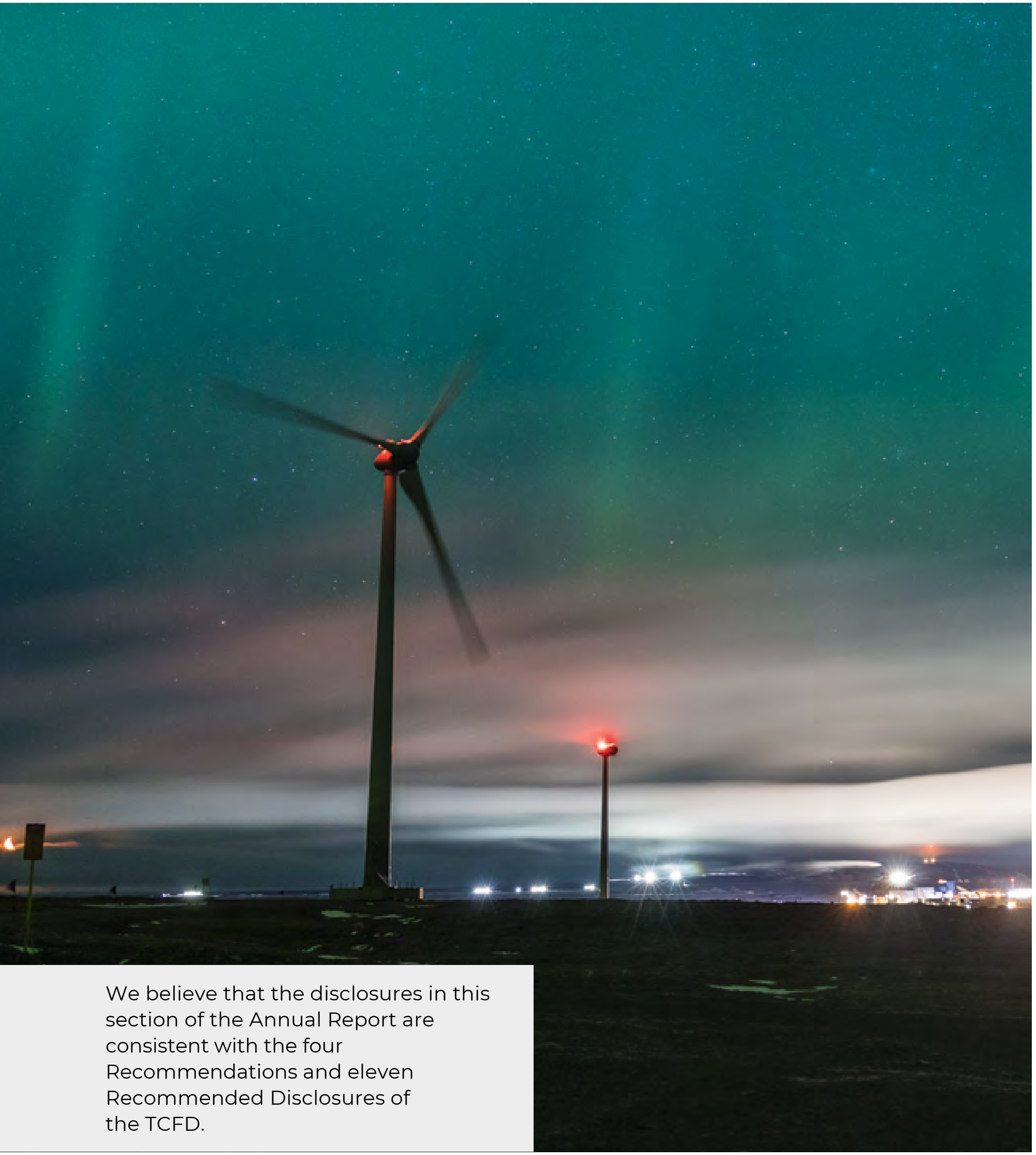
The following are examples of key decisions that the Board discussed and approved during 2023.

| Key topic/decision | Board discussion | Stakeholder considerations and impacts |
| --- | --- | --- |
| Submission of a proposal to the board of directors of Teck to merge with Glencore and simultaneously demerge our combined metals and coal and carbon steel businesses | • Following the announcement by Teck in early 2023 of its intended separation of its metals business and steelmaking coal business, EVR, discussion and approval of an all share merger proposal.<br>• Creation of two standalone companies with substantially larger and more diversified portfolios of assets than those of the proposed Teck and EVR.<br>• MetalsCo would be a world-class standalone base metals business with a diversified portfolio and a leading position in the critical minerals required for the energy transition.<br>• CoalCo would be a leading, highly cash-generative, diversified coal producer that would be able to sustain an attractive cash flow payout to investors through the cycle. | • Glencore and Teck shareholders would own approximately 76% and 24% of the merged entities, respectively, and would be well positioned to participate in valuation re-rating over time.<br>• Proposed merger/demerger would create significant value for both Teck and Glencore shareholders.<br>• Glencore intends that CoalCo would oversee a responsible decline of its thermal coal portfolio production in line with Glencore's ambition to achieve net zero emissions by 2050, subject to a supportive policy environment.<br>• Glencore would agree to:<br>– ensure that Canadians continue to serve in the management of MetalsCo's and CoalCo's Canadian assets and provide ongoing and long-term employment in Canada for Canadians<br>– honour all of Teck's commitments to local Canadian communities as well as to Indigenous communities to ensure their interests are acknowledged and protected<br>– honour all of Teck's social, labour and environmental programmes in Canada |
| Submission of an alternative proposal for the acquisition of EVR from Teck, and possible demerger of combined coal and carbon steel materials business | • Following Teck's withdrawal of its separation proposal, discussions, negotiations and approval of an alternative proposal.<br>• The high-quality steelmaking coal mined in the Elk Valley is an essential input to steelmaking in its current form. Steel is necessary for constructing transportation and infrastructure such as ocean-going vessels, rail, bridges and buildings, as well as energy transition infrastructure including wind turbines, all such products being critical to our current and future way of life.<br>• Possibility to form a standalone company containing combined coal and carbon steel materials business, including Glencore's stake in EVR, which would be well positioned as a leading, highly cash-generative bulk commodity company, likely attracting strong investor demand given such yield potential.<br>• Glencore intends that demerged company would continue to oversee the responsible decline of its thermal coal operations in line with Glencore's current targets and ambition to achieve net zero by 2050, subject to a supportive policy environment. | • Continued strong support from shareholders for a transaction between Glencore and Teck relating to EVR, with shareholders having the ability to weigh in on and ultimately approve a subsequent demerger.<br>• Proposed commitments to Canadian government as part of Investment Canada Act process to demonstrate net benefit to Canada, including:<br>– EVR will maintain significant employment levels in Canada with no net reduction in the number of employees in the business in Canada as a result of the transaction<br>– EVR will increase capital expenditures in Canada such that they will amount to over C$2 billion (excluding deferred stripping) over three years<br>– EVR will increase its contributions to Canadian sponsorship, community and charitable programmes<br>– EVR will participate as a major funding partner with up to C$15 million for the proposed renal/oncology addition to the East Kootenay Regional Hospital in Cranbrook<br>– EVR will develop and implement a climate transition strategy<br>– EVR will have a goal to become a nature-positive business by conserving or rehabilitating at least three hectares for every one hectare affected by its mining activities going forward<br>– EVR will honour the existing agreements between EVR and Indigenous Nations and will work with local Indigenous Nations to identify opportunities to increase participation in benefits from the activities of EVR |

## Section 172 Statement and stakeholder engagement *continued*

| Key topic/decision | Board discussion | Stakeholder considerations and impacts |
|---|---|---|
| Merger of Bunge and Viterra | • Discussion and approval of agreement to merge Bunge and Viterra in a cash and stock transaction.<br>• The combination of Viterra and Bunge would create a uniquely diversified supply chain operator across the key global export origins for grains and oilseeds, as well as major processing markets.<br>• The combination would have a higher proportion of processing and value-added earnings and higher returns on investment than Viterra standalone, in addition to increased scale and diversification. | • Creation of value for our stakeholders as the new group would have the capacity to benefit its suppliers and customers, invest in growth, and deliver improved returns to shareholders.<br>• Creation of a new group that would be ideally positioned to contribute solutions to the pressing challenges of the agrifood chain in the 21st century and create improvements for all stakeholders: food security, market access for farmers, efficiency and affordability, and the sustainability of food production. |
| Amendments to the Group's VaR limits | • Active monitoring of the Group's risk appetite and related VaR limits (see page 107). | • Robust balance sheet and risk limits are important to many stakeholder groups, including equity and debt holders and relevant regulatory bodies.<br>• The Board considered variations to the VaR limit in context of the strong business opportunities available, and the still relatively small weighting relative to total equity.<br>• The Board concluded that the risks in the increased VaR limit were commensurate with the potential benefits. |
| Top-up shareholder returns | • Half-year financial results allowed for 'top-up' returns of c.$2.2bn in 2023. | • Returns to shareholders were considered in the light of commitments to other stakeholders, in particular debt holders.<br>• The Board considered the impact of shareholder returns on the Group's liquidity needs in the short to medium term.<br>• The Board also considered the Group's financial leverage in the longer term.<br>• The Board concluded that the shareholder returns were appropriate in light of the Group's other financial commitments. |

# TCFD



We believe that the disclosures in this section of the Annual Report are consistent with the four Recommendations and eleven Recommended Disclosures of the TCFD.

As one of the world's largest diversified natural resource companies, we have an important role to play in supporting the global transition to a low-carbon economy.

## Our route to net zero emissions

Our first Climate Action Transition Plan (CATP) was published in 2020 and we committed to review this plan every three years. The disclosure in this section of the Annual Report is in respect of the 2020 Climate Action Transition Plan, and constitutes a report on our progress against this plan in 2023.

Over the past year, we have conducted a rigorous process to review and refresh our CATP. This update was informed by a review of the evolving market landscape – including upcoming regulatory requirements, changing stakeholder expectations, peer approaches across the mining and energy sectors, the latest modelling from the International Energy Agency (IEA), and emerging insights from the most recent United Nations Framework Convention on Climate Change (UNFCCC) dialogue. The process was led by our Climate Change Taskforce (CCT), supported by a working group with key members from across our business that sought input and challenge from the full Glencore leadership team as well as external stakeholders. The review process coincided with a shareholder consultation process that we conducted following the outcome of the votes relating to our climate reporting at our AGM held on 26 May 2023. During this process we sought shareholders' views on updates to our CATP and, in December 2023, we provided an update to the market on the views received from shareholders and actions to be taken.

Our refreshed CATP, which is published separately, retains the core elements of our previous three-year strategy – including a re-commitment to our 2026 and 2035 decarbonisation targets and our 2050 net zero ambition, which is subject to a supportive policy environment. We are also introducing a new interim target of reducing our industrial emissions by 25% by the end of 2030 against the restated 2019 baseline (see the About our emissions calculations and reporting section on page 53, and, in particular, the Baseline emissions restatement subsection on page 57). The refreshed CATP will be put forward for an advisory shareholder vote at our 2024 AGM.

The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board to improve reporting of climate-related risks and opportunities. We recognise that disclosures on our climate-related risks and opportunities support our shareholders in making long-term investment decisions. As such, we continue to structure our Annual Report's climate disclosures according to the TCFD Recommendations, taking steps to provide greater granularity of content over time.

## Acquisition of EVR

Following the announcement by Teck in early 2023 of the intended separation of its metals business and steelmaking coal business, EVR, we recognised a compelling opportunity for the development of our own business. In April 2023, we announced that we had submitted a proposal to the board of directors of Teck to merge with Teck and simultaneously separate our combined metals and coal businesses. Following Teck's withdrawal of its separation proposal, we announced in June 2023 that we had submitted an alternative proposal to acquire only EVR. We successfully reached an agreement with Teck for the acquisition of a 77% interest in EVR in November 2023.

## TCFD *continued*

When assessing the merits of the transaction, we acknowledged the important distinction between thermal coal and steelmaking coal. We concluded that while not a metal, steelmaking coal is an important transition-enabling commodity as it is an essential input into much of the world's steelmaking in its current form. Steel is necessary for constructing transportation and infrastructure such as ocean-going vessels, rail, bridges and buildings, as well as energy transition infrastructure including wind turbines. The acquisition therefore presented a unique opportunity to further strengthen our position across the products necessary for the energy transition as well as everyday life and also unlocks the potential, subject to shareholder approval, for a value-accretive demerger of our combined coal and carbon steel materials business. We will undertake a shareholder consultation process following the close of the acquisition to assess views on a potential subsequent demerger.

### Our position on climate change

We continue to believe a holistic approach to reducing our emissions, which considers our Scope 1, 2 and 3 industrial emissions, is the best way in which Glencore can make a meaningful contribution to address climate change.

Our 2020 seven actions to Net Zero

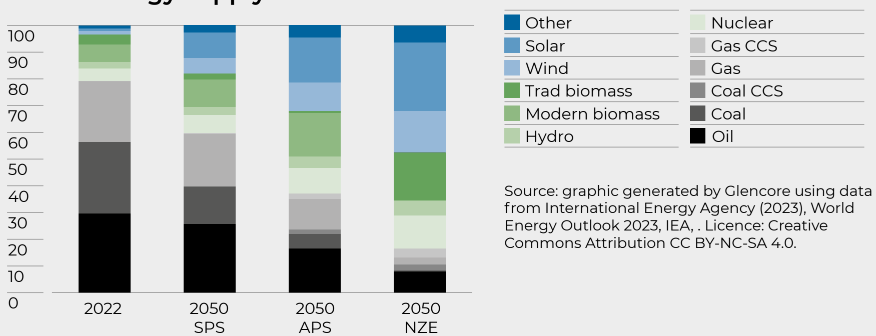
1. Managing our operational footprint
2. Reducing our Scope 3 emissions
3. Allocating capital to prioritise transition metals
4. Collaborating with our value chain
5. Supporting uptake and integration of abatement
6. Utilising technology to improve resource use efficiency
7. Transparent approach

We are committed to responsibly managing the phase down of our thermal coal production to meet our Scope 1, 2 and 3 emissions reduction targets, including our newly introduced 2030 target. These targets comprise: a 15% reduction by the end of 2026, a 25% reduction by 2030 and a 50% reduction by the end of 2035, in each case against our 2019 restated baseline (see the About our emissions calculations and reporting section on page 53), with a longer-term ambition of achieving net zero emissions by the end of 2050, subject to a supportive policy environment. Our targets and ambition cover the emissions from our industrial assets. We chose to adopt an absolute reduction metric as this delivers a specified reduction in our emissions.

In setting our targets and ambition, we took into consideration the goals of the UNFCCC and the aims of the Paris Agreement (Article 2, UNFCCC; and Article 2, Paris Agreement). We also recognise that to achieve our 2050 net zero ambition there is a need for significant global technological evolution and advancement, and coordinated and supportive 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, most of which are not within our direct control or ability to materially influence. For that reason, we have expressed it as an ambition rather than a target, as we consider the latter is more appropriate for activities and actions deemed within our direct control or ability to materially influence.

Our capital allocation strategy for our industrial assets is aligned with the achievement of our short- and medium-term climate targets and our ambition of achieving net zero industrial emissions by the end of 2050, subject to a supportive policy environment.

**World energy supply**




Source: graphic generated by Glencore using data from International Energy Agency (2023), World Energy Outlook 2023, IEA, . Licence: Creative Commons Attribution CC BY-NC-SA 4.0.

### Responsible decline of our coal portfolio

Glencore remains committed to reducing coal production in our existing coal portfolio in accordance with our emissions reduction targets and ambition.

As part of our CATP update, we considered the usefulness of also maintaining the coal production cap that was introduced in 2019.

Since 2019:

- We have introduced a set of industrial emissions reduction targets that include Scope 3 emissions, which are largely associated with our thermal coal production;
- Our updated CATP introduces an additional target for 2030;
- Our thermal coal production has decreased; and
- We are not progressing greenfield thermal coal investments.

Based on the combination of these factors and feedback from shareholder consultations, we determined that this previously stated production cap may now only serve to cause confusion. We have therefore decided to remove the production cap, anticipating that our production of thermal coal should continue to decrease over time, reflecting our decarbonisation targets. We will continue to provide regular updates and guidance on our expected production as part of our quarterly Production Reports.

Beyond our emissions reduction targets, our approach to reducing emissions will also depend on the pace of the global energy transition: if the global adoption of renewable energy significantly accelerates (supported in part by our supply of transition metals), we may need to review and accelerate our current plans for the responsible phase down of thermal coal.

In 2023, the IEA published its updated Net Zero Roadmap and the World Energy Outlook (WEO) to take into account actions taken, policies planned and adopted globally in the intervening period from its prior reports, and the availability of updated data on the status of global energy demand and emissions. The IEA scenarios show that energy demand continues to grow with economic and population growth and even as the use of thermal coal in advanced economies is declining, the rate of such decline in developing economies, particularly in Asia Pacific, is considerably slower. For some developing nations, seaborne-traded coal volumes are a growing energy source.

We do not expect the phasedown of our coal production to be linear. We have not committed to reducing production in line with a particular scenario or pathway, due to the uncertainty inherent in global efforts to progress toward the energy transition.

Scenarios are not forecasts of future demand and therefore the scenarios developed by the Intergovernmental Panel on Climate Change (IPCC) and IEA are among several inputs into our climate strategy and are not in-and-of themselves determinative of our strategy.

For instance, if the global adoption of clean energy technologies and carbon capture technologies do not sufficiently advance, we see a role for unabated thermal coal for electricity generation beyond 2040.

Therefore, and in support of our strategy of a managed phasedown of our current global coal portfolio, we are developing our own approach to abatement beyond 2040, which may include using offsets, as well as carbon capture technologies. We acknowledge that this does not directly align with the IEA Net Zero 2040 phase-out of unabated thermal coal for electricity generation.

Continued geopolitical uncertainty has heightened energy security vulnerabilities and, while some countries are seeking to accelerate renewables uptake, the associated short- to medium-term impacts to energy security may delay the pace of the transition away from fossil fuels in certain other regions.

## Governance of climate-related risks and opportunities

TCFD Recommendation: **Disclose the organisation's governance around climate-related risks and opportunities.**
Recommended Disclosures:
**a. Describe the Board's oversight of climate-related risks and opportunities.**

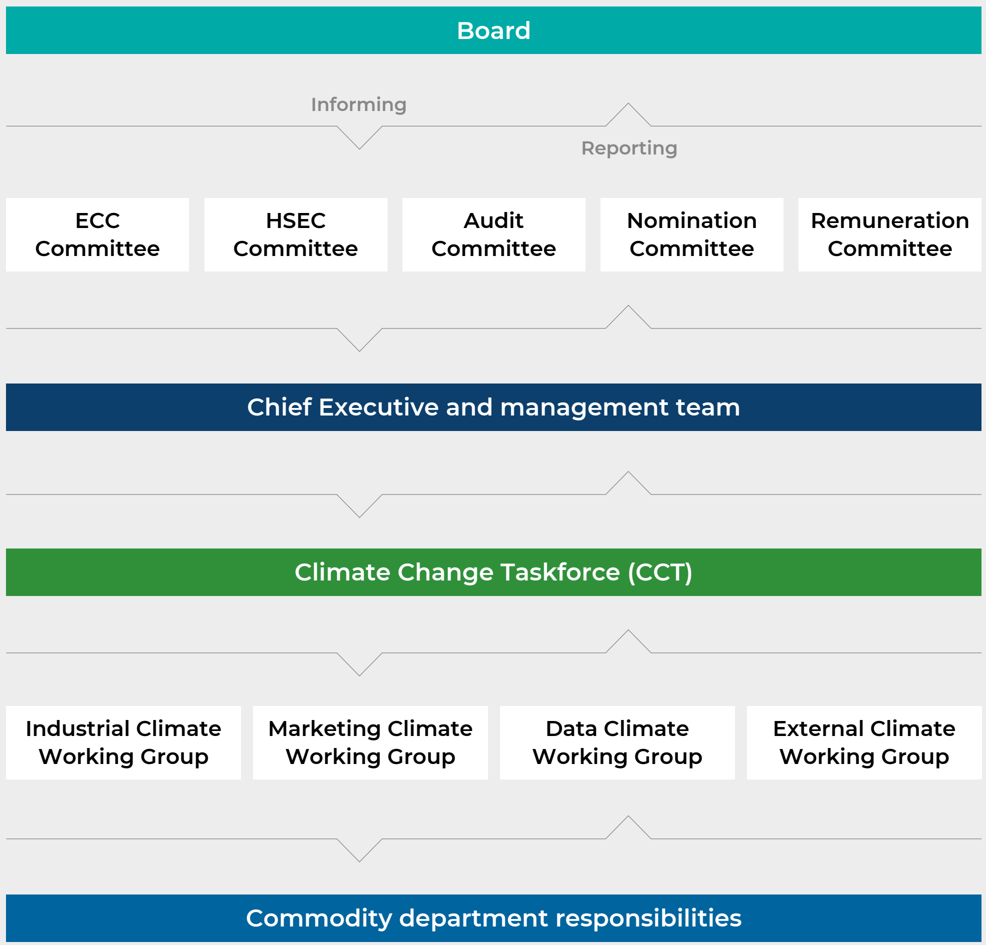
**b. Describe management's role in assessing and managing climate-related risks and opportunities.**

Our Board is responsible for oversight of our overall performance and strategic direction, including with respect to climate change, and considers climate-related issues when reviewing and guiding on major acquisitions and disposals, overall risk management, capital expenditure and budgeting, and other strategic matters.

The Board is responsible for overseeing the Group's climate strategy and progress against Glencore's climate commitments. Implementation of our climate strategy is led by the management team via our Climate Change Taskforce (CCT). Progress on this topic is a standing item on the Board agenda, and is discussed in Board meetings at least twice yearly, including in relation to the Group's progress against its goals and targets for addressing climate-related issues. Where appropriate, certain climate-related matters may be discussed by Board Committees.

Further information on the role of the Board is set out in the Corporate governance report, available on page 119. For further details on each level of governance on climate-related risks and opportunities, see the following pages.

### Overview of governance of climate-related risks and opportunities and key activities during 2023



## Glencore Board

During 2023, the Board undertook the following climate-related activities:

- oversaw the Group's climate strategy and response to climate-related risks and opportunities that affect our business;
- monitored progress against Glencore's climate strategy, including our Scope 1, 2 and 3 emissions performance, and the ongoing development of our Group marginal abatement cost curve (MACC);
- considered climate-related issues, with information provided by management, when it reviewed strategic decisions relating to major capital expenditures;
- through the Chair and CEO, consulted with shareholders on climate-related matters;
- provided our shareholders at our 2023 AGM with their third advisory vote on the progress against our three-year Climate Action Transition Plan;
- reviewed climate-related disclosures in our reporting suite and other external engagement;
- oversaw the review and development of the updated Climate Action Transition Plan, including receiving feedback from the shareholder consultation and discussing and approving the steps taken in the plan to respond to the feedback;
- participated in annual training on climate change led by external experts, covering duties as directors, legal risks, external expectations and regulatory requirements, as well as evolving climate issues. The training also emphasised the importance of effective integration of climate change into the Group's risk management processes and related Board oversight;
- received reports on emerging industry trends relating to climate-related litigation and 'greenwashing' allegations; and
- reviewed the outcome of the climate-related risks and opportunities assessment.

### Acquisition of a 77% interest in Teck's steelmaking coal business

The Board considered how the transaction with Teck aligned with Glencore's climate commitments. The transaction presented a unique opportunity to complement Glencore's existing portfolio with high-quality steelmaking coal, an essential input into steel that is necessary for critical industries and systems such as energy transition infrastructure, transportation and construction. If the transaction closes, a climate transition strategy will be developed for EVR that reflects the risks and opportunities associated with its business as a significant producer of steelmaking coal. As per our November 2023 announcement, this strategy would include:

- medium-term targets in respect of Scope 1 and Scope 2 emissions at EVR's operations which will seek to achieve or enhance the existing goals or targets set by EVR having regard to what is practical and feasible given existing technologies;
- a long-term goal to net zero in respect of Scope 1 and 2 emissions by 2050; and
- a commitment to work with partners towards an ambition to achieve net zero Scope 3 emissions by 2050, recognising that achievement is uncertain and we cannot ensure the outcome alone.

### Engagement with shareholders

In 2023, a group of shareholders requisitioned a resolution at the AGM entitled Projected Thermal Coal Production. On review, the Board considered that the resolution, read together with its supporting statement, was unclear, unnecessary and undermined the Board's responsibility and accountability for the Company's strategy, and was therefore not in the best interests of the Company and recommended a vote against the resolution. The Board oversaw engagement with the shareholders filing the resolution. Following the resolution obtaining 29.2% support from shareholders, the Board also oversaw further engagement with shareholders where matters pertaining to the resolution were discussed as part of the broader consultation on the update of our Climate Action Transition Plan.

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| Ethics, Compliance and Culture (ECC) Committee | Health, Safety, Environment, Community (HSEC) Committee | Audit Committee | Nomination Committee | Remuneration Committee |
|---|---|---|---|---|

# TCFD *continued*

### Ethics, Compliance and Culture (ECC) Committee

- Met four times during 2023.
- Reviewed our stakeholder engagement, including on climate-related matters.
- Considered the significant matters on which the Group has made political representations and our use of lobbyists and the conduct and positions of our industry organisations during 2023 on material issues, in line with our Political Engagement policy – **glencore.com/who-we-are/policies/political-engagement-policy**

Read more on **page 131**

### Health, Safety, Environment, Community (HSEC) Committee

- Met four times during 2023.
- Reviewed our stakeholder engagement, including on climate-related matters.
- Considered material climate-related matters that may impact our operations, such as the implementation of the revised Baseline Safeguard Mechanism in Australia.

Read more on **page 132**

### Audit Committee

- Met six times during 2023.
- Reviewed the Group's financial risk management, including those financial risks relating to climate change.
- Oversaw the Group's financial statements and reports, including climate-change related financial disclosures.

Read more on **page 129**

### Nomination Committee

- Met three times during 2023.
- The Committee did not discuss any climate-related matters in 2023.

Read more on **page 133**

### Remuneration Committee

- Met six times during 2023.
- Supported the delivery of our climate strategy through the inclusion of climate-linked metrics and targets within performance-related pay for Glencore's CEO.

Read more on **page 134**

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**Chief Executive and management team**

# TCFD *continued*

## Chief Executive and management team

The CEO is the named executive for driving the climate strategy within the Board and has responsibility for implementing the decisions of the Board and its Committees, as well as leading Glencore's operating performance and day-to-day management.

The CEO, CFO, Head of Industrial Assets and General Counsel lead our management team and are supported by the rest of our Group leadership, comprising our Head of Corporate Affairs, Head of Human Resources and Head of Sustainability, and departmental leadership comprising the heads of each marketing department and our industrial leads.

The CEO is Chair of the CCT, which is responsible for overseeing the climate strategy and progress against Glencore's climate commitments. He also has oversight of the CCT's four working groups and provides support and information to the Board for making strategic decisions, including those relating to capital allocation and portfolio management.

The CEO's 2023 scorecard for annual variable compensation includes 30% relating to ESG matters, of which half is for safety performance and half for progress towards our 2026 and 2035 industrial emissions reduction targets.

2023 climate-related KPIs included: (1) demonstrating progress on our emissions reduction strategy to deliver the 2035 industrial emissions reduction target of 50% against the restated 2019 baseline and, (2) for each department, creating an inventory of Scope 1 and Scope 2 emission reduction actions and a Group MACC based on the inventory to develop and support our strategy for emissions reduction.

Senior managers from core Group corporate functions, as well as our industrial and marketing teams, participate in the four working groups that support the work of the CCT. This facilitates the provision of climate-related information relevant to a particular commodity or function, which the CCT then consolidates into a Group-wide approach.

Climate-related topics are addressed regularly by our Head of Industrial Assets with industrial leads. Topics may include opportunities to reduce our emissions through operating efficiencies and emission reduction schemes, as well as approaches to advocacy on climate-related matters such as carbon pricing.

Data collected by each industrial asset is consolidated to provide a commodity department's emissions. Each year, during our industrial asset planning and budget cycles, each Industrial Lead presents the department's emissions with accompanying workstreams and action plans to manage, mitigate and minimise emissions.

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## Climate Change Taskforce (CCT)

## Climate Change Taskforce (CCT)

- Met five times during 2023.

The CCT is accountable to the Board and is led by the CEO. Its other members include the CFO, Head of Industrial Assets, General Counsel, Head of Corporate Affairs and Head of Sustainability, as well as representatives from other key corporate functions including investor relations and finance.

The CCT has responsibility for and oversight of the work streams and coordination of workflow for the delivery of Glencore's climate strategy and commitments, including activities relating to:

- decarbonisation of industrial activities;
- internal reporting standard development and data quality and consistency review;
- capital allocation and portfolio management;
- macroeconomic assessments including Group carbon pricing; and
- external engagement, communication and advocacy.

The CCT has four working groups to drive the delivery of our emissions reduction targets and net zero ambition. It is through these working groups that we assess initiatives to reduce our emissions, identify and leverage carbon marketing opportunities, design and implement systems to support complete, accurate and attestable reporting and monitor external trends, while coordinating and overseeing advocacy and communication efforts.

These working groups report to the CCT and play an important role in helping inform management about climate-related issues that need to be monitored. Their primary areas of responsibility are as follows:

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### Industrial climate working group

- Climate change risk assessment
- Energy and emissions reduction
- Life of asset planning and budgeting

### Marketing climate working group

- Group data validation and reporting procedure
- Research, innovation and governance
- Data model definition and integration
- Market execution

### Data climate working group

- Group data reporting procedures and standards
- Carbon pricing and modelling
- Carbon accounting

### External climate working group

- Monitoring emerging climate topics
- External advocacy
- Legal
- Disclosures

The CCT is supported by a management-level ESG Committee, which provides guidance on Glencore's ESG programmes and approves Group ESG policies, standards and procedures, including those relating to climate – see page 72 for further details.

In 2023, the CCT oversaw the development of the revised Climate Action Transition Plan, including engagement with external stakeholders.

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## Commodity department responsibilities

During 2023, the commodity departments undertook the following activities:

- participated in the Industrial and Marketing Climate Working Groups to increase knowledge sharing and enable acceleration of the adoption of decarbonisation action Group-wide;
- continued to work on the decarbonisation of the industrial assets through identifying carbon abatement opportunities that are inputs for the Group MACC;
- maintained rolling four-year climate action plans, supporting their decarbonisation planning;
- collaborated with industry organisations to strengthen the understanding of a commodity's emissions through developing life-cycle analysis;
- identified environmental products and power supply opportunities that support a more efficient approach to carbon and energy markets and our Scope 2 emissions reduction efforts; and
- assessed and revised climate-related risks and opportunities.

## Strategy

**Recommended Disclosure:**
**a. Describe the climate-related risks and opportunities that the organisation has identified over the short, medium, and long term.**

When developing Glencore's climate strategy, we considered climate-related risks and opportunities across three time horizons:

S 1. short term (to the end of 2026): the first six years following the publication of our climate strategy at the end of 2020, which aligns with business and financial plans developed to deliver our 2026 target;

M 2. medium term (to the end of 2035): the mid-point between 2020 and 2050, being the date of our 2035 target; and

L 3. long term (to the end of and beyond 2050): our longer-term ambition is to achieve net zero emissions by the end of 2050, subject to a supportive policy environment.

TCFD categorises climate-related transition risks as:

**A. Transition Risks: policy and legal, market, reputation, technology**

**B. Physical Risks**

It also refers to climate-related acute and chronic physical risks and opportunities. Risks in each of these categories have been identified using a risk management process that our industrial assets are required to follow.

We welcome the development and publication of the recommendations for the Taskforce on Nature-related Financial Disclosures (TNFD). We have already incorporated various elements, such as the TNFD's Locate, Evaluate, Assess, Prepare (LEAP) risk process into our environmental governance framework for implementation at our industrial assets. We continue to evaluate the recommendations of the TNFD and their application to our business.

A description of the process used to identify the climate-related risks and opportunities that could have a material financial impact on the Group is described in more detail on page 45.

**TCFD** *continued*

We have identified the following climate-related risks and opportunities as having the potential to impact the Group:

## A. Transition Risks

### Policy and legal

**Affected commodity/process/region**
- All producing commodities
- Industrial and marketing activities
- Africa, Australia, Canada, Europe, Kazakhstan, New Caledonia, South America

**Time horizon**

S M

**Risks and opportunities**

Our ability to operate or develop industrial assets can be affected by regulatory and policy developments, such as carbon and corporate taxes, project approvals (or lack thereof or delays to project approvals), emissions caps or limits on emissions intensity, energy regulation, carbon trading and use of carbon offsets[1]. In addition, changing regulations and the uncertainties associated with project approvals may increase operating costs and reduce profitability, impacting operational viability and future investments.

There are increasing moves to introduce carbon import taxes, such as the European Union's Carbon Border Adjustment Mechanism. These have the potential to affect our products' export markets and trade flows. Policies relating to cost of carbon and emissions may also have an impact on our operations, for instance those in Australia and Canada. In particular, earnings may be impacted by lack of availability, increased pricing or limitations on the use of carbon trading, as well as due to limits on absolute greenhouse gas (GHG) emissions put in place as a result of government policies.

Further impacts to earnings may arise from cost impacts associated with policies affecting technology rollout and adoption, as well as increased taxation on energy. These have been identified as risks by our zinc and coal departments in Germany and Colombia, respectively.

There is the potential for legal risks during project approval processes, as well as the financial impacts of approvals uncertainties.

There has been a significant increase in recent years in litigation (including class actions), in which climate change and its impacts are a key or contributing consideration, including administrative law cases, human rights claims, 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. A number of regulators have also increased their scrutiny of companies' actions in respect of climate change, including through the adoption of additional reporting requirements and investigating claims related to inaccurate or misleading disclosure (for example in connection with greenwashing allegations).

**Mitigation measures**

We track and respond to regulatory and technology developments, as well as customer demand. We anticipate increased policy-driven demand for our products that have lower embedded carbon content. We also recognise the potential for financial impacts arising from uncertainties in project approval processes and seek to mitigate these impacts where possible. We look to play an active and constructive role in public policy development on carbon and energy issues, both directly and through participation in industry organisations, for instance through advocating for a stable and predictable approach to energy policies in Europe. Through strengthening our methodology for calculating Scope 3 emissions, undertaken in 2023, we identify optimisation potential, carbon reduction opportunities and energy efficiencies within our operations. We expect that technology will in time enable us to further enhance reporting of our emissions throughout our value chain and to work with our stakeholders to reduce emissions.

We operate successfully in multiple jurisdictions that have direct and indirect carbon pricing or regulations. During 2023, we used actual carbon prices, and carbon prices consistent with the IEA's NZE 2022 scenario (as the scenario available at the time of our planning process) to assess the likelihood and impact of rising carbon prices.[2]

We have identified some parts of our business, such as nickel and coal, that would likely experience significant cost pressure in a high carbon price environment. However, our analysis of the impact of carbon pricing on operational costs is offset by the expected impact on these commodities (prices and costs) as a whole, such that Glencore's operations should retain their relative positions on the cost/margin curves. We consider local regulation and carbon price sensitivities as part of our ongoing business planning for existing industrial assets and new investments.

We recognise the potential for financial impacts arising from global ambitions seeking to drive quicker decarbonisation. Further information is available in note 1 to the financial statements.

We have assessed that increasing demand for our transition metals commodities is likely to drive higher prices for those products in turn offsetting increases to processing costs arising from the implementation of carbon pricing instruments.

We seek to correct inaccurate or misinformation that we identify in the public domain and reiterate our position on key issues related to our climate change strategy and in relation to our corporate reputation. We report on our climate plans and progress against these annually to inform our stakeholders.

1. We assess policy information on: Technology Costs: Solar PV Capital Costs, Cost of Carbon, Industry: Emissions, Industry: Emissions % Change, Industry: Iron and Steel Emissions, Industry: Iron and Steel Emissions % Change, Transport: Heavy-Duty Trucks Emissions, Transport: Heavy-Duty Trucks Emissions % Change, Electricity: % Supply Solar PV and Wind, Electricity: % Supply Solar PV and Wind % Change, Electricity: Supply Emission Intensity, Electricity: Supply Emission Intensity % Change, Industry: Energy Consumption TFC, Industry: Energy Consumption TFC % Change, Industry: Iron and Steel Energy Consumption TFC, Industry: Iron and Steel Energy Consumption TFC % Change, Buildings: Services Buildings Emissions, Buildings: Services Buildings Emissions % Change, Transport: Oil in Transport TFC, Transport: Oil in Transport TFC % Change, Transport: Electricity in Transport TFC.

2. There are two main types of carbon pricing: emissions trading systems (ETS) and carbon taxes. An ETS, sometimes referred to as a cap-and-trade system, caps the total level of greenhouse gas emissions and allows those industries with low emissions to sell their extra allowances to larger emitters. By creating supply and demand for emissions allowances, an ETS establishes a market price for greenhouse gas emissions. A carbon tax directly sets a price on carbon by defining a tax rate on greenhouse gas emissions or, more commonly, on the carbon content of fossil fuels. It is different from an ETS in that the emission reduction outcome of a carbon tax is not pre-defined but the carbon price is (World Bank Pricing Carbon available at www.worldbank.org/en/programs/pricing-carbon).

## Market

**Affected commodity/process/region**

- Coal, copper, cobalt, lead, nickel, vanadium, zinc
- Smelting, refining, marketing
- Africa, Australia, Canada, Europe, Kazakhstan, South America

**Time horizon**

M L

**Risks and opportunities**

In response to the ongoing efforts on the decarbonisation of global energy supply and electrification of key sectors, including mobility and its associated infrastructure, we expect demand to grow rapidly for renewable energy technologies, and the metals and minerals required to build them.

Population and economic growth are further expected to drive increasing commodity demand. Changes in commodity use from emerging technologies, adoption of renewable energy generation and policy changes may affect demand for our products, both positively and negatively.

The global coal market is dynamic and subject to the changing geopolitical and energy landscape. Over time, coal's share of primary energy demand will continue to decline. The IEA has projected in the WEO 2023 that global coal demand will peak during this decade driven by decline in demand for thermal coal at a rate which exceeds growth in demand for metallurgical coal. In the Announced Pledges Scenario, WEO 2023 it shows that 85% of the projected coal demand decline to 2030 occurs in USA, Europe and China while demand in India and Southeast Asia continues to grow. Demand growth in India and Southeast Asia and the lower rate of demand decline across the balance of Asia is expected to support net export supply volumes from Australia and North America.

We are a significant energy consumer. Energy is a key input and cost to our business as well as being a material source of our carbon emissions. Governments may impose taxes or levies on procured energy sources, limit supplies or introduce required purchasing or generation of renewable energy. The introduction of carbon taxes and/or clean fuel standards may result in increased operating costs for our industrial assets.

Increasing demand and higher commodity prices can drive substitution and market dislocations of products.

**Mitigation measures**

As one of the largest diversified natural resource companies in the world, we can support the delivery of climate goals by producing, recycling, marketing and supplying the metals and minerals that are essential to the transition to a low-carbon economy.

Our approach strives to ensure that we identify, understand and monitor our emissions and climate change issues, to meet regulatory compliance and our commitments that support the goals of the Paris Agreement (Article 2).

We remain committed to reducing coal production in our current coal portfolio in accordance with our emissions reduction targets and ambition.

As the global patchwork of energy and climate change regulation evolves, we closely monitor international and national developments and their potential to impact our industrial assets.

We consider energy costs and our emissions in our annual business planning processes. Commodity departments provide energy and emission forecasts for the forward-planning period and provide details of projects that may reduce emissions, including identifying and developing renewable energy generation opportunities. Our business model is well placed to supply low-carbon and renewable fuel solutions to our industrial assets through the supplier network of our energy marketing business.

Our assessment of potential mitigation and abatement projects forms the basis of our internal MACC. We utilise our MACC to act on cost-ranked emission reduction opportunities to mitigate high carbon prices and are pursuing lower emission sources in our businesses.

As a vertically integrated extractive and marketing business, we can seek to leverage our own carbon reduction efforts and market expertise to support the increasing needs for attestable low-carbon products. Our marketing segment's carbon strategy is expected to create additional value over time as markets and demand for carbon solutions in the commodity supply chain evolve.

## Reputation

**Affected commodity/process/region**
- All commodities
- Industrial and marketing activities
- Global

**Time horizon**
S M

**Risks and opportunities**
Negative stakeholder perception around the role of the extractive sector may arise from its contribution to climate change or environmental and social impacts associated with resource exploitation. This, in turn, may impact the development or maintenance of our industrial assets due to restrictions in operating permits, licences, or similar authorisations.

A number of companies, including Glencore, have faced shareholder requisitioned resolutions on climate-related matters. These may continue to escalate, leading to reputational impacts.

These issues may impact our access to capital or insurance, resulting in increased costs of finance and/or divestment of our shares and bonds, as banks and other financial institutions discontinue working with companies involved in fossil fuels.

**Mitigation measures**
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 aims to be transparent and honest. Where we identify differing opinions, we look for opportunities to find constructive solutions.

We engage closely with our investors, lenders and capital providers, including targeted engagements in relation to climate change.

By maintaining strong relationships with our investors, lenders and other capital providers, and investment grade credit ratings, we continue to have a broad range of sources from which to access funds. We regularly review our banks' and other institutions' climate change-related policies and any evolution in applicable restrictions.

## Technology

**Affected commodity/process/region**
- Transition metals, coal
- Marketing
- Global

**Time horizon**
M L

**Risks and opportunities**
Development of new technologies and lower costs for nascent industries may either drive increased demand for our commodities or result in substitution and lower demand. It may also provide opportunities to address our Scope 1, 2 and/or 3 emissions.

Delays in development of new technologies enabling decarbonisation of mobile equipment may impact our ability to meet our 2050 net zero ambition, while the uncertainty associated with these technologies may impact our operating costs.

**Mitigation measures**
Increased adoption of renewable energy sources as a means of decarbonising energy supply is expected to create significant new demand for the current key transition-enabling commodities, including copper, nickel and cobalt, which we produce and market.

We are investing in emission reduction projects and initiatives, focusing on both our industrial operations and the use of our industrial products, as well as supporting low-emission coal technology projects and GHG-related studies to address Scope 3 emissions and we are supportive of technology such as CCS. We are also undertaking energy efficiency projects, such as waste heat utilisation, to reduce our industrial Scope 1 and 2 emissions.

Where relevant technologies are not available, we seek to identify appropriate opportunities to participate in industry and research partnerships targeting emission reduction.

## B. Physical – acute and chronic

**Affected commodity/process/region**
- Coal, copper, nickel, zinc
- Industrial activities
- Africa, Australia, Canada, Kazakhstan, South America

**Time horizon**
S M L

**Risks and opportunities**
We have identified extreme weather events such as floods, hurricanes, and droughts, as well as changes in rainfall patterns, temperature and storm frequency as risks that can affect our industrial assets' operating processes, including costs and capacity. Availability of water for our industrial assets and nearby communities may be impacted by changes in climate, resulting in increased risk of flood at some industrial assets, and increased aridity in others. We report on our industrial assets' exposure to water-related risks on our water microsite.

We identified several sites across Peru, Canada and the US where flooding presents a risk by 2030, due to its potential negative impacts on our supply chain, and disruption to our production processes and deliveries.

The risk of an increase in frequency and severity of weather events such as extreme heat or cold, floods or droughts, wildfires and rainfall can pose risks to nature, including river health and animal populations, for instance in South Africa.

Severe weather events can also impact the infrastructure at our industrial assets, including equipment and roads, as well as our tailings storage facilities, which may overflow as a result of extreme storms, or lose structural integrity as a result of geotechnical instability arising from flooding. Events such as flooding can also impact production and revenues due to site downtime.

**glencore.com/sustainability/esg-a-z/water-management**

**Mitigation measures**
Our Energy & Climate Change Standard, TSF Management Standard and Environment Standard require our industrial assets to develop baselines and undertake annual risk assessments in these areas as described in more detail below.

Our TSF Management Standard requires all our TSFs to be designed to the requirements set out by the Canadian Dam Association (CDA). We chose to benchmark against the CDA because it requires TSFs to be designed to higher flood frequency than may be required by local regulations in the jurisdictions in which we operate, and as such supports a more climate-resilient design of our TSFs. For instance, we have upgraded the design of the spillways at some of our Peruvian operations to store and pass more water, thereby making them more resilient in the event of rapid extreme rainfall.

We conduct various reviews of our TSFs, including through third-party assurance and regular satellite monitoring, and these reviews include consideration of the impact of extreme weather events. In August 2023, in accordance with the deadline set by the ICMM, we published detailed disclosure on the conformance of our TSFs with very high and extreme consequences of failure with the Global Industry Standard on Tailings Management (GISTM): https://www.glencore.com/sustainability/esg-a-z/Tailings.

Hydrogeological monitoring, real-time geotechnical monitoring and early alerts help identify and proactively address risks associated with flooding at our facilities. In addition, infrastructure design, such as surface and underground drain systems and emergency spillways, help contain excess water and prevent damage.

Monitoring of animal populations and their land and aquatic habitats and river health, as well as developing internal site-specific nature targets, supports our operations to track and address risks posed by climate to nature.

Our current assessment of the acute and chronic physical risks related to climate change does not require us to make additional financial provisions for our operations or adjust the estimated useful lives of specific assets.

**Recommended Disclosure:**

**b. Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.**

The world requires a global transformation of energy, industrial and land-use systems to mitigate the risks and deliver on the opportunities arising from climate change. We believe this transition is a key part of the global response to managing energy security and responding to the increasing risks posed by climate change.

Our response to climate-related risks and opportunities is to continue our investment in transition-enabling commodities, while managing the responsible decline of our thermal coal portfolio. Our business model covers the production, recycling, sourcing, marketing, and distribution of the commodities needed by our suppliers and customers to decarbonise, while simultaneously reducing our own emissions.

Our 2020 CATP set out seven core actions:

1. Footprint: managing our operational footprint – see page 48
2. Reduction: reducing our Scope 3 emissions – see page 50
3. Capital: allocating capital to prioritise transition metals – see page 42
4. Partnership: collaborating with our value chains – see page 58
5. Abatement: supporting uptake and integration of abatement – see page 48
6. Technology: utilising technology to improve resource use efficiency – see page 49
7. Transparency: transparent approach – see page 52

**Seven core actions were identified in our 2020 CATP to support our ambition:**

### Managing our footprint

**Footprint**
**Managing our operational footprint**
Reducing our Scope 1 and 2 emissions

**Reduction**
**Reducing our Scope 3 emissions**
Our commitment to a direct reduction of our Scope 3 emissions in particular through responsible closure of assets in our existing coal portfolio will contribute to reducing global emissions

**Capital**
**Allocating capital to prioritise transition metals**
Investing in the metals that the world needs

### Contributing to global decarbonisation

**Partnership**
**Collaborating with our value chain**
Working in partnership with our customers and supply chains to enable greater use of low-carbon metals and support progress towards technological solutions to address climate change

**Abatement**
**Supporting uptake and integration of abatement**
Abatement is 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

In 2023, we announced the acquisition of a 77% interest in Teck's steelmaking coal business, for $6.93 billion, which remains subject to regulatory approvals. Steelmaking coal is an essential input into steelmaking, and the acquisition presented a unique opportunity to strengthen our position further across the products necessary for the energy transition and everyday life. Given the pending nature of the transaction, we have not addressed the expected acquisition in relation to our decarbonisation targets and ambition in this report and the updated CATP.

## Impacts of climate-related risks and opportunities on our financial planning

We seek to align our material capital expenditure and investments with the goals of the Paris Agreement (Article 2) and our emissions targets and ambition.

As a major producer of the commodities that underpin the current battery chemistry and infrastructure growth initiatives that are expected and required to power electric vehicles and energy storage systems, we are investing in and intend to continue our efforts to supply energy transition metals, including various South American copper projects, African copper and cobalt, Kazakhstan polymetallic investments, nickel projects in Canada and Brazilian bauxite/alumina.

Going forward, we intend to continue to allocate capital to operate and to deplete our upstream energy industrial assets in a manner that is consistent with our Values and our climate strategy. More specifically, this comprises the intended cessation of mining for at least 12 coal mines between 2019 and the end of 2035 (to specifically align with our medium-term risks and opportunities time horizon and our 2035 target), along with an associated decrease in the capital expenditure required by the existing coal portfolio.

We recognise that disclosure of how we allocate capital can help stakeholders assess and evaluate our approach to mitigating climate-related risks. We have therefore enhanced our disclosure in providing the following breakdown of spend categories per commodity:

In 2023, our total capital expenditure on industrial assets was $6.1 billion (2022: $4.8 billion), of which 48% was for our copper and cobalt assets, 15% for zinc and 9% for nickel, with the following key projects:

- development of Collahuasi copper joint venture's desalination and water transportation project; and
- building the Onaping Depth underground nickel mine in Sudbury, Ontario.

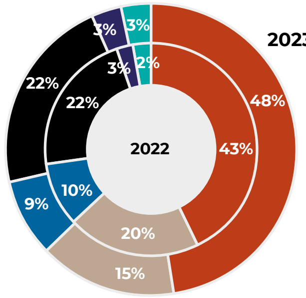
$1.5 billion (25%) of our 2023 industrial capital expenditure related to energy industrial assets (2022: $1.2 billion).

Our capital expenditure for energy products included the following:

- **Infrastructure spend:** Bulga pit-top support equipment, Hunter Valley Operations (HVO) flotation, Oaky Creek gas drilling;
- **Exploration:** primarily Surat Hydrogen and Carbon Transport and Storage Company (CTSCo).

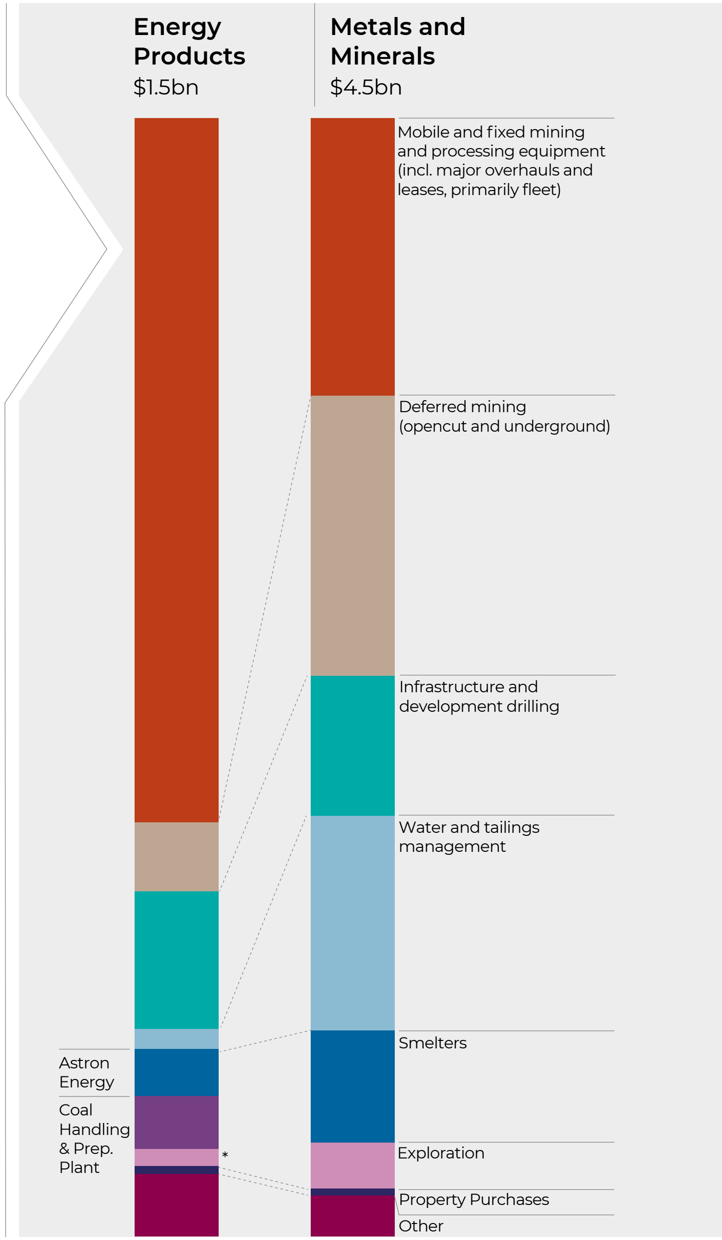
A meaningful level of capital expenditure relating to Scope 1 and 2 emissions reduction initiatives and opportunities has been included in our capital expenditure plans.

### Industrial capex◊ weighting (%)




2023

| | | | |
|---|---|---|---|
| Copper | 48% | Coal | 22% |
| Zinc | 15% | Oil | 3% |
| Nickel | 9% | Others | 3% |




* Energy Products exploration capex is primarily blue hydrogen and CTSCo

# TCFD *continued*

## Responding to carbon pricing

We operate successfully in multiple jurisdictions that have direct and indirect carbon pricing or regulation. We take a systematic approach to local regulation and carbon price sensitivities as part of our ongoing business planning for existing industrial assets, and new investments.

We use actual carbon prices where they exist and assess the sensitivity of our industrial assets to possible future carbon prices in order to assess the potential impacts on investment decisions arising from carbon pricing regulation. We expect the rising cost of carbon will increase operating costs, increasing the cost of production, which, in turn, would ordinarily be passed on to consumers. For our sensitivity analysis during 2023, we considered the carbon prices shown in the table below, which were consistent with the IEA's 2022 NZE scenario, which was the scenario available at the time:

| Carbon price – US$/t (RT2021) | Advanced economies | Emerging markets | Developing economies |
|---|---|---|---|
| 2022 | As legislated | | |
| 2030 | 140 | 90 | 25 |
| 2035 | 205 | 160 | 85 |
| 2040 | 250 | 200 | 180 |

Applying these carbon prices to some of our commodities shows marginal supply costs (90th percentile) increasing by some 10% to over 60%, depending on the commodity.

**Recommended Disclosure:**
**c. Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.**

As part of the review of our CATP, we conducted an analysis of the future demand outlook (considering policy and technology developments) for commodities that we are materially exposed to: (1) seaborne thermal coal, (2) copper, and (3) nickel.

For this analysis, our team input data-driven assumptions (based on latest available intelligence) into a third-party climate and energy transition model, which provides a volume and price outlook for relevant commodities across three climate scenarios (with emissions outcomes equivalent to the IEA SPS, APS, NZE scenarios) over time (2030, 2040, 2050).

- **Supply inputs to the model:** To 2030, we use the latest information on future possible projects to inform our view on cost curves. Beyond 2030, we estimate supply curves based on data-driven assumptions.
- **Demand is an output of the model:** The model includes $CO_2$ targets consistent with the IEA's SPS, APS, and NZE scenarios. The model calculates demand based on the lowest-cost outome for reaching those targets.
- **Prices are an output of the model:** Based on the marginal supply intersection of cost curves and the expected level of demand in each scenario.

The overall findings from this analysis are included in this report. Where possible, we compare our outlook to relevant modelling from the IEA.

**Seaborne thermal coal:** In terms of industry volumes, we expect demand for seaborne thermal coal to fall across all climate scenarios: the faster the transition, the more accelerated the fall in demand. However, we still foresee some demand for seaborne thermal coal beyond 2040, especially if stated government policies are not further strengthened. In terms of industry prices, we see potential for price resilience with support being derived from the structure of the global supply cost curve, declining average coal quality and the expected trend to increase the quality of coal being consumed. Overall, considering the trajectory of a responsible phase-down, we expect continued resilience in our own coal business. For more detailed modelling on the potential impairment risk to our existing coal assets under different climate scenarios, please refer to note 1 to the financial statements.

**Copper:** We expect high growth in demand for copper across all scenarios. We expect supply constraints for copper towards 2030 to contribute to higher prices due to the lead time to add new mining capacity. We have assessed a range of sensitivities including scrap rates and substitution rates. We found that the growth of demand and increased pricing holds true even across sensitivities.

**Nickel:** In the short-term, nickel markets have surplus supply and commensurate price weakness. As the global energy transition accelerates, while we expect higher growth in demand for nickel across all scenarios, the current supply pipeline is sufficient to meet demand without material constraints for nickel until around 2040. We have a range of sensitivities included in this assessment including high-pressure acid leach supply and battery electric vehicles (BEV) nickel content.

### 2040 forecast global demand volume, % change from 2021


Note: All figures calculated as % increases between demand in a baseline year and demand in 2040; 1) Due to data availability, Copper figures for both Glencore and IEA based on 2022 baseline year; IEA baseline and forecast data both from IEA Critical Mineral Demand 2023; Glencore baseline is same as for IEA, with forecast based on Glencore modelling; 2) Nickel figures for both Glencore and IEA based on 2021 baseline year; IEA baseline from IEA Critical Minerals Policy Tracker 2021 and forecast from IEA Critical Mineral Demand 2023; Glencore baseline is same as for IEA, with forecast based on Glencore modelling; 3) Thermal coal figures based on 2021 baseline year; IEA baseline and forecast from IEA WEO 2022; Glencore baseline and forecast from Glencore modelling; 4) Comparable IEA NZE data not available for thermal coal. Source: Glencore Modelling; IEA Critical Mineral Demand 2023; IEA WEO2022 Extended Dataset (Trade); IEA Critical Minerals Policy Tracker 2021

This analysis supports the assumption that across all climate scenarios, the market demand growth in copper and nickel is likely to outweigh the impact of any decline in seaborne thermal coal. Given our integrated portfolio, we expect that our current business should be resilient to transition risk across climate scenarios.

Beyond using scenario analysis to assess potential financial impacts on our business and consider our strategic resilience, we leverage this analysis to actively manage climate policy risks and opportunities on an annual basis. We closely monitor the most critical indicators (including climate policies, rate of clean energy technology adoption, battery technology evolution, level of recycling, among others) to refine our demand and price expectations. This in turn informs our decisions to accelerate (or decelerate) our project pipeline and capital allocation across commodities.

In addition, management, under the oversight of the Audit Committee, considered whether the carrying value of goodwill, cash generating units, physical trade positions and material loans and advances may be impaired as a result of, amongst other things, the impact of climate change. In relation to coal, there continues to be particular focus around price outlook and climate change-related risks.

For more detail see note 1 to the financial statements and paragraph 5.3 of the independent auditor's report.

**Glencore references the IEA WEO scenarios as follows:**

- **Stated Policies Scenario (SPS):** The SPS explores how the energy systems and global emissions will evolve based on the current policy settings. This scenario does not assume the aspirational or economy-wide targets are met unless they are supported with detail on how they will be achieved. The SPS has been assessed as being consistent with global temperatures rising on average by 2.5°C by 2100.
- **Announced Pledges Scenario (APS):** The APS gives governments the benefit of the doubt and assumes their targets will be achieved on time and in full, whether they relate to climate change, energy systems or national pledges in other areas such as energy access. Trends in this scenario reveal the extent of the world's collective ambition, as it stands today, to tackle climate change and meet other sustainable development goals. This scenario recognises the commitments of China (net zero 2060) and India (net zero 2070) and the updated Nationally Determined Contributions. This requires accelerated adoption of renewables delivering global net zero emissions in 2070 and limiting the rise of global temperatures to 1.7°C by 2100. This gets close to achieving the goal of the Paris Agreement to limit the temperature rise to 'well below 2°C', and it marks the first time that collective government targets and pledges have been sufficient, if delivered in full and on time, to hold global warming to below 2°C.
- **Net Zero Emissions by 2050 (NZE) Scenario:** The NZE Scenario works backwards from specific goals – the main one being to cap global warming to 1.5°C by 2050 – and illustrates how they may be achieved. The NZE Scenario requires a tripling in spending on clean energy and infrastructure to 2030, alongside a shift towards much higher investment in emerging market and developing economies. The NZE Scenario falls within the group of scenarios categorised by the IPCC as a 'no or low overshoot' scenario, and aligns with the goal, agreed again in Glasgow at COP26 in 2021, to 'pursue efforts to limit the temperature increase to 1.5°C' (IPCC, 2022b).

## Risk management

**TCFD Recommendation: Disclose how the organisation identifies, assesses and manages climate-related risks.**

**Recommended Disclosure:**
**a. Describe the organisation's processes for identifying and assessing climate-related risks.**

Under our Energy and Climate Change Standard, all our industrial assets are required to perform annual climate change risk assessments. These follow a detailed process that requires our corporate, commodity department, and industrial asset teams to undertake risk identification, assessment, and evaluation, as well as financial planning for relevant mitigation measures. This process specifically includes reviewing existing controls, identifying and evaluating additional risk treatment options, calculating the potential capital required to support with implementation of the controls, and submitting the capital requirements into the budgeting process. The deployment of controls is guided by our Enterprise Risk Matrix which provides guidance on risk treatment action based on risk ratings. We review controls across departments and assets when undertaking the overall risk assessment process.

| Stage 1: Scoping | Stage 2: Risk identification | Stage 3: Risk assessment | Stage 4: Risk evaluation | Stage 5: Financial planning |
|---|---|---|---|---|
| • Define risk assessment boundaries, aligned to the Energy & Climate Change Standard and Climate Change Risk Assessment Procedure. | • Collect information and data for assessment.<br>• Identify climate-related risks and opportunities, which also consider nature-related risks, relevant to the industrial asset and industrial commodity department. | • Assess current and future risk ratings for the identified climate-related risks and assess emissions abatement opportunities using the MACC. | • Identify additional risk treatment options for climate-related risks that are deemed to have inadequate existing controls to manage the risk. | • Document and confirm budget requirements for additional risk treatment options. |

Through this process, climate-related transition and physical risks are assessed and prioritised for relevance and impact on financial and operational performance at different organisational levels. Risks with the highest Potential Maximum Consequence are included in the Group Risk Register, with consequences determined across multiple categories, including environmental, human rights, financial, and image and reputation. The threshold for the most material financial consequence is an impact of more than $500 million on operating profit, more than $200 million on property damage and more than $1 billion on asset value.

Climate risk assessments apply the following criteria (which include considering existing and emerging regulatory requirements in relation to climate change):

- Time horizons: existing risk, 2030 and 2050
- Physical and nature temperature scenarios: SSP1-1.9, SSP1-2.6, SSP3-7.0[1]
- Policy scenarios: IEA SPS, APS, NZE

Risk assessments are reviewed at Group level for consistency, including with regard to assessment of climate-related market drivers.

Our industrial assets are required to develop appropriate treatment options for the identified risks, and to monitor and report on progress in managing them. The most material climate-related risks, and any associated responses, are prioritised and fed into our annual life of asset planning, budget, and HSEC&HR strategy processes. In particular, we seek to ensure our commodity departments have highlighted the financing needed for additional risk controls.

The Board monitors the Group's risks, financial exposure, and related internal controls to mitigate these risks. Monitoring and reporting are the responsibility of the Group risk functions and the heads of corporate functions who provide regular updates to the Board and its committees covering various risks and the performance of the relevant controls in place.

In 2023, we engaged a third-party expert to conduct a review of our approach to identifying and assessing climate-related

1. SSP1-1.9 – The net zero scenario used, where warming stays below 1.5°C by 2100. This describes a world where global $CO_2$ emissions are cut to net zero around 2050.
SSP1-2.6 – The low emissions scenario used, where warming stays below 2°C by 2100, aligned to current commitments under the Paris Agreement. Net zero emissions are achieved in the second half of the century.
SSP3-7.0 – The high emissions scenario used, where warming rises by 3.6°C by 2100, with carbon emissions levels likely between a 2.8°C – 4.6°C range.

risks and opportunities, taking into consideration also the emerging expectations and recommendations in relation to the assessment of nature-related risks and opportunities. As a result of this review, we have taken steps to improve the consistency of the assessments by enhancing the relevant climate modelling data layers in our knowledge base amongst our teams and establishing a process for using consistent climatic models.

The Group's general approach to risk management (including the identification and management of climate-related risks) is set out in the Risk management section on **page 105**

**Recommended Disclosure:**
**b. Describe the organisation's processes for managing climate-related risks.**

One of our principal controls for managing risks at a Group level is to develop a Group Standard, which sets expectations of performance for a particular topic, and forms the basis of internal and external assurance. Our Group Standards require our industrial assets to identify and assess impacts and risks, including those related to climate where relevant, to develop appropriate responses, and to monitor and report on progress in order to manage those risks. Climate-related risks are prioritised, and materiality determinations are made, in line with the Group Enterprise Risk Management process.

Risks identified by the industrial assets and departments are reviewed by our Head of Industrial Assets as part of quarterly business reviews. These include a review of the Group Risk Register and the actions taken to manage these risks.

For climate-related impacts and risks, actions may include relevant engineering works, optimisation of operational processes and review of asset infrastructure design and maintenance. Where relevant, such as in the case of water-related risks, our industrial assets are required to assess the risks to other stakeholders, and to incorporate stakeholder-related considerations in the response measures to assist with decision-making in relation to mitigating, transferring, accepting, or controlling climate-related risks.

In 2023, we developed additional internal guidance and a knowledge base to support our industrial assets in using consistent climatic models, and available climate data related to the operations and the surrounding areas.

For further information on our approach to managing risks, including climate-related risks, across the Group, see **page 105**

**Recommended Disclosure:**
**c. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.**

We take a consistent approach to risk management throughout our industrial business through a structured process that establishes a common methodology for identifying, assessing, managing, and monitoring material risks, including climate-related risks. We assess climate, operational and financial risks holistically across our industrial assets. As such, the identification, assessment, and management of climate-related risks is fully integrated into the Group's overall industrial risk management structure.

In particular, we require our industrial commodity departments to annually update their climate change risk assessments. The commodity departments utilise a bottom-up approach, which considers regulatory risks (both existing and emerging), including carbon taxes, project approval considerations, impact on licence to operate, and physical risks, such as flooding, droughts and extreme weather events and nature-related risks that could be exacerbated by climate change.

The risks are assessed and characterised in accordance with the Group's Enterprise Risk Matrix and consider the horizons of 2030 and 2050. Climate-related risks with a high rating, and any associated risk treatment actions, are prioritised and feed into our annual Life of Asset planning, Budget, and HSEC&HR strategy processes.

In 2023, we updated climate data layers in our knowledge base and the climatic models to support consistency of assessments across the organisation. This year's risk assessments found no fundamental changes to the risks identified for the industrial assets that we have assessed as being most at risk.

## Metrics and targets

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

**Recommended Disclosure:**
**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 portfolio profile provides the flexibility to decarbonise our emissions footprint. We currently focus on our emissions as our key metric to measure and manage our climate-related risks and opportunities.

We divide $CO_2e$ emissions reporting into three different scopes, in line with the GHG Protocol, and measure both the direct and indirect emissions generated by the activities of our industrial assets, as well as certain emissions resulting from activities within our industrial value chain (see the About our emissions calculations and reporting section starting on page 53 for further information):

- Scope 1 emissions (measured in $CO_2e$) includes $CO_2e$ emissions directly generated by our industrial assets, including emissions from stationary and mobile combustion (such as emissions from combustion of reductants used in our metallurgical smelters along with emissions from the combustion of diesel and other fossil fuels directly by our industrial assets), and process and fugitive emissions. It also includes the $CO_2e$ of methane emissions from the coal and oil operations under our operational control, which accounts for around 16% of our Scope 1 emissions.
- Scope 2 emissions (measured in $CO_2e$) are our indirect emissions from the generation of electricity, heat, cooling, or steam purchased and consumed by our industrial assets. Calculating Scope 2 emissions requires a method for allocating GHG emissions from energy generation to the end consumers of a given grid. Two methods are used: the location-based method reflects the average emissions intensity of grids on which energy consumption physically occurs, while the market-based method reflects emissions emitted by the generators from which our industrial assets contractually purchase electricity bundled with emissions abatement certificates (EACs), or unbundled electricity with EACs on their own, and for which a specific emissions factor is known. The location-based method emphasises the connection between collective consumer demand for electricity and the emissions resulting from local electricity production. As sources of electricity generation on most grids evolve to become more sustainable, we expect location-based emissions to gradually decrease over time. However, this process is unlikely to move fast enough for us to meet our emissions reduction targets. To deliver on our climate commitments, it is likely necessary to proactively purchase or finance renewable energy in the markets in which we operate. Scope 2 emissions reductions resulting from these proactive choices are only accounted for in the market-based method. While the market-based approach is expected to be our primary Scope 2 method, for transparency and comparability, we will continue to report separate figures using both Scope 2 methodologies, as recommended by the GHG Protocol.
- Scope 3 emissions (measured in $CO_2e$) are our indirect emissions across our commodity producing or processing industrial assets' value chain. These include emissions embedded in purchased goods, downstream customer processing and use of our sold products, third-party logistics and transportation and our equity share of emissions generated by joint ventures we do not control or operate that are commodity producing or processing industrial entities.

In addition to measuring $CO_2e$ emissions as the key metric for our targets and ambition, we also consider a range of financial and operational metrics when assessing climate-related risks and opportunities in line with our strategy. These are set out below, with corresponding pages for further information:

Reducing Scope 3 emissions:

- Reserves and resources (see 2023 Reserves and Resources)
- Production volumes (see Industrial Activities in this Annual Report)
- Global coal consumption 2000–2025 (See Energising today; Advancing tomorrow section of Strategic Report in this Annual Report)
- Sensitivity of CGU carrying values to climate change scenarios (see note 1 to the financial statements)

Continuing investment in transition metals:

- Capital expenditure by segment (see note 2 to the financial statements)

Physical risks:

- Water Risk Register (see **glencore.com/sustainability/esg-a-z/water-management**)

Remuneration:

- Directors' remuneration report, pages 134 to 160

We track and report on a number of other metrics relating to energy, land use and waste management (see annual Glencore ESG Data Book, which can be found at **glencore.com/publications**), but we do not currently consider these metrics material for the purposes of assessing our climate-related risks and opportunities.

Information on how we approach carbon pricing is on page 43. Details on how performance metrics on climate-related issues are incorporated into remuneration policies are available in the Directors' Remuneration Report and on page 143.

**Recommended Disclosure:**
**b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.**

During 2023, our operational footprint, or our Scope 1 and Scope 2 market-based emissions, were 27.0$^{\Delta}$ million tonnes $CO_2e$. This represents a 7.5% decrease from the 29.2 million tonnes (restated) recorded in 2022 and is largely attributable to planned additional downtime at three of our ferroalloys smelters which offset increased emissions resulting from the restart of operations at the Astron Energy Refinery, and increased production from our Koniambo nickel operations. Our 2023 Scope 1 and Scope 2 market-based emissions represent a reduction of 17.9% compared to the restated 2019 baseline year (32.9 million tonnes $CO_2e$).

Our Scope 1 emissions (direct emissions) were 16.7$^{\Delta}$ million tonnes $CO_2e$ in 2023. This figure includes emissions from reductants used in our metallurgical smelters along with emissions from the combustion of diesel and other fossil fuels directly used by our industrial assets. It also includes the

## TCFD *continued*

$CO_2e$ of methane emissions from the coal and oil operations under our operational control, which accounts for around 16% of our Scope 1 emissions. Our 2023 Scope 1 emissions represent a 2.0% increase on the 16.4 million tonnes (restated) recorded in 2022 which primarily reflects the restart of operations at the Astron Energy Refinery and increased nickel production at our Koniambo nickel operations. Our 2023 Scope 1 reported emissions represent a reduction of 12.0% compared to the restated 2019 baseline year (19.0 million tonnes).

Our Scope 2 market-based emissions (indirect emissions from the generation of electricity purchased and consumed by our industrial assets) were 10.3$^{\Delta}$ million tonnes $CO_2e$ in 2023, a 19.5% decrease from the 12.8 million tonnes (restated) recorded in 2022. The decrease is largely due to the extended planned shutdowns at some of our ferroalloys smelters in South Africa. Our 2023 Scope 2 market-based emissions represent a reduction of 25.9% compared to the restated 2019 baseline year (13.9 million tonnes).

The total energy use by our industrial assets, was 202PJ$^{\Delta}$ in 2023 (2022 restated: 194PJ). Renewable energy sources, bundled or unbundled with EACs, delivered 5.4% of our industrial energy needs (2022 restated: 7.6%). Beyond our contractual renewable energy claims, our operations in eastern Canada and the DRC continue to physically benefit from being connected to their local grids which supply energy from predominantly hydropower sources.

Our transition metals businesses include energy intensive smelting operations and, as a result, our annual metal production volumes will be a major driver of our annual Scope 1 and Scope 2 emissions.

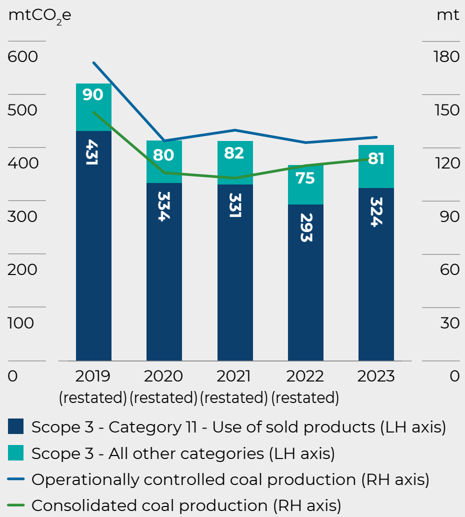
Looking ahead, we anticipate continuing to realise abatement opportunities identified in our MACC, recognising that some of the more impactful abatement opportunities in our action plans have multi-year delivery timelines, especially where they involve establishing renewable energy additionality.

Our Scope 3 emissions in 2023 were 406 million tonnes $CO_2e$, compared to 368 million tonnes $CO_2e$ in 2022 (restated). The 10.2% increase was principally due to the restart of operations at the Astron Energy Refinery, coupled with a 7.2% increase in sold coal volumes that were produced in our industrial assets.

In 2023, emissions resulting from our customers' use of the sold coal and refined oil products produced by our industrial assets totalled 324$^{\Delta}$ million tonnes $CO_2e$ (2022 restated: 293 million tonnes $CO_2e$), representing around 80%[1] of our Scope 3 emissions.

For further information on our restatement, refer to the About our emissions calculations and reporting section beginning on page 53.

### Our Scope 3 emissions vs coal production




## Reducing our Scope 1 and 2 emissions

Our MACC enables an assessment of viable and economic abatement opportunities across our industrial assets, with respect to potential scale and economics. We undertake a uniform approach to MACCs at a commodity department level. This delivers a Group-wide aggregation of key decarbonisation opportunities and actions, which in turn supports a holistic approach to reviewing the pipeline of initiatives from concept to execution stages. Industrial asset-level data is incorporated into our annual planning cycles, supporting the assessment and triggering of investment decisions, including in relation to consideration of carbon price scenarios in these opportunities.

Our MACC continues to evolve and identify emissions reduction opportunities across our portfolio. When practically and commercially viable, implementation of abatement opportunities is pursued. For example, this may include anticipating when increases to carbon prices and/or technological advancement at scale make the use of biofuels more attractive than diesel, or when the building of renewable power installations can sensibly replace purchasing grid-generated power.

In 2023, we continued to refine our MACCs, considering both short-term (2026) and medium-term (2035) horizons. We have already implemented some of the projects identified by the MACC process (e.g., renewable power purchase agreements (PPAs)) and will continue to progressively implement projects as the engineering and planning processes are completed.

Further, through understanding the impact of key climate scenarios' range of carbon prices on our industrial assets' cost curves and emission profiles, we are better placed to identify where and when to make investments in abatement opportunities, targeting value-accretive investments. In this manner, we aim to incorporate climate change considerations into our business strategy rather than considering emissions reduction as a standalone work stream.

Our 2026 MACC indicates that we are well-positioned with an inventory of operational footprint decarbonisation

1. Excludes emissions related to production from independently managed Hunter Valley Operations (HVO), Hlagisa and Wonderfontein, which are reported in category 15 (investments).

# TCFD *continued*

opportunities to support the delivery of our short-term emissions reduction target of 15% by the end of 2026.

Our 2035 MACC identifies the potential abatement opportunities required to support the achievement of our medium-term target of a 50% emissions reduction by the end of 2035.

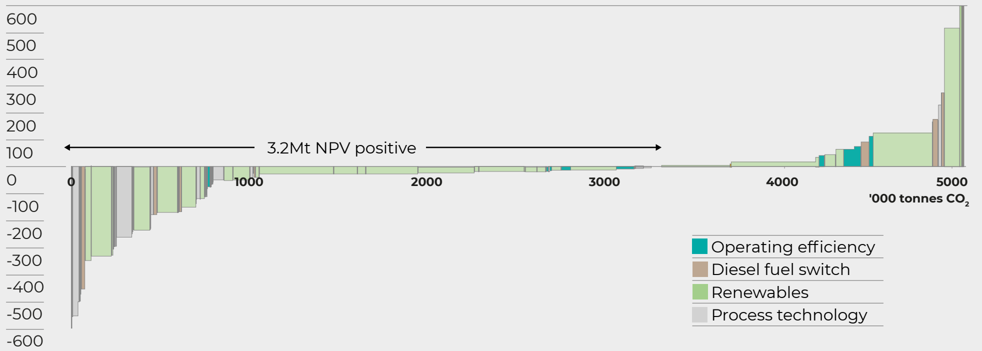
The MACCs show a large potential inventory of value accretive or near value-neutral decarbonisation opportunities for potential delivery by 2026. Some of these initiatives are at a concept level, while others have progressed to an advanced engineering phase. All the identified initiatives are required to go through a robust development and evaluation process to assess viability. This inventory demonstrates commercially advantageous decarbonisation opportunities, resulting from the differentiation of our industrial asset base by commodities and geographies.

In 2023, we progressed efforts to reduce our industrial Scope 1 and 2 emissions through various initiatives, including:

- In Australia:
  - Our underground coal mines continued to undertake extensive gas drainage, flaring and offsite export for power generation. Our open-cut mines progressed haulage planning to reduce fossil fuel consumption. The coal business signed a 15 MW deal for a seven-year PPA for its Queensland sites.
  - Mount Isa Mines sourced 13% of its 2023 indirect energy needs from renewable sources (PPA with certification).
- In South America:
  - Our copper industrial assets are implementing an energy strategy to enable the electrification of its hauling fleet and looked at solar to replace industrial heat processes. It also participated in collaborative efforts to assess opportunities to utilise hydrogen produced using renewable energy in mining activities in Chile and Peru.
  - In Chile, Lomas Bayas and Altonorte sourced 100% of their 2023 indirect energy needs from renewable sources (PPA with certification).
  - Lomas Bayas started to deploy artificial intelligence to optimise dispatch, with the aim of achieving fuel savings. It is also progressing work to investigate trolley assist technology.
- In South Africa:
  - Our ferroalloys business advanced various renewable energy initiatives, including on offsite solar and wind PPAs (with certification). Construction started at the end of 2023 at its Rhovan site to generate an expected 52GWh/annum (year one) from solar photovoltaics (PV).
  - Our coal business progressed efforts to source a portion of its electricity from renewable sources.
  - Astron Energy is undertaking refinery and storage terminal energy efficiency programmes and projects to produce cleaner fuels.
- In Europe:
  - Our Asturiana zinc smelter in Spain acquired a PPA that will start delivering energy in 2025, which should lead to over 20% of its energy coming from renewable sources.
  - The BRM lead refinery has extended its contract (with certification) with a renewable energy provider to 2027, enabling it to utilise 100% renewable energy.

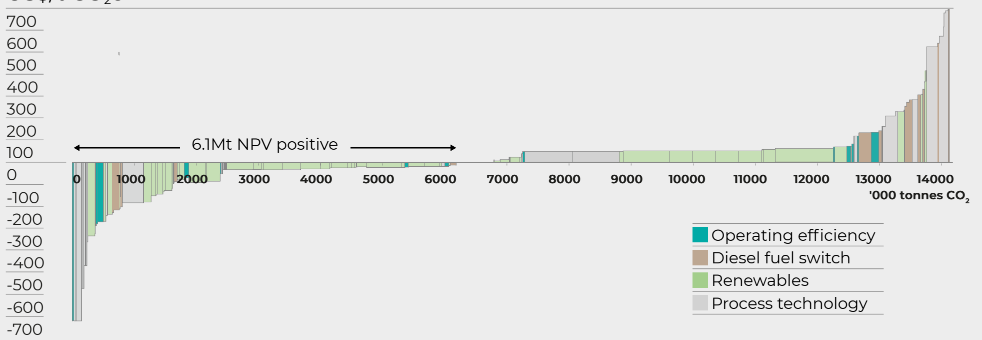
## Group-level MACC for year 2026

US$/t $CO_2e$




## Group-level MACC for year 2035

US$/t $CO_2e$




A MACC presents the costs or savings expected from different opportunities, alongside the potential volume of emissions that could be reduced if implemented. MACCs measure and compare the financial cost and abatement (reduction) benefit of individual actions based on $/t$CO_2$e.

A MACC shows each opportunity as an action, presented as a box above or below a horizontal axis. The boxes above the horizontal axis indicate there is a cost to that action – the higher the box, the higher the cost. Boxes below the horizontal axis indicate a saving from that action – the lower the box, the greater the saving. The MACC enables comparison between actions and annualised costs or savings. The width of the box indicates the action's potential volume of reduction per year, expressed as t$CO_2$e.

The curve shape is created by ordering the actions from lowest cost to the left, to highest cost on the right.

## Our Scope 3 emissions

Our Scope 3 emissions are our indirect emissions across the value chain of our industrial assets that are extracting, producing or processing commodities. They include our emissions from upstream supply chains, downstream customer use of our products, third-party logistics and transportation, and our equity share of emissions associated with certain joint ventures that are not under our operational control. We aim to address these emissions by making changes to the products and services we purchase and to our portfolio, recognising that for value-chain abatement to be just, reduction and mitigation strategies must consider the broader social, economic, and environmental impacts of the global transition to net zero.

As of the end of 2023, our Scope 3 emissions represented around 94% of our emissions, the majority of which relate to our current coal portfolio.

During 2023, we finalised our Emissions and Energy Reporting Procedure (EERP), which supports clearer, comprehensive, and verifiable climate disclosure in response to the proliferation of voluntary and mandatory emission reporting requirements. During 2023, we engaged with stakeholders on the procedure and implemented data collection and reporting processes aligned with our updated Scope 3 methodology across the business. Detailed information on our Scope 3 method and resulting restatements are set out in the About our emissions calculations and reporting section starting on page 53.

We are working with various industry organisations to develop life-cycle analyses for our products through building detailed carbon footprints.

**Recommended Disclosure:**
**c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.**

Our first CATP was published in 2020 and set out our targets and ambition, which took into consideration the goals of the UNFCCC and the aims of the Paris Agreement. We chose to adopt an absolute reduction metric as this will enable us to demonstrate a specified reduction in our emissions.

Our refreshed CATP retains the core elements of our previous three-year strategy – including a re-commitment to our 2026 and 2035 decarbonisation targets and our 2050 net zero ambition, subject to a supportive policy environment. It also introduces a new interim target of reducing our industrial emissions footprint by 25% by the end of 2030. All targets are measured against our restated 2019 baseline (as set out in the About our emissions calculations and reporting starting on page 53).

**Short-term target:** 15% reduction in our emissions by the end of 2026

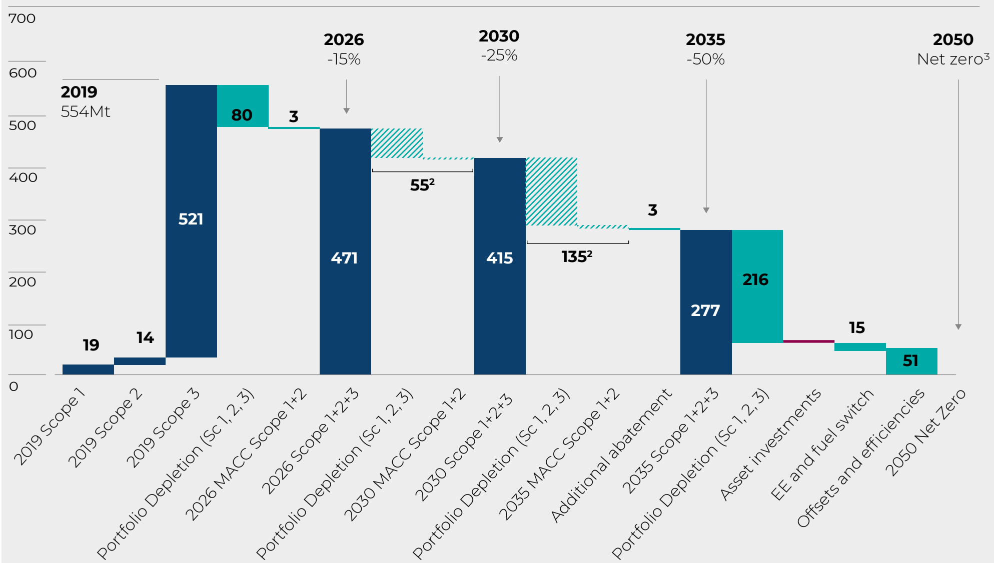
**Interim-term target**: 25% reduction in our emissions by the end of 2030

**Medium-term target:** 50% reduction in our emissions by the end of 2035

**Long-term ambition:** to achieve, subject to a supportive policy environment, net zero emissions by the end of 2050

Our Scope 1, 2 and 3 emissions' reduction approach sets out how we plan to achieve our targets and long-term ambition (subject to a supportive policy environment and compared to our restated 2019 baseline). As previously indicated, given the pending

### Our route to achieving net zero emissions[1]




Notes:

1. The components contributing to our emissions reductions are indicative and may change based on actual performance.
2. The split between portfolio depletion and MACC initiatives is indicative and will evolve as MACC initiatives are developed and implemented.
3. Our 2050 net zero ambition is subject to a supportive policy environment.

### The below table summarises our emissions performance for 2019 to 2023

| | 2019 restated | 2020 restated | 2021 restated | 2022 restated | 2023 | Change 2023 vs. 2019 |
|---|---|---|---|---|---|---|
| Scope 1 – Direct emissions (Mt $CO_2e$) | 19.0 | 15.2 | 16.0 | 16.4 | 16.7[Δ] | -12.0% |
| Scope 2 – Indirect market-based emissions (Mt $CO_2e$) | 13.9 | 11.6 | 13.0 | 12.8 | 10.3[Δ] | -25.9% |
| Scope 3 – Indirect emissions (Mt $CO_2e$) | 520.7 | 414.0 | 412.9 | 368.3 | 405.8 | -22.1% |
| **Total (Mt $CO_2e$)** | **553.7** | **440.8** | **441.8** | **397.5** | **432.8** | **-21.8%** |

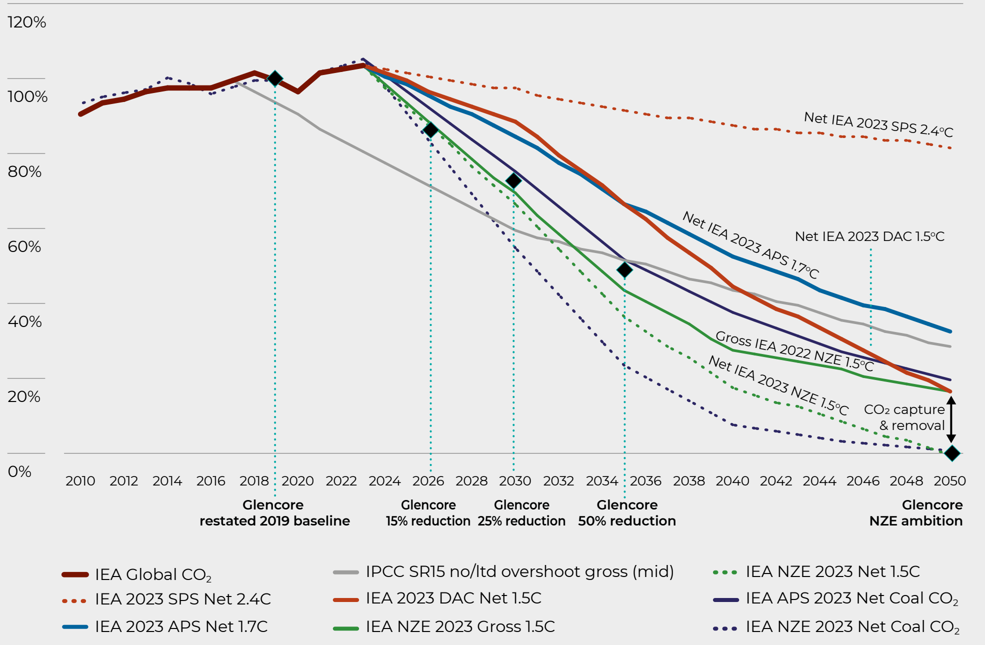
nature of the transaction, we have not addressed the expected acquisition of EVR in relation to our decarbonsiation targets and ambition in this report and the updated CATP.

Owing to the nature of the industrial assets we operate, we do not anticipate our annual emissions reductions to progress in a linear fashion. While changes in our operations may result in year-on-year variations of our emissions, we are committed to managing our industrial assets to deliver our emissions reductions targets.

We have set our emissions reduction targets for 2026, 2030 and 2035 based on what we believe the business can achieve while recognising market demand for our products and have not sought to align our targets with any particular scenario. To illustrate where our emissions reductions targets are positioned with respect to IEA scenarios we provide the following graphic. The graphic illustrates the percentage changes in global $CO_2e$ emissions from fossil fuel use since 2010 and through 2023 based on data reported by the IEA. The IEA emissions pathways are shown with linear interpolation between their published data points for the respective scenarios and do not represent any form of commitment by Glencore to any particular pathway towards achieving our climate-related targets and ambition. Our 2026, 2030 and 2035 targets are currently ahead of both national governments' stated policies and announced pledges for the same years (as modelled in IEA SPS and APS scenarios). Our targets are not aligned with the IEA NZE scenario, an increasingly unrealistic scenario due to the extent to which policy, technology and investment is lagging this pathway.

The scenarios developed by the IPCC and IEA are amongst several inputs into our climate strategy. We do not seek to align to any particular pathway or scenario but continue to monitor and compare our targets to a range of scenarios as they are updated each year.

## Change in fossil fuel $CO_2$ emissions versus 2019




1. The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), available at: https://ghgprotocol.org/corporate-standard

## Abatement

We continued to progress two key projects: the CTSCo Project and the Surat Hydrogen Project. This involved direct engagement with government officials concerning federal and state policies on carbon, capture and storage, and hydrogen, as well as detailed discussions about the regulatory and approvals process. Project approvals were also an area of direct engagement, specifically focusing on Environmental Impact Statements, responses to submissions, and considerations on how our projects will be assessed. This included deliberations on what initiatives might be economically and technically viable for further emission reductions in future projects.

Our CTSCo Project aims to demonstrate carbon capture from a power station and the sustainable permanent storage of the captured $CO_2$ in the Surat Basin in Queensland, Australia.

Through the Surat Hydrogen Project, we are investigating the potential to produce blue hydrogen and ammonia through utilising a relatively small portion of the Wandoan coal resource (up to 4 million tonnes per annum) as feedstock. It is unlikely that we will develop the Wandoan coal resource as a traditional coal mine for the purpose of servicing traditional coal markets.

### Transparency

We believe that it is appropriate that we take an active and constructive role in public policy development, either directly or indirectly through our membership of industry organisations. Evolving regulatory developments and scrutiny of our advocacy activities require that we hold consistent positions on policy.

We communicate these positions both directly through our engagement with government representatives and policy makers, as well as through the industry organisations in which we hold membership.

During the year, we provided a response to the UK Transition Plan Taskforce (TPT) public consultation on its Metals & Mining Sector Guidance. While we are broadly supportive of the TPT Disclosure Framework, our specific comments on the draft sector guidance looked to recognise the diversity of corporate reporters and the importance of enabling transparent, accurate and consistent reporting, without enforcing specific strategic approaches, and avoiding a one-size-fits-all approach.

We provided feedback to the IEA on its draft report, Sustainable and responsible critical mineral supply chains: Guidance for policy makers. Our comments encouraged the IEA to acknowledge the opportunities, as well as the risks, associated with mining. We suggested that the methodology used to identify risk areas could be strengthened and that certain terms should be more clearly defined.

During 2023, Glencore engaged with EU decision-makers and provided a submission to the public consultation on the European Union's Critical Raw Material Act. This regulation aims to enhance the production, recycling, diversification, and sustainability of metals and minerals essential for various value chains, including energy, digital technology, and defence.

Stronger cooperation with EU institutions was also established on other areas of strategic interest such as the EU Battery Regulation, the Carbon Border Adjustment Mechanism and the development of Strategic Partnerships with third countries related to Critical Raw Materials. Our methods of engagement include bilateral meetings, roundtable participation, and written contributions.

Within our operating jurisdictions, we participate in industry organisations that undertake advocacy activities on behalf of their members and undertake direct engagement with government officials.

In South Africa, our oil business, Astron Energy both directly and through its membership of the South African Petroleum Industry Association (SAPIA), contributed to discussions with government on climate change, carbon tax, biofuels and the Clean Fuels 2 regulations, as well as the development of country-specific emission factors for liquid fuels.

In Australia, during 2023, we made several submissions and directly engaged with government officials regarding the reform of the Safeguard Mechanism. This engagement covered a broad range of topics, including the coverage of industrial facilities, international offsets, and the calculation and methodology for setting baselines, as well as the treatment of critical minerals facilities.

In Canada, we participated in ongoing engagement with the Ontario, Québec and federal governments on critical minerals and the role base metals (copper, nickel, and zinc) will play in the growing low-carbon economy, and the electrification of transportation. We informed key governmental representatives of the role the company plays in the recycling industry (specifically batteries and electronics recycling).

For further detail of our industry associations, please see our 2023 Review of Our Direct and Indirect Advocacy.

## About our emissions calculations and reporting

Unless otherwise stated in this report or our Basis of Reporting, we have considered the GHG Protocol's Corporate Accounting and Reporting Standard, the Scope 2 Guidance, the Corporate Value Chain (Scope 3) Accounting & Reporting Standard and Technical Guidance for Calculating Scope 3 Emissions, and the ICMM Scope 3 Emissions Accounting and Reporting Guidance in formulating our approach to calculating the emissions that we report on.

Deloitte LLP provides independent Limited Assurance over selected 2023 climate and energy KPIs under the ISAE 3000 (Revised) Standard, as noted in this report, our Basis of Reporting, which provides information about the definition and underlying processes applied for the collection and verification of these selected KPIs, and the Sustainability Report and ESG Data Book 2023 that will be published at glencore.com/publications.

Deloitte LLP's unqualified limited assurance statement is published on page 295. Their assurance statement and this section should be read alongside the Basis of Reporting 2023, which is available at **glencore.com/publications**.

## Boundaries and scope

### General approach: organisational boundary of operational control

This report generally covers $CO_2e$ emissions and energy information and data from the activities of our industrial assets where we have operational control, i.e., where Glencore directly or indirectly controls and directs the day-to-day management and operation of the entity engaging in such activity, whether by contract or otherwise.[1] Where we have operational control of industrial assets, we report on Scope 1, 2 and 3 emissions on a 100% basis, irrespective of our actual equity share.

Where Glencore's marketing or corporate offices conduct business for or on behalf of our industrial assets, our Scope 3 emissions calculation methodology applies to them in relation to categories 1, 4, 9, 10 and 11 as outlined in the Our Scope 3 emissions section.

For industrial assets that are producing or processing commodities but are not under Glencore's operational control, we report our equity share of such industrial assets' Scope 1 and 2 emissions, and, whenever the Scope 3 emissions are greater than Scope 1 and 2 emissions combined, Scope 3 emissions in Scope 3, category 15, as further set out in the Our Scope 3 emissions – Category 15: Investments section on page 54.

Further details on the organisational boundaries and the corresponding method of calculation of the Scope 1, 2, and the Scope 3, categories 3 and 11 of our emissions we report on, are included in the Basis of Reporting 2023.

### General approach: Methodology

#### Our Scope 1 and 2 emissions$^{\Delta}$

Details on the method of calculation for the Scope 1 emissions we report on are included in the Basis of Reporting 2023.

There are two methods for allocating the $CO_2e$ emissions created by electricity generation to the end consumers of a given grid to calculate Scope 2 emissions: location-based method$^{\Delta}$ and market-based method$^{\Delta}$. Our assessment of our Scope 2 emissions performance versus our industrial $CO_2e$ emissions reduction targets is based on the market-based approach. As such, the total inventory of our reported $CO_2e$ emissions includes our market-based Scope 2 emissions, which is our primary Scope 2 method, but for transparency and comparability we continue to report separate figures using both Scope 2 methodologies, as recommended by the GHG Protocol. Details on the method of calculation for the Scope 2 emissions we report on are included in the Basis of Reporting 2023.

#### Our Scope 3 emissions

The Scope 3 emissions we report on reflect the sum of the value-chain emissions of our industrial assets that are extracting, producing or processing minerals, metals and energy products within the following Scope 3 categories:

Category 1. Purchased goods and services

Category 2. Capital goods

Category 3. Fuel- and energy-related activities$^{\Delta}$

Category 4. Upstream transportation and distribution

Category 9. Downstream transportation and distribution

Category 10. Processing of sold products

Category 11. Use of sold products$^{\Delta}$

Category 15. Investments

The method, activity and emissions data sources adopted to calculate emissions in the Scope 3 categories we report on are set out below.

#### Category 1: Purchased goods & services

In category 1, we report the estimated cradle-to-gate $CO_2e$ emissions embedded in purchased or acquired third-party produced feedstock and consumables that we process or use. Transport emissions associated with purchased or acquired goods are included where these are paid for by our suppliers. We exclude emissions embedded in non-core feedstock purchases (defined as annual purchases of less than 50Kt), as due to our limited activity in these commodity markets, we have insufficient visibility in their value chains which limits our ability to estimate emissions. Emissions associated with purchased services other than transport are excluded based on our 2023 materiality assessment, which determined these to be immaterial and irrelevant to our Scope 3 inventory.

To estimate the emissions embedded in purchased or acquired feedstock, we apply the principles of the GHG Protocol's average-data method. Emissions data is sourced from the latest available commodity specific GHG and energy intensity curves from Skarn Associates (Skarn) and Ipieca for crude oil. We use Skarn data to calculate global average emissions per tonne of contained metal for each processing step, allowing us to include individual processing steps depending on the third-party feeds purchased, and providing a consistent methodology across the commodities considered.

Emissions embedded in the most carbon-intense consumables purchased or acquired are estimated using the principles of the average-data method and use consumable-specific industry average emissions factors sourced from Ecoinvent. Emissions embedded in all other purchased consumables are estimated by applying the principles of the GHG Protocol's spend-based method with emission factors sourced from the USA Environmental Protection Agency (EPA).

1. For the purposes of our Scope 1 and 2 emissions, we also include data from industrial operations where extraction, production or processing of minerals and metals and energy products for sale or further processing has ceased, from industrial operations that are on care and maintenance, from industrial projects or exploration activities where such production or processing has not commenced, from warehouses, terminals, and ports as well as from other industrial operations that are not involved in such extracting, producing or processing that are under our operational control.

**Category 2 Capital goods**
In category 2, we report our estimated upstream (cradle-to-gate) emissions associated with purchased capital goods, which are final products that have an extended life. Our emissions associated with the use of capital goods are excluded, as these are accounted for in our industrial assets' Scope 1 and 2 inventories. Our emissions associated with goods accounted for as operational expenditure are excluded, as these are reported in Scope 3, category 1.

We estimate our emissions in this category using a spend-based method which involves collecting data on the economic value of capital goods purchased (capital expenditure) and multiplying these by the relevant secondary emission factors sourced from EPA.

**Category 3: Fuel- and energy-related activities**$^{\Delta}$
In category 3, we report our emissions relating to the extraction, production, and transportation of fuels and energy purchased or acquired, not already accounted for in our Scope 1 emissions (fuel use/combustion) or our Scope 2 emissions (energy generation). For details on our methodology adopted, activity and emission data sources for category 3, refer to our Basis of Reporting 2023.

**Category 4: Upstream transportation & distribution**
In category 4, we report our emissions related to third-party transport paid for and organised by our industrial assets or marketing business and used to transport goods purchased or acquired by our industrial assets and sold products produced by our industrial assets.

We also include transport emissions associated with third-party traded volumes paid for by our marketing business.

We account for our emissions from the use of third-party ocean freight, including voyage charters, time charters, break bulk, and container shipping. Our emissions associated with third-party road and rail transport are included where data on fuel use or distance travelled is readily available.

For full-load cargoes for which information on fuel consumption is available, we estimate our emissions by applying the principles of the GHG Protocol fuel-based method by multiplying the total amount of fuel consumed by the transport provider whilst completing its contractual obligations to Glencore and applying the emissions factor for that fuel consumed, sourced from the UK Department for Environment, Food and Rural Affairs (DEFRA).

For all other transport modes, we estimate our emissions by applying the principles of the GHG Protocol distance-based method by determining the total distance between load- and discharge-locations, the total mass of goods purchased or sold and applying the relevant emission factor for the transport mode, sourced from DEFRA.

**Category 9: Downstream transportation & distribution**
In category 9, we report our emissions associated with third-party transport not paid for by our industrial assets or marketing business and used to transport goods produced by our industrial assets to the first-use customer. We estimate our emissions from point of sale to the first-use customer, inclusive of transport between subsequent downstream processing steps, using value-chain mapping and industry-average analysis if the first-use customer is not known[1].

We account for our emissions from our customers' use of third-party ocean freight, including voyage charters, time charters, break bulk, container shipping, as well as road and rail transportation where data on distance travelled is readily available.

We calculate these emissions using the principles of the GHG Protocol distance-based method by determining the total distance between load- and discharge-locations and mass of goods sold and applying the relevant emission factor for the transport mode, sourced from DEFRA.

**Category 10: Processing of sold products**
In category 10, we account for our estimated industrial emissions from further downstream processing by our customers of sold volumes of copper, cobalt, nickel, zinc, lead and chrome ores, concentrates, intermediates, and metals we produce. We exclude downstream processing emissions associated with our non-core product sales (defined as annual sales of less than 50Kt), as due to our limited activity in these commodity markets, we have insufficient visibility in their value chains which limits our ability to estimate emissions. We consider downstream processing emissions from sold intermediate product to first-use product, using value-chain mapping and industry-average analysis if the processing route to first-use processor is not known. An overview of intermediate products and first use products mapped to our commodity value-chains and considered in our calculations is provided in the table 'Overview of intermediate, first use and end use products by commodity group' on page 55.

We source emission data from the latest available commodity specific GHG and energy intensity curves from Skarn. We use this data to calculate country- or region-average emissions per tonne of contained metal for third-party concentrating, smelting, and refining. For the final conversion from metal to first-use product, such as stainless and galvanised steel, copper wire and sheet, we use data from relevant commodity associations' life-cycle assessments.

**Category 11: Use of sold products**$^{\Delta}$
In category 11, we report our emissions related to the combustion by our customers of sold coal and refined oil products that our industrial assets produced or processed. For details on our methodology adopted, activity and emission data sources for category 11, refer to our Basis of Reporting 2023.

**Category 15: Investments**
In category 15, we report emissions related to Glencore's equity share of the Scope 1, 2 and, whenever these are greater than Scope 1 and 2 combined, the Scope 3 emissions from JVs we do not control or operate that are commodity producing or processing industrial entities[2] or industrial entities where production or

1. While first-use products form the basis for subsequent end-use products, in first use state a material does not anatomically change and does not require further energy-intensive metallurgical processing but may still undergo some mechanical processing. If the distance between point of sale to first use processor cannot be determined from available trade data, we base our calculations on average transport distances based on Glencore market research and commodity value-chain mapping.
2. In February 2022, the Russian government commenced a war against the people of Ukraine. Many countries imposed a series of sanctions against the Russian government, various companies, and certain individuals. In response to these sanctions, Russia implemented a number of counter-sanctions including restrictions on the divestment from Russian assets by foreign investors. Consequently, Glencore is not able to receive dividends, vote or sell or transfer its equity shares in En+ Group PLC (EN+) (10.6%) and OSJC Rosneft (Rosneft) (0.57%), which have been written down to zero. We therefore also exclude emissions related to Glencore's equity shares in EN+ and Rosneft.

**Overview of intermediate, first use and end-use products by commodity group**

| Commodity | Intermediate products | First-use products (%)[1] | End use |
|---|---|---|---|
| Copper | Copper concentrate, copper anode | Copper semis (wire, rod, and tubes) (100%) | Batteries, construction, transport |
| Cobalt | Cobalt concentrate, Cobalt crude hydroxide | For sold cobalt hydroxide: Cobalt sulphate – battery precursor (33%), cobalt tetroxide – battery precursor (47%), alloyed steel (20%)<br>For sold cobalt metal: alloyed steel (100%) | Batteries, electronics, aerospace, industrial chemicals |
| Chrome | Chrome ore, Chrome pellets, ferrochrome | Stainless steel (100%) | Construction, transport, engineering, consumer goods |
| Lead | Lead concentrate, refined lead | Lead acid battery (93%), sheet (7%) | Batteries, cable, sheathing, alloys |
| Zinc | Zinc concentrate, refined zinc | Continuous galvanising (41%), batch galvanising (30%), diecast alloy (18%), brass (11%) | Construction, automotive, engineering machinery, consumer goods |
| Nickel | Nickel concentrate, refined nickel | For sold ferronickel: stainless steel (100%); for sold nickel: 72% steel, 7% battery precursor, 6% alloy steel, 8% special steel, 7% plating | Batteries, construction, transport, engineering, consumer goods |
| Crude oil | Crude oil condensate | Gasoline (45%), coke (5%), diesel (23%), kerosene/jet fuel (9%), residual fuel oil (4%), light ends (10%), heavy ends (4%) | Transportation, electrical power, plastics, heating, chemical production |
| Coal | | For sold Metallurgical coal and other bituminous coal: combustion (100%) | Power generation, manufacturing |

processing of commodities has ceased, and for which we can source or estimate emissions data.[2] We exclude emissions associated with debt investments with known use of proceeds and project finance where Glencore acts as the debt investor based on our 2023 materiality assessment, which determined these to be immaterial and irrelevant to our total Scope 3 inventory.

We estimate emissions using the principles of the investment-specific method by sourcing primary data where available and feasible. If primary data is unavailable or not feasible to obtain, we source secondary data for Scope 1 and 2 emissions from Bloomberg or Skarn. Where primary Scope 3 data cannot be sourced, estimates are made based on the saleable produced volumes of JVs that we do not control or operate and that produce intermediate products using the average data method (see also Scope 3, category 10) or the direct use-phase method for those that produce fossil fuels (see also Scope 3, category 11).

## Exceptions and exclusions

Our $CO_2e$ emissions include $CO_2$, $CH_4$ and $N_2O$. Other GHGs are not included, pursuant to our most recent materiality assessment, which concluded that their contribution to the overall $CO_2e$ emissions of our industrial assets is sufficiently small so as to be immaterial in the context of our industrial $CO_2e$ emissions profile.[3]

We exclude $CO_2e$ emissions data from certain industrial offices located off site and $CO_2e$ emissions associated with our livestock for pastoral assets under our operational control, as we consider their contribution to these indicators to be sufficiently small so as to be immaterial in the context of our overall emissions profile.

Our corporate and marketing offices do not report on Scope 1 and 2 emissions data as we consider their contribution to be immaterial in comparison with that of our industrial assets.

We do not include Scope 3 emissions related to third-party volumes traded by our marketing business in our emissions reporting and targets. However, the emissions associated with the shipping of third-party traded volumes paid for by our marketing business have been included in our Scope 3, category 4 (see the Our Scope 3 emissions section on page 54).

In consideration of the GHG Protocol criteria for identifying relevant Scope 3 activities within our organisational boundary of operational control, we conducted a materiality and relevance assessment of previously excluded Scope 3 categories and emission sources in 2023. We applied the principles of the GHG Protocol's spend- and revenue-based calculations as well as the sample method and we compared the calculated results to our Scope 3 inventory. We further assessed the relevance of each category and whether any applicable regulation or sector guidance requires us to report these emissions or considered whether an exclusion is not warranted for other reasons. Applying a 2.5%[4] significance threshold to our Scope 3 emissions we reported on in 2022, we identified categories 5, 6, 7, 8, 12, 13, 14 and 17 as not applicable or immaterial and irrelevant to our Scope 3 inventory and we exclude them from the Scope 3 emissions we report on.

1. Based on industry-average analysis as per Glencore commodity market research and value-chain mapping.
2. Where we can source the respective data, we also include Glencore's equity share of such emissions relating to investments that are industrial projects or conducting exploration activities where production or processing of commodities has not commenced, warehouses, terminals, and ports.
3. We last performed the relevant materiality assessment in 2015/2016. We originally intended to update this assessment in 2023, however, we have postponed this work to update the materiality assessment as part of a wider, revised approach to assessing materiality in line with impending obligations under future reporting requirements.
4. The GHG Protocol does not set a significance threshold but recommends that reporting companies should define their own based on their business goals. The ICMM Scope 3 Emissions Accounting and Reporting Guidance recommends a referential quantitative threshold of 5% be used. In consideration of this, we adopted a comparatively lower than recommended 2.5% significance threshold to identify material Scope 3 emissions sources to reflect the maturity of our Scope 3 reporting and the dominance of downstream Scope 3 emissions associated with sales of our coal and refined oil products to our total calculated inventory.

## Overview of our Scope 3 materiality and relevance assessment results[1]

| Scope 3 category | Method and data source | Emission factors | Year of assessment | Estimated emissions (kt $CO_2e$) | Materiality | Relevance |
|---|---|---|---|---|---|---|
| 1: Purchased goods and services – services other than transport | **Spend-based:** Accounting systems | EPA Supply Chain | 2022 | 4.5 | 0.00% of Scope 3 | Not relevant |
| 5: Waste generated in operations | **Spend-based:** Accounting systems<br>**Reporting entity sample** | No category-relevant data identified | | | | |
| 6: Business travel | Road and rail: **Reporting entity sample**<br>Air: **Distance and spend based** | DEFRA<br>EPA | 2022<br>2019–2023 | Road and rail: 0.03 (extrapolated from sample)<br>Air: 7.5 - 23.0 | 0.00% of Scope 3 | Not relevant |
| 7: Employee commuting | Road and rail: **Reporting entity sample**<br>Air: **Distance and spend based** | DEFRA<br>EPA | 2022<br>2019–2023 | Road and rail: 51.2 (extrapolated from sample)<br>Air: 11.5 - 18.8 | 0.00 – 0.01% of Scope 3 | Not relevant |
| 8: Upstream leased assets | **Spend-based:** Accounting systems | Emissions associated with leased third-party assets used for transportation (e.g., chartered vessels) are accounted for in category 4. Emissions generated by the operation of leased buildings are reported under Scope 1 and 2. A review of central financial systems identified no other leased assets in the upstream sector. This makes category 8 not applicable. | | | | |
| 12: End-of-life treatment of sold products | **Revenue-based:** Material revenue report | EPA's WARM tool (Waste Reduction Model) | 2022 | 311.1 | 0.08% of Scope 3 | Not relevant |
| 13: Downstream leased assets | **Revenue-based:** Accounting systems | EPA Supply Chain | 2019–2022 | 31.3 - 71.8 | 0.01 – 0.02% of Scope 3 | Not relevant |
| 14: Franchises | **Franchise sample** | IEA grid-average | 2021 (Astron Energy), 2023 (ALE) | 2021 + 2023: 139.8 | 0.04% of Scope 3 | Not relevant |
| 15: Investments – debt investments | **Average-data:** Financial statements and loan-specific information (loan amount, repayment structure, purpose of loan) | EPA Supply Chain | Emissions over investment lifetime | 133.0 | 0.04% of Scope 3 | Not relevant |
| 17: Other downstream – Methane extracted and sold to third-party operated power plants | **Direct measurement** | NGER Determination factors | 2019–2023 | 2019: 279.8<br>2020: 301.7<br>2021: 250.9<br>2022: 195.6<br>2023: 173.7 | 0.04 – 0.07% of Scope 3 | Not relevant |

1. This tables provides an overview of the results of the 2023 Scope 3 materiality and relevance assessments for emissions of industrial assets operated by Glencore against our restated Scope 3 emissions published in this Report for the year of assessment as set out in the table. Where separating industrial asset from marketing emission sources is not possible due to the nature of available activity data, materiality assessments have been conducted at Group level. In 2023, this applied to our assessment of emissions reported in categories 13 and 15.

We intend to review our Scope 3 exclusions periodically, at least every three years. Where we find that an expansion or adjustment of our reporting is justified, we will consider methodology options and appropriate sources for activity data and emission factors to further enhance our Scope 3 emission disclosures.

## Baseline emissions restatement

This report contains our emissions data for the full year 2023 and a restatement of energy use and our Scope 1, 2 and 3 emissions for the years 2019–2022.

Glencore has established a fixed baseline year of 2019 for our industrial asset emissions (Scope 1, 2 and 3) reduction targets. To enable comprehensive and consistent tracking of progress against targets over time, the GHG Protocol requires a restatement of baseline emissions when significant changes in company structure or emissions inventory methodology occur, including:

- Structural changes such as mergers, acquisitions, and divestments;
- Changes in calculation methodologies, improvement in data accuracy, or discovery of significant errors; and
- Changes in categories or activities included in the Scope 3 inventory.

### Restatement for structural changes such as mergers, acquisitions, and divestments

Emissions from our industrial asset MARA acquired in 2023 and falling within the organisational boundary of operational control were added to the emissions profile, including the baseline. Similarly, emissions from our sold industrial asset CSA Cobar, which was previously within the organisational boundary, were removed from the baseline and subsequent reporting periods.[1] This has resulted in a minor decrease in our Scope 1 emissions between 2019 and 2021 and a slight increase in 2022 while our Scope 2 and Scope 3 emissions decreased c. 0.2Mt between 2019 and 2022.

Additionally, we have extended our reporting of our Scope 1 and 2 emissions and energy consumption to include our warehouses, terminals, and ports.

See the graphic 'Overview of restated 2019 baseline for our Scope 1, 2 and 3 emissions' for an overview and graphic representation of our baseline restatement and the table 'Overview of our baseline restatements 2019–2022' on page 61.

### Restatement for change of applied global warming potentials (GWPs)

Our $CO_2e$ emissions have been amended to apply the GWP values for a 100-year time horizon of the IPCC's Sixth Assessment Report, 2021 (AR6), where the granularity of the published emission factors allows such a conversion, except for certain $CO_2e$ emissions from the extraction of coal and decommissioned coal mines, which still apply the GWPs from the IPCC's Fifth Assessment Report (AR5). We intend to complete the conversion for these $CO_2e$ emissions to the GWPs of the AR6 in 2024.

The conversion to AR6 as completed to date had a marginal impact on our $CO_2e$ emissions, resulting in an increase of about 0.3% across our emissions. See the graphic 'Overview of restated 2019 baseline for our Scope 1, 2 and 3 emissions' for an overview and graphic representation of our baseline restatement and the table 'Overview of our baseline restatements 2019–2022' on page 61.

### Direct and indirect energy consumption and Scope 2 emissions restatements

We are restating our direct and indirect energy use and associated Scope 2 emission figures for our Kazzinc industrial asset in Kazakhstan to align with the GHG Protocol's approach to identifying direct and indirect energy sources and renewable energy claims in relation to Scope 2 emission accounting purposes following a review of our approach as part of our new Emissions and Energy Reporting Procedure (EERP).

By way of background, Glencore operates Kazzinc Ltd (Kazzinc), which is comprised of a number of different industrial sites, including the Bukhtarma hydro-power plant (Bukhtarma).

In the past, Buktharma generated power that was considered as transferred to and consumed by other Kazzinc industrial sites and treated as a fully integrated direct energy source, such that emissions were reported only within Scope 1. Scope 2 emissions, which relate to the generation of indirect energy sources, were not calculated either within the location-based and market-based approach for Buktharma generated power consumed by Kazzinc industrial sites. Any electricity produced by Bukhtarma but not considered transferred to and used by Kazzinc industrial sites was sold onto the national grid. Kazzinc industrial sites also purchased electricity from other providers, which was always reported as indirect energy for emission accounting purposes with associated emissions reported on as Scope 2 emissions.

A recent assessment of the Kazzinc operations against the GHG Protocol and the new EERP showed that while there is a network of direct lines between Bukhtarma and some Kazzinc industrial sites, these are not exclusive to Kazzinc and are also physically connected to the Kazakh national grid, which for practical purposes means that Kazzinc obtains all its electricity from the national grid. Due to the absence of a direct exclusive transfer line between Buktharma and any of the Kazzinc industrial assets, we have decided to consider this an indirect energy supply to the other Kazzinc industrial assets, and thus restate our direct and indirect energy consumption and associated Scope 2 emissions both within the location-based and market-based approach. In summary, in our restated 2019 baseline year 10.4 PJ (or 2,877 GWh) of energy supply to Kazzinc that was previously considered a direct energy source is now considered an indirect energy source. In our Scope 2 location-based approach, this restatement adds 1.8Mt $CO_2e$ to our total industrial assets' Scope 2 location-based emissions, which represents an increase of 16%.

1. In the 2022 baseline restatement we mistakenly excluded Middelkraal, an industrial site under our operational control at which production had ceased prior to 2019, from the organisational boundary of operational control as an independently managed joint venture. We re-added Middelkraal to the baseline. There was and is no impact on the baseline in terms of Scope 3 emissions but Scope 1 and 2 emissions reported by this industrial site for ongoing residual activity at the site have been re-added to the baseline.

The GHG Protocol sets out specific quality criteria for renewable energy claims within the market-based approach which require that they be based on clear contractual evidence for the rights to environmental attributes. The arrangements for Kazzinc's power consumption from Bukhtarma date back to 1997 and do not expressly provide for any environmental benefits being transferred concurrently with the relevant volumes of electricity (as was common at that time). Therefore, following the guidance of the GHG Protocol and the EERP, we have decided to account for the energy consumed at Kazzinc as non-renewable. In the absence of a published residual grid mix emission factor for Kazakhstan, we use the local IEA Emissions Factor to calculate emissions. In the 2019 baseline year, this restatement adds 1.8Mt $CO_2e$ to our Scope 2 market-based emissions, which represents a 15% increase in our total industrial assets' market-based Scope 2 inventory.

Together with a negligible impact on our reported Scope 3, category 3 emissions (+0.1% in our restated 2019 baseline), this restatement represents a 0.4% increase in our industrial assets' total reported emissions inventory (Scope 1, 2 and 3).

Kazakhstan has recently been approved as an I-REC issuing country, providing an avenue to clearly document Kazzinc's claim to the environmental attributes of Bukhtarma's renewable generation. Kazzinc is in discussions with ECOJER, the Kazakh I-REC authority, and initiated the application process for I-RECs in relation to Bukhtarma. We will provide subsequent updates on the application process. If such I-RECs are issued, Kazzinc intends to claim and retire these and will reflect this in Kazzinc's market-based Scope 2 emission figures accordingly.

See the graphic 'Overview of restated 2019 baseline for our Scope 1, 2 and 3 emissions' for an overview and graphic representation of our baseline restatement and the table 'Overview of our baseline restatements 2019–2022' on page 61.

### Scope 3 emissions – Restatement for changes in calculation methodologies and changes in categories or activities included in our Scope 3 inventory

We have restated our Scope 3 emissions to reflect the implementation of our updated Scope 3 methodology across the industrial assets that are extracting, producing, or processing minerals and metals and energy products under our operational control as per our new Emissions and Energy Reporting Procedure (EERP). Our new approach extends coverage of our reported Scope 3 emissions to include all categories and emission sources deemed material and relevant to our calculated Scope 3 inventory. This led to an expansion of emission coverage of our previously reported Scope 3 categories 1, 4, 10 and 15 emissions.

Our 2023 review of the applicability, materiality, and relevance of each Scope 3 category found that an expansion of our reporting to include Scope 3 categories 2, 3 (activities A, B, and D) and 9 was justified. We therefore calculated these categories and added them to our 2019 baseline.

We now calculate upstream emissions based on purchased or acquired goods and services, and downstream emissions based on sold goods and services in consideration of the GHG Protocol. Activity data is either sourced directly from the respective industrial asset (e.g., direct purchases or sales) or from our commodity trading risk management systems (e.g., indirect purchases or sales via our marketing business). Previously, we had based most of our calculations on quantities of commodities produced by our industrial assets, with data sourced from our production reports (adjusted to align with our organisational boundary of operational control).

In 2023, we also refined our commodity value-chain mapping and industry-average analysis, which allows us to differentiate between the multiple processing routes and geographies our purchased and sold products follow, from mined ore to first-use product. We linked this value-chain analysis to available country- or regional industry average emissions factors, to further enhance our estimates of emissions associated with upstream and downstream value-chain processing and transportation. This has allowed us to further specify our emissions reported in categories 1, 4, 9, 10 and 11 to our commodity value chains and value-chain partners.

These changes in methodology and expanded coverage of emission sources resulted in a 38.3Mt increase of our baseline emissions across the Scope 3 categories that were previously included in our reported inventory. Our Scope 3 emissions from our newly reported categories have added a further 5.8Mt to our restated 2019 baseline. Further detail is provided in the table 'Overview of restatement for changes in calculation methodologies and changes in categories or activities included in our Scope 3 inventory' on page 59. See the graphic 'Overview of restated 2019 baseline for our Scope 1, 2 and 3 emissions' for an overview and graphic representation of our baseline restatement and the table 'Overview of our baseline restatements 2019–2022' on page 61.

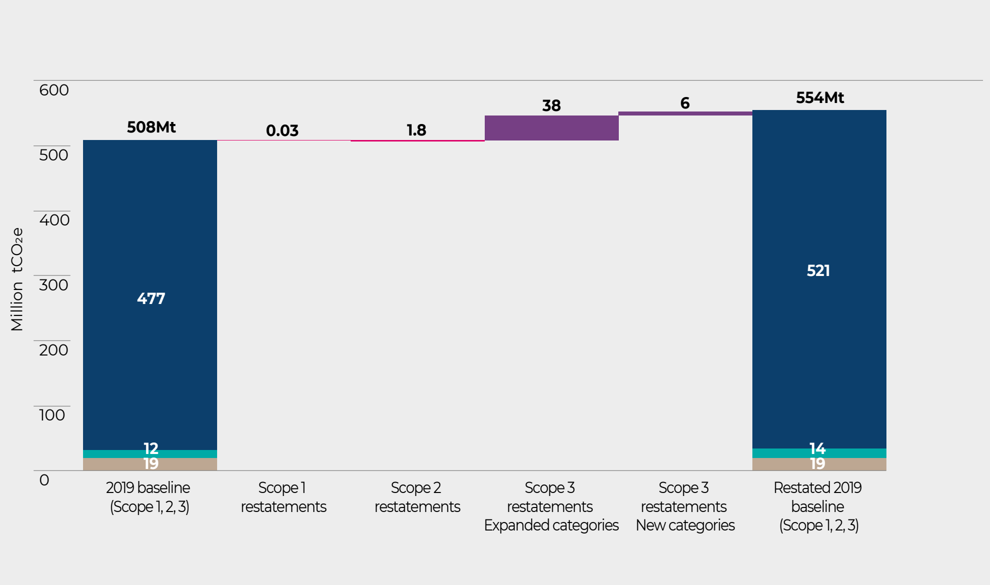
**Scope 3 emissions: Overview of restatement for changes in calculation methodologies and changes in categories or activities included in our Scope 3 inventory**

| Scope 3 category | 2019 baseline in Mt $CO_2e$ | Restated 2019 baseline in Mt $CO_2e$ | Scope 3 delta in Mt $CO_2e$ | Summary |
|---|---|---|---|---|
| **1. Purchased goods and services** | 0.6 | **17.8** | +17.2 | **Method change:**<br>• Historically, the activity data for this category represented estimated third-party quantities of feedstock processed in our industrial assets as per our production reports (restated to align with our organisational boundary of operational control). Our new approach calculates upstream emissions based on purchased or acquired goods sourced from our procurement management or commodity trading management systems.<br>**Expanded coverage:**<br>• Expanded coverage of purchased or acquired feedstock types that we process in the smelting and refining facilities under our operational control (most prominently, third-party crude oil processed at the Astron Energy Refinery) and inclusion of transport emissions if paid for by our suppliers.<br>• Inclusion of the estimated cradle-to-gate emissions embedded in purchased consumables used in the smelting and refining facilities under our operational control, including transport emissions if paid for by our suppliers.<br>**Enhanced value-chain analysis and emission factor sourcing:**<br>• Historically, our upstream calculations considered only emissions associated with a purchased feedstock's dominant processing route. In 2023, we refined our commodity value-chain mapping to distinguish between the multiple processing routes that can be followed, applying the most applicable one based on the product supplier (or using industry average analysis where such information is unavailable).<br>• Instead of using global averages, for each processing step we now apply the relevant country- or regional industry average emission factor. |
| **2. Capital goods** | - | **2.3** | +2.3 | **New category** |
| **3. Fuel- and energy-related activities (not included in Scope 1 or 2)** | 1.0 | **5.1** | +4.1 | **Expanded coverage:**<br>• Category coverage expanded to include activities A, B, and D (previously only C). |
| **4. Upstream transportation and distribution** | 2.6 | **5.4** | +2.8 | **Expanded coverage:**<br>• Expanded coverage to include all third-party ocean freight, such as voyage charters, time charters, break bulk, and container shipping, paid for by our industrial assets and our marketing business.<br>• Third-party road and rail transport paid for by our industrial assets where data on fuel use or distance is readily available.<br>**Enhanced value-chain analysis and emission factor sourcing:**<br>• For all third-party ocean freight, trade system data is used to determine the load and discharge location and the total mass of goods purchased or sold, then the appropriate emission factor for the transport mode is applied.<br>• Emissions are estimated from point of sale to the first-use customer, inclusive of transport between subsequent downstream processing steps, using value-chain mapping and industry-average analysis if the first-use customer is not known. |
| **9. Downstream transportation and distribution** | - | **3.4** | +3.4 | **New category** |

| Scope 3 category | 2019 baseline in Mt $CO_2e$ | Restated 2019 baseline in Mt $CO_2e$ | Scope 3 delta in Mt $CO_2e$ | Summary |
|---|---|---|---|---|
| **10. Processing of sold products** | 21.7 | **20.3** | -1.4 | **Method change:**<br>• Historically, the activity data for this category represented saleable metals and minerals, produced in our industrial assets as per our production reports (restated to align with our organisational boundary of operational control). Our new approach calculates downstream processing emissions based on sold metals and minerals sourced from our commodity trading management systems.<br>**Expanded coverage:**<br>• In addition to downstream processing of saleable volumes of copper, nickel, zinc and lead concentrates and metals and ferrochrome, we have extended coverage to include chrome ore, intermediate metals and mineral sales, as well as cobalt.<br>**Enhanced value-chain analysis and emission factor sourcing:**<br>• Historically, our downstream calculations considered only emissions associated with a saleable commodity's dominant processing route. In 2023, we refined our commodity value-chain mapping allowing us to distinguish between the multiple processing routes that can be followed from point of sale to first use, applying the most applicable one based on the customer the product was sold to (or using industry average analysis where such information is unavailable).<br>• Instead of using global averages, for each processing step we now apply the relevant country or regional industry average emission factor. This has resulted in a reduction in reported emissions, most prominently those associated with downstream zinc processing. |
| **11. Use of sold products** | 427.2 | **431.1** | +3.9 | **Method change:**<br>• Historically, with respect to coal, the activity data for this category represented saleable coal, produced in our industrial assets as per our production reports (restated to align with our organisational boundary of operational control). Our new approach calculates emissions from the use of sold coal based on sold volumes of coal sourced from our commodity trading management systems or directly from our industrial assets. |
| **15. Investments** | 23.4 | **35.3** | +11.9 | **Expanded coverage:**<br>• The investments for which Glencore historically reported its equity share of emissions were: Hunter Valley Operations (coal), Umcebo (coal), Collahuasi (copper), Antamina (copper), Century Aluminium and Viterra. We reported our equity share of Scope 1 and 2 emissions for all of these investments, plus our equity share of Scope 3 emissions, where relevant, for the coal investments only.<br>• This has been expanded significantly to cover our equity share of the Scope 1, 2 and, whenever these are greater than Scope 1 and 2 combined, the Scope 3 emissions from JVs not under our operational control that are commodity producing or processing industrial entities or industrial entities where operations have ceased, and for which we can source or estimate emissions based on the investment's production. This is the case for the vast majority of our respective investments. We further included our equity share of Scope 1 and 2 emissions relating to a select number of our investments that are industrial projects or conduct exploration activities where production or processing of commodities has not commenced, warehouses, terminals, and ports for which we were able to source the respective data.<br>• Emissions associated with newly completed investments in non-operated JVs have been added to our baseline and subsequent reporting years, most prominently Alunorte. |

| Scope 3 category | 2019 baseline in Mt $CO_2e$ | Restated 2019 baseline in Mt $CO_2e$ | Scope 3 delta in Mt $CO_2e$ | Summary |
|---|---|---|---|---|
| **15. Investments** (continued) | 23.4 | **35.3** | +11.9 | **Enhanced value-chain analysis and emission factor sourcing**<br>• Primary data to be obtained from the non-operated JV (Scope 1, 2 and 3). If unavailable, secondary data is sourced from Bloomberg or Skarn.<br>• For non-operated JVs that extract or produce fossil fuels, Scope 3 emissions are estimated based on produced volumes using the direct use-phase method (see category 11)<br>• For non-operated JVs that extract or produce intermediate products, Scope 3 emissions are estimated based on produced volumes using the average-data method (see category 10). |
| **17. Other downstream** | 0.3 | **0.0** | -0.3 | • Emissions previously reported in this category were associated with non-core product sales (defined as annual sales of less than 50Kt) and identified as immaterial and irrelevant to our Scope 3 inventory. We therefore exclude them from the Scope 3 emissions we report on (see the Exceptions and exclusions section on page 55 for more information). |
| **Our Scope 3 emissions** | 476.7 | **520.7** | +44.0 | |

## Overview of restated 2019 baseline for our Scope 1, 2 and 3 emissions




## Overview of our baseline restatements 2019–2022

| Baseline and our emissions reporting as of FY2022 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|
| Our Scope 1 emissions (Mt $CO_2e$) | 19.0 | 15.2 | 15.9 | 16.6 |
| Our Scope 2 emissions (market-based) (Mt $CO_2e$) | 12.2 | 10.0 | 11.4 | 11.4 |
| Our Scope 3 emissions (Mt $CO_2e$) | 476.7 | 354.2 | 364.7 | 342.1 |
| **Our Scope 1, 2 and 3 emissions (Mt $CO_2e$)** | **507.9** | **379.5** | **392.0** | **370.1** |

| Baseline and our emissions reporting as of FY2023 | 2019 restated | 2020 restated | 2021 restated | 2022 restated |
|---|---|---|---|---|
| Our Scope 1 emissions (Mt $CO_2e$) | 19.0 | 15.2 | 16.0 | 16.4 |
| Our Scope 2 emissions (market-based) (Mt $CO_2e$) | 13.9 | 11.6 | 13.0 | 12.8 |
| Our Scope 3 emissions (Mt $CO_2e$) | 520.7 | 414.0 | 412.9 | 368.3 |
| **Our Scope 1, 2 and 3 emissions (Mt $CO_2e$)** | **553.7** | **440.8** | **441.8** | **397.5** |
| Change to our Scope 1 FY2022 reporting (%) | 0.0% | 0.1% | 0.5% | -1.3% |
| Change to our Scope 2 FY2022 reporting (%) | 14.3% | 15.4% | 13.8% | 12.6% |
| Change to our Scope 3 FY2022 reporting (%) | 9.2% | 16.9% | 13.2% | 7.6% |
| **Change to our FY2022 reporting (%)** | **9.0%** | **16.2%** | **12.7%** | **7.4%** |

# Sustainability

We take our responsibilities to our people, to society and to the environment seriously, and align our internal health, safety, environment, and social performance and human rights (HSEC&HR) governance with relevant international standards.

## Our approach

The Board's Health, Safety, Environment and Communities (HSEC) Committee sets the strategic direction for our sustainability activities and oversees the development and implementation of our HSEC&HR programmes. It meets at least four times a year and receives regular updates on how our business is performing across our internally defined, sustainability-related material risk areas.

Responsibility for implementing and monitoring our sustainability activities across the Group rests with our senior management, including the Chief Executive Officer, Head of Industrial Assets and heads of our corporate functions and commodity departments.

Our Group policies support the delivery of our Values and Code of Conduct, which together detail the behaviour and performance expectations for all our offices and industrial assets where we have operational control. Our industrial assets tailor their implementation of Group policies to reflect local cultures and regional challenges.

Our HSEC&HR Policies, such as our Environmental Policy, Health and Safety Policy, Tailings Storage Facility Policy, Social Performance Policy and Human Rights Policy, are available in different languages via our website at **glencore.com/who-we-are/policies**

Through our HSEC&HR Standards, Procedures and Guidelines, we aim to establish ethical and consistent business practices and standards for our industrial assets. These support our commitment to be a responsible and ethical operator.

Our Group HSEC&HR strategy outlines our goals, priorities, and objectives for our industrial assets and, to the extent applicable, the marketing business over the next five years. It aligns to our Purpose and our Values and considers our external stakeholder expectations. Each year, we review our strategy for material updates to consider whether it continues to fulfil the needs of our business and our stakeholders. In 2023, we updated our strategy which applies with effect from 1 January 2024. Further details will be provided in our 2023 Sustainability Report.

Further details on our sustainability approach, performance and ambitions, are available in our sustainability-related publications. These include a Sustainability Report published annually with reference to the requirements of the Global Reporting Initiative (GRI), as well as the following publications:

- Sustainability Summary
- Extended ESG Data Book and GRI Index
- Climate Action Transition Plan
- Payments to Governments Report
- Modern Slavery Statement
- Voluntary Principles on Security and Human Rights
- ESG A-Z section on our website
- Water microsite, considering the requirements of the ICMM's Water Reporting: Good Practice Guide
- Tailings storage facilities microsite, which includes Global Industry Standard for Tailings Management (GISTM)-aligned disclosures.
- Basis of Reporting

Our sustainability communications are available on our website: **glencore.com/publications**

## Engaging with our stakeholders

We engage with relevant stakeholder groups with a view to building meaningful relationships and understanding their expectations and aspirations. Further information on our stakeholder engagement activities will be available in our 2023 Sustainability Report.

## External commitments

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

We seek to align with relevant international standards to understand, control and mitigate our impacts. We are signatories to the United Nations Global Compact (UNGC), 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.

Our policy framework aligns with 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 (UNGPs). In addition, we are members of the Voluntary Principles Initiative and operate in accordance with the Voluntary Principles on Security and Human Rights (Voluntary Principles), and the International Finance Corporation's Standard 5 on Involuntary Resettlement. We articulate these commitments in our Code of Conduct and our Human Rights Policy.

We have been a member of the International Council on Mining and Metals (ICMM) since 2014. We endorse its Mining Principles and position statements, and since 2023, report against its Performance Expectations.

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 jurisdictions and at a global level, in the Extractive Industries Transparency Initiative (EITI). We comply with the UK regulatory obligations under DTR 4.3A of the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, and, in line with those provisions, we publish an annual Payments to Governments Report, detailing the material payments we make by country and project.

As part of our commitment to responsible product stewardship, we follow the UN's globally harmonised system for classification and labelling of chemicals (GHS), the European Union's 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 the production, sourcing of metals and minerals and the procurement of goods and services. Our Responsible Sourcing Policy and our Supplier Code of Conduct form the basis of our risk-based supply chain due diligence programme that for metals and minerals aligns with the Organisation for Economic Cooperation and Development's (OECD) Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (CAHRAs), 3rd Edition (OECD DDG).

## Risk management and assurance

Our management of HSEC&HR-related risks aligns with Glencore's general approach to the identification, assessment, and mitigation of risk. Our industrial assets use our enterprise risk management framework to identify and assess 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. This also includes critical control verifications.

Our internal audit programme, overseen by Group Internal Audit and Assurance (GIAA), primarily focuses on our systematic management of the catastrophic hazards and their controls. Internal and external senior subject matter experts participate in this programme.

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

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

## Materiality assessment

Every two years, we undertake a sustainability-related materiality assessment that considers input from within our business and from external sources. We use this assessment to inform our HSEC&HR strategic overview and our sustainability-related disclosures and publications.

During 2022, we undertook a third party-led materiality assessment with internal and external stakeholders to validate the appropriateness of existing material topics and to identify emerging issues. Consolidating the internal and external stakeholders' prioritisation has resulted in the identification of the topics listed in the table below as being material.

| 2023 material topic | Public disclosures | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Annual Report | Sustainability Report | Modern Slavery Statement | Payments to Governments Report | Climate Report | Ethics and Compliance Report | Voluntary Principles Report | Water Microsite | TSF Microsite |
| Climate Change | ◒ | ● | ○ | ○ | ● | ○ | ○ | ○ | ○ |
| Water | ◒ | ● | ○ | ○ | ○ | ○ | ○ | ● | ○ |
| Land Management | ◒ | ● | ○ | ○ | ○ | ○ | ○ | ◒ | ◒ |
| Biodiversity | ◒ | ● | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Diversity, Equity and Inclusion | ● | ○ | ◒ | ○ | ○ | ○ | ○ | ○ | ○ |
| Social Performance | ◒ | ● | ● | ◒ | ○ | ○ | ◒ | ◒ | ◒ |
| Catastrophic Hazards (incl. Tailings Dam Management) | ◒ | ● | ● | ○ | ○ | ○ | ○ | ○ | ● |
| Occupational Health | ◒ | ● | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Workforce Safety | ◒ | ● | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| Ethics and Compliance | ● | ○ | ○ | ● | ○ | ● | ○ | ○ | ○ |
| Transparency | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| Responsible Sourcing | ◒ | ● | ● | ○ | ○ | ○ | ◒ | ○ | ○ |
| Human Rights | ◒ | ● | ● | ○ | ○ | ○ | ● | ○ | ○ |
| Indigenous Peoples | ◒ | ● | ○ | ○ | ○ | ○ | ● | ○ | ○ |
| Just Transition (emerging topic) | ◒ | ○ | ○ | ○ | ◒ | ○ | ○ | ○ | ○ |

● Detailed information available ◒ High-level information available ○ No information available

Read more on these topics here:

Catastrophic hazards: **glencore.com/sustainability/esg-a-z/catastrophic-hazard-management**

Workforce safety: **glencore.com/sustainability/esg-a-z/safety**

Ethics and Compliance: **glencore.com/sustainability/ethics-and-compliance**

Transparency: **glencore.com/who-we-are/transparency**

Climate change: **glencore.com/sustainability/esg-a-z/climate-change**

Water: **glencore.com/sustainability/esg-a-z/water-management**

Land management: **glencore.com/sustainability/esg-a-z/land-management**

Biodiversity: **glencore.com/sustainability/esg-a-z/land-management#biodiversity**

Diversity: **glencore.com/sustainability/esg-a-z/our-people#diversity**

Responsible sourcing: **glencore.com/sustainability/esg-a-z/responsible-sourcing-and-supply**

Human rights: **glencore.com/sustainability/esg-a-z/human-rights**

Indigenous Peoples: **glencore.com/sustainability/esg-a-z/communities#Indigenous**

Occupational health: **glencore.com/sustainability/esg-a-z/health**

## Meeting our targets

A new policy architecture, developed in 2021, which included revised and new Policies and Standards has strengthened our governance for overseeing the achievement of our Group HSEC&HR targets. In 2023, we continued to roll out these Policies and Standards through a series of workshops and training programmes. Our industrial assets undertook gap assessments against the revised HSEC&HR Standards, reporting substantial compliance to these Standards on average across all of them as at the end of 2023. Where gaps were identified, improvement actions have been developed and are being progressively completed. Both Group HSEC&HR and our industrial commodity departments review progress against our Group HSEC&HR targets on a monthly or quarterly basis, depending on the target.

| Group HSEC&HR targets | 2023 progress |
|---|---|
| **Risk management and governance** | |
| Implement a proactive risk-based approach to prevent HSEC&HR incidents. | We continued to implement our Enterprise Risk Management Standard that we launched in 2021. It includes our approach to catastrophic risks and the need to identify and monitor critical controls. Our industrial commodity departments annually present their risk registers and key controls to eliminate or minimise the risks. |
| No catastrophic TSF dam failures. | We recorded no catastrophic TSF dam failures. |
| Conformance with GISTM in accordance with our ICMM commitments. | We met the ICMM's 5 August 2023 deadline for GISTM disclosures on TSFs with a 'Very High' and 'Extreme' Consequence Classification and identified areas of improvement to achieve conformance. We are working towards meeting the ICMM's 5 August 2025 deadline for GISTM disclosures on TSFs with all other Consequence Classifications. We will further continue to implement the requirements of the GISTM. |
| **Health** | |
| Year-on-year reduction in the number of new occupational disease cases (excluding new cases from legacy exposures). | In 2023, we recorded 162 new occupational disease cases (2022: 101 cases[1]). The increase reflects the implementation of stronger definitions for occupational disease indicators, which, in turn, supported stronger reporting on this material topic. |
| **Safety** | |
| No work-related (occupational) fatalities.[2] | It is with deep sadness that we recorded the loss of four[Δ] lives at our industrial assets during 2023. |
| **Environment** | |
| 15% reduction in our Scope 1, 2 and 3 industrial emissions by the end of 2026 against a restated 2019 baseline. | We recorded 433Mt of Scope 1 and 2 market-based emissions, and Scope 3 emissions (2019 restated: 554Mt). This decrease is largely attributable to the managed decline of coal production in our operationally controlled industrial assets, which results in lower customer use of our sold coal volumes. For further information see the About our emissions calculations and reporting section on pages 53 and the Basis of Reporting 2023. |
| 50% reduction in our Scope 1, 2 and 3 industrial emissions by the end of 2035 against a restated 2019 baseline. | |
| Ambition of achieving net zero industrial emissions for our Scope 1, 2 and 3 by the end of 2050, subject to a supportive policy environment. | |
| By 2023, all industrial assets located in water-stressed areas[3] to finalise the assessment of their material water-related risks, setting local targets and implementing actions to reduce impacts and improve performance. | We finalised the assessment of material water-related risks and have set local water targets for our industrial assets located in water-stressed areas; our internal Water Working Group assessed these targets and risk assessments. We are implementing actions to reduce impacts and improve performance against these targets. |
| No major or catastrophic[4] environmental incidents. | We recorded no major or catastrophic environmental incidents[Δ]. |
| **Social performance and human rights** | |
| Do not cause or contribute to incidents resulting in severe[5] human rights impacts. | We did not cause or contribute to incidents resulting in severe human rights impacts. |

1. Prior period has been corrected.
2. Refer to the Basis of Reporting 2023 for information on how work-related fatalities are recorded.
3. We define water-stressed areas as having a high to extremely high or arid and low water-use baseline water stress, as per the World Resources Institute definitions.
4. Refer to the Basis of Reporting 2023 for information on how major and catastrophic environmental incidents are recorded.
5. Severe is the equivalent of catastrophic and major on Glencore's incident classification scale. For human rights, a catastrophic incident is one with a gross human rights violation or grave systemic human rights impacts and a major incident involves an isolated grave or serious abuse of human rights.

## Supporting the delivery of our strategic priorities

Our approach to managing our HSEC&HR-related material topics supports the delivery of the Group's strategic priorities.

## Catastrophic hazard management including TSF management

We define catastrophic events as those with 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 industrial assets.

We recognise the exceptional nature of such events and have developed specific programmes to actively identify, monitor and mitigate catastrophic hazards within our industrial business. We review our management of catastrophic risks to understand whether they are adequately controlled. We require our industrial assets to put in place appropriate management and mitigation measures.

GIAA oversees our internal audit programme, which considers our 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. The HSEC and Audit Committees receive and review relevant assurance findings.

### TSF management

In recent years, a small number of high-profile TSF failures at the operations of large mining companies have resulted in catastrophic consequences.

We have a robust governance process in respect of our TSFs and we monitor them for integrity and structural stability. Flooding and seismic activity are the main natural phenomena that may affect TSFs. Our industrial assets evaluate natural phenomena and incorporate these considerations into their TSF designs where relevant. 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.

Further information on our approach to tailings management is available on our website **glencore.com/sustainability/tailings.** It provides an overview of our approach towards managing our TSFs and includes details on our TSFs.

### Performance during 2023

We target zero major or catastrophic incidents, which we achieved during 2023. We completed 76 audits on catastrophic hazard management topics in 2023.

During 2023, we reported on our conformance to the Global Industry Standard on Tailings Management (GISTM) for our TSFs with 'Very High' or 'Extreme' Consequence Classifications, meeting the 5 August 2023 deadline set by the ICMM.

Based on our ongoing TSF management systems and the independent third-party assessments that we have in place for these TSFs, we believe that we have identified any gaps in conformance and are managing these appropriately.

## Workforce safety

We believe that any loss of life in the workplace is unacceptable and that all injuries are preventable. We recognise that we are all responsible for providing and maintaining a safe workplace. Our business inherently exposes some of our workers to safety risks. Safety, as one of Glencore's Values, drives how we do business, and the safety of our workforce always comes first.

SafeWork is Glencore's approach to eliminating work-related fatalities. SafeWork has a set of minimum expectations and mandatory Fatal Hazard Protocols, Life-Saving Behaviours, and safety tools, which our industrial assets must implement. We believe consistent application of SafeWork through strong, visible leadership drives a culture of safe operating discipline and will get our people home safe.

We require an effective safety management system at each industrial asset to ensure SafeWork implementation, and the integrity of plant and equipment, structures, processes, and protective systems, as well as the monitoring and review of critical controls and the identification and management of lessons learned from incidents.

We regard reporting of high potential risk incidents (HPRIs) as a supportive part of our strategy to prevent repeat incidents and, as such, we do not target a reduction in this metric. The internal reporting of HPRIs allows for the identification of activities that need prioritising to advance our learning and improve safety performance.

### Performance during 2023

We are saddened to report the loss of four[Δ] lives at our operations during 2023, having also recorded four occupational fatalities in 2022. All loss of life is unacceptable, and we are determined to eliminate work-related fatalities across our business.

During the year, our total recordable injury frequency rate[1] (TRIFR) was lower than in the previous year at 2.16[Δ] (2022: 2.22) while our lost time injury frequency rate[2,3] (LTIFR) decreased to 0.76[Δ] (2022: 0.84).

In 2023, our HPRIs rose to 532 (2022: 464). The majority of HPRIs related to energy isolation and mobile equipment and 85% resulted in no injuries.

## Occupational health

We are committed to protecting the health and wellbeing of our workforce and the residents of our host communities. We do this by creating healthy workplaces, where we identify and manage potential health risks, impacts and opportunities, and reduce health hazards exposure at source.

By their nature, some of our activities may expose our workers to occupational hazards. We implement a risk-based approach that underpins the continual improvement of our understanding and control of health hazards, with the goal of eliminating occupational diseases in our workplaces.

1. 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.
2. 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.
3. The lost time injury frequency rate (LTIFR) is the total number of LTIs recorded per million hours worked.

We also identify opportunities to promote, educate and support our workers to make healthy lifestyle choices, helping them to lead a safe and healthy life.

We use a variety of on-site programmes to manage occupational diseases and exposure to health hazards. Where appropriate, we extend these health programmes to our host communities, to combat regional health issues and promote healthy lifestyles.

### Performance during 2023

During 2023, we recorded an increase in the number of new cases of occupational disease, at 162 cases (2022: 101[1]). The increase reflects the implementation of stronger definitions for occupational disease indicators, which, in turn, supported stronger reporting on this material topic.

We continued with the implementation of a risk-based approach to the identification and management of health hazards based on potential health consequences, including the implementation of Glencore Exposure Action Levels (GEALs) for prioritised health hazards. The GEALs set internal references to trigger actions aimed at reducing exposures to key health hazards. A hygiene monitoring programme that includes a process to investigate exceedances supports the implementation of the GEALs. During 2023, the GEALs focused on lead, diesel particulate matter and respirable crystalline silica.

In 2023, we held a three-day health workshop with over 65 participants from across the business. The participants heard from a mix of external expert speakers and presenters from Group HSEC&HR and our industrial management team, as well as presentations on case studies from our industrial assets, with a focus on the thematic axes of identified relevance for the continuous improvement of our performance in health.

## Water

We recognise that water is an increasingly precious resource and that it is essential for many of our industrial activities. Some of our industrial assets are in water-stressed areas and share access to water with other local water users, while other industrial assets manage surplus water that may involve dewatering activities and flood protection measures. Regardless of their location, we require our industrial assets to undertake detailed assessments of their local environmental conditions during their operation and operational changes in their life cycle, to develop water management strategies to maximise the efficient and sustainable use of this important natural resource.

Stakeholder concerns around the ongoing availability of water, security of access and the potential for water contamination have increased over the past decade in response to extreme climatic events. We recognise that access to safe and clean water and sanitation is vital. We acknowledge that access to water is integral to wellbeing and livelihoods and the spiritual and cultural practices of many communities. It is also essential to the healthy functioning of ecosystems and the services they provide.

Our industrial assets consult their host communities and other relevant local water users to understand local priorities and seek to collaborate on sustainable solutions within our water catchments.

### Performance during 2023

In 2023, we withdrew[2] 950$^{\Delta}$ million $m^3$ of water (2022 restated: 1,080 million $m^3$). The decrease is primarily related to less rainfall at some of our industrial coal assets in Australia.

Our industrial assets located in water-stressed areas completed the process of setting water targets and are implementing action plans to reduce their impacts and improve their performance against these targets.

## Closure planning

Many of our industrial activities are finite. We recognise that we are temporary custodians of the land on which we operate, and we are committed to responsible land ownership and meeting a set of objectives and criteria relating to post-closure land use that are agreed with key stakeholders. We believe this is possible by integrating closure planning throughout the life of asset with the ultimate aim of achieving safe and stable landforms and sustainable outcomes that consider our Just Transition Principles.

A core component of our operations' lifecycle is progressive rehabilitation. Where active operations have ceased, we review opportunities for restoration and rehabilitation in the previously operated areas. Progressive rehabilitation has benefits that include 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, when land becomes available our industrial assets may undertake various actions in earlier lifecycle stages, such as the excavation and preservation of topsoil and overburden from areas designated for operations, prior to development.

Our industrial assets develop closure plans, including progressive rehabilitation programmes, where possible, to incrementally restore the land over the life of an industrial asset. We require our industrial assets to have a closure plan that could be initiated at any time whether planned, unplanned or temporary closure and to consult with local communities on the development of their closure plans. We develop financial estimates for closure planning, with financial assurance typically provided to government agencies prior to development or expansion. Our industrial assets are required to regularly review their closure plans to ensure they remain fit for purpose and align with the industrial asset's lifecycle.

Our Closure Planning Standard requires our industrial assets to assess their closure maturity using principles within the ICMM's Closure Maturity Framework. This considers integration into life of asset planning, knowledge base, closure vision, principles and objectives, post-closure land use, stakeholder engagement, assessment of risks and opportunities, closure activities, success criteria, progressive closure, social and economic transition, closure costs, closure execution planning, monitoring, maintenance and management and successful transition.

1. Prior period has been corrected.
2. We previously included water shared internally, which represented a double counting and excluded water entrained in the extracted ore. For 2023, water input includes the portion of water that is entrained in the extracted ore and excludes water that is shared internally. This change resulted in a net decrease of 3% compared to the previously applied approach. For further details see the Basis of Reporting 2023. The historic water input has been restated accordingly.

We are planning to close a number of industrial assets within the next five years, and we recognise that our closure planning and execution should align with international good practice maturity levels. This is important for providing confidence to our stakeholders that we take our stewardship of the land seriously, and that we will work towards a just and orderly transition for our workforce and the communities living near our industrial assets as our operations approach closure. This includes planning for both land rehabilitation and socio-economic transition as early as possible.

### Performance during 2023

In 2023, we held our first multi-disciplinary workshop on closure with over 100 participants attending from across the business. The workshop considered closure maturity at our industrial assets and how we integrate closure planning throughout the life of the industrial asset to achieve safe and stable landforms and sustainable outcomes while considering our Just Transition Principles.

## Nature

Our industrial activities have the potential to impact surrounding ecosystems by direct operations during the industrial asset's lifecycle. We are committed to minimising and mitigating the impacts of our industrial assets on nature. We recognise that there is an opportunity for us to contribute to the protection of nature, by implementing the mitigation hierarchy and offsetting some of our impacts that cannot be mitigated or restored. We also have ongoing workstreams to mitigate, manage, and reduce our industrial activities' impacts on nature and natural capital. In accordance with our nature strategy, we are evaluating how our industrial assets can achieve no net loss of biodiversity.

From project design to operational closure, we focus on reducing our physical footprint on land, identifying, managing, and addressing our actual and potential impacts to biodiversity, by applying the principles of the mitigation hierarchy (avoid, minimise, restore, and offset).

We require our industrial assets to establish a robust environmental and socio-economic knowledge base and to develop risk-based biodiversity action plans and site-level biodiversity targets to drive progress in this key area.

Our industrial assets' land stewardship and biodiversity management plans can include measures such as, preliminary clearing works, habitat relocation, flora and fauna conservation, invasive species control and fire and grazing management.

We require that, where possible, our industrial asset plans support the continuation or enhancement of land practices that benefit host communities, such as grazing and other agricultural activities, while considering impacts to ecosystems.

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

### Performance during 2023

Where appropriate, we require our industrial assets to develop biodiversity management plans or update existing plans based on the outcomes of biodiversity risk assessments. In 2023, we partnered with the Endangered Wildlife Trust to develop training on setting biodiversity targets to continue building capacity and to support the target-setting process. We also initiated a LEAP[1] assessment across our industrial assets, focusing on land owned or leased and we are continuing this work during 2024.

## Climate change

We support the global climate change goals outlined in the UNFCCC and the Paris Agreement to limit the rise in global temperature to well below 2°C by the second half of this century.

The world requires a global transformation of energy, industrial and land-use systems to achieve the goals of the Paris Agreement and the SDGs. We believe this transition is a key part of the global response to the increasing risks posed by climate change.

As one of the world's largest diversified natural resource companies, we have a key role to play in supporting the global transition to a low-carbon economy. We are committed to supporting the transition by supplying the transition-enabling commodities needed for the energy systems of tomorrow, while continuing to responsibly serve the energy needs of today.

Information in response to the requirements of the Task Force on Climate-related Financial Disclosures is set out on pages 29 to 61.

## Human rights

We recognise that we have the potential to impact human rights directly through our operations, or through our relationships with business partners. We are committed to respecting human rights and actively support our employees, business partners and others to understand and meet this commitment.

We uphold the dignity, fundamental freedoms and human rights of our people, communities and others potentially affected by our activities.

We require our industrial assets to conduct regular human rights training for their workforces, with a focus on those workers 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 for our security employees and contractors.

### Enabling complaints and grievance processes

We require our industrial assets to have in place local complaints and grievance processes designed to be legitimate, accessible, predictable, equitable, transparent, rights compatible and in line with the UNGPs' effectiveness criteria. These processes encourage people to raise concerns in a manner that respects the rights of the complainant. Where people have complaints or grievances, we aim to investigate and resolve them at the local level. We require our industrial assets to investigate and record all complaints.

1. LEAP: the Taskforce on Nature-related Financial Disclosures (TNFD) has developed an integrated assessment process for nature-related risk and opportunity management called LEAP: Locate your interface with Nature; Evaluate your dependencies and impacts; Assess your risks and opportunities; and Prepare to respond to nature-related risks and opportunities and report.

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

### Security

Our business faces multifaceted security challenges which are a function of geopolitics, industrial asset locations and the evolution of emerging threats. Globally, there is an escalation in geopolitical instability and threat, compounded by disinformation. For our industrial assets, maintaining security is essential to providing a safe working environment and managing our relationship with the community.

We are committed to working alongside our host communities and strategic stakeholders in a way that protects the security of our workforce and the communities that interact with our industrial assets. We do this in a way that respects human rights and aligns with Glencore's Values, our commitment to operating responsibly and ethically, and the Voluntary Principles.

### Performance during 2023

We did not cause or contribute to incidents resulting in severe human rights impacts.

During 2023, we implemented a series of regional security workshops and learning forums to promote our industrial assets' alignment with our Security Standard and the implementation Group-wide of the Voluntary Principles. The workshops reflected regional contexts to address local security priorities, promote regional cohesion across our industrial business, and identify common risks and opportunities in the security sector and human rights. Cross-functional in approach, over 180 security, social and human rights leaders attended the workshops. Moving forward, we will maintain the elevated dialogue on security and human rights through regional learning forums to further embed consistency of practice and cross-functional engagement.

## Indigenous Peoples

Some of our industrial 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.

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.

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 2023

In 2023, our industrial assets continued their implementation of our Social Performance and Cultural Heritage Standards relating to engagement with, and support for, Indigenous Peoples with a connection to the lands on which we operate. This has included the identification and protection of tangible and intangible cultural heritage and customary use.

## Social performance

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

We aim to minimise adverse impacts from our activities and to build partnerships to support sustainable development and growth.

### Stakeholder engagement

Through meaningful stakeholder engagement and integration of social performance into our core business, we support the advancement of the mutual interests of our host communities, broader society, and our industrial assets. With activities ranging from exploration to mines and mineral processing facilities to industrial assets in closure, we are present in a hugely diverse range of geographies and cultures around the world. Some of our industrial assets operate in challenging socio-political contexts and we remain committed to working with others to help find and implement solutions to social issues and to support the building of resilient and peaceful communities.

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

### Social contribution

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

Our strategic objective is to support initiatives that build 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. 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.

We base our socio-economic development activities on the resources, needs and plans identified at a local or regional level, which relevant data gathering and community engagement informs.

### Performance during 2023

During 2023, we initiated a review of our approach and management of our social contributions to incorporate the requirements of ICMM's Socio-Economic Reporting Framework and in recognition of the community development outcomes that are derived from both discretionary and non-discretionary contributions.

The outcome of this process is the Glencore Social Contribution Framework, which will be launched during 2024. The framework articulates the goals, operating principles, and governance of our industrial assets' social contributions for enhanced business performance and sustained development outcomes for stakeholders. The review included a revision of our technical definitions of social contribution, including moving away from 'investment' and towards 'contribution' to reflect the spirit of co-development and partnership, and our goal to be an enabler of socio-economic opportunity everywhere we operate.

We will support the Social Contribution Framework with a programme of local capacity building to elevate skills, enhance practice, and embed the framework at our industrial assets. For further information on the socio-economic benefits accrued via our payments to governments of taxes, royalties and other levies, see page 12 and our forthcoming 2023 Payments to Governments Report, which will be published on our website.

Through the development of the framework, we are strengthening our approach to capture our direct social contribution performance, which takes into account our discretionary (that is, voluntarily undertaken at Glencore's discretion) and non-discretionary (for example, linked to operating permits) payments.

In 2023, we spent around $110 million on social contribution programmes, including discretionary and non-discretionary payments.

## Responsible sourcing and supply

Our responsible sourcing strategy considers the production and sourcing of metals and minerals and procurement of goods and services. Our approach includes, in particular, supply chain due diligence for our metals and minerals supply chain. For our suppliers of metals and minerals, we conduct due diligence in accordance with the five-step approach framework defined in Annex I of the OECD DDG.

Our due diligence process identifies and assesses risks, including those relating to CAHRAs. We adopt a collaborative risk management and mitigation approach to the identified risks within our supply chain.

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

Our responsible sourcing team engages with internal stakeholders to increase awareness of the responsible sourcing of metals and minerals.

### Performance overview 2023

In 2023, our refineries producing London Metal Exchange (LME) and/or London Bullion Market Association (LBMA) brands successfully passed assessments, to meet the LME's and LBMA's responsible sourcing requirements. The following underwent LME assessments: Murrin Murrin, Mount Isa Mines' Copper Refinery, Kazzinc, Nikkelverk, CCR Refinery, Britannia Refined Metals, Portovesme, Nordenham, PASAR, Lomas Bayas, and CEZinc. In addition, Kazzinc, CCR Refinery, and Britannia Refined Metals also underwent LBMA assessments.

In addition, our copper and cobalt industrial assets in the Democratic Republic of the Congo, Kamoto Copper Company SA, and Mutanda Mining S.A.R.L., successfully passed third-party responsible sourcing audits, which supports both industrial assets to meet customer expectations.

In 2023, we obtained limited assurance by a third party expert on our level of conformance in 2022 with the European Union's Conflict Minerals Regulation that relates to the import of materials into Europe. The assessment concluded that our due diligence management system complies, in all material aspects, both with the EU's Conflict Minerals Regulation and with the OECD DDG.

In 2023, we rolled out a refreshed responsible sourcing programme for our procurement of goods and services at our industrial assets. This includes risk-based supplier due diligence prior to supplier engagement, corrective action plans where we identified deficiencies during the due diligence process, supplier training of our requirements and supplier audits. We continue to implement this programme.

We separately developed and ran a pilot for a due diligence approach for our shipping activities and intend to progress this further during 2024.

Further information is available on our website: **glencore.com/sustainability**

# Ethics and compliance

We are committed to operating responsibly and ethically wherever we operate and understand that we can only remain a business partner of choice by upholding this commitment.

## Our approach

We have taken significant steps to develop and implement a comprehensive, best-in-class Ethics and Compliance Programme (Programme). This section contains an overview of the key elements of our Programme, and how we manage our main compliance risks.

You can access more detailed information about our Programme in our Ethics and Compliance Report, which will be published on our website and provide a summary of our Programme, how we raise awareness of it, monitor it, and seek to continuously improve it, as part of our efforts to ensure it is fully embedded into our business globally.

For further information, you can visit our website: **glencore.com/sustainability/ethics-and-compliance**

## Key elements of our Programme


Together with other functions, ensuring an appropriate system for discipline and incentives

Identifying, assessing and evaluating compliance risks and controls

Coordinating objective and consistent internal investigations, whilst maintaining confidentiality and protecting against retaliation

Establishing approaches and requirements to mitigate compliance risks and reflect ethical and legal expectations and requirements

Providing safe channels to raise concerns regarding potential misconduct, including via our Group Raising Concerns Programme

Training and raising awareness on ethics and compliance risks

Assessing the effectiveness of Programme implementation and identifying opportunities for improvement

Providing advice and guidance to employees on ethics and compliance matters

## Our scope

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 of Conduct (Code) and our Programme as well as applicable laws and regulations, regardless of location. Our Supplier Code of Conduct sets out the expectations we have for all our suppliers, including expectations regarding ethical business practices. We also seek to assert our influence over joint ventures we do not 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 behaviours are consistent with our Values. Our Board has established a separate Ethics, Compliance and Culture (ECC) Committee, which is responsible for overseeing our Programme and approving key ethics, compliance and culture-related matters within the Group. The ECC Committee receives quarterly updates on our Programme's implementation, including compliance risks and how they are managed, and on compliance resources. The Board separately receives quarterly updates on whistleblowing and investigation processes, and material internal and external investigations.

Our Board oversight is supported and augmented by oversight from management-level committees, including the Environmental, Social and Governance Committee (the ESG Committee), the Business Approval Committee (BAC) and the Raising Concerns and Investigations Committee (the RCIC).

**The ESG Committee,** comprises Glencore's CEO, CFO, Head of Industrial Assets, General Counsel, Head of Compliance, Head of Corporate Affairs, Head of Human Resources, Head of HSEC&HR and Head of Sustainability. It also includes senior members of management representing marketing and industrial assets across different commodities. The ESG Committee reviews and considers the various ESG issues, programmes and projects implemented across the Group. It also reviews and approves Group Policies, Standards, Procedures, systems and controls relevant for the corporate functions.

**The BAC, a sub-committee of the ESG,** comprises Glencore's CEO, CFO, General Counsel, Head of Corporate Affairs, Head of Sustainability and, where applicable, heads of departments and corporate functions. It determines and sets guidance and criteria, and reviews business relationships, transactions and counterparties that may give rise to ethical or reputational concerns.

**The RCIC** comprises Glencore's CEO, CFO, General Counsel, Head of Industrial Assets, Head of Human Resources and Head of Compliance. The RCIC oversees the operation of our Raising Concerns Programme and the conduct of investigations and is tasked with ensuring recommendations and sanctions are applied consistently across the Group.

## Group Compliance function structure

Our Group Compliance team is comprised of our full-time corporate and regional teams.

The Corporate Compliance team is responsible for designing, monitoring and continuously improving our Programme. The Corporate Compliance team also provides guidance and advice to the Regional Compliance teams and the business on implementing and embedding our Programme to support consistent application across the organisation.

The Regional Compliance teams are responsible for the implementation of the Programme across regions and commodities. They provide guidance to the business and support our Local Compliance Officers and the network of Compliance Coordinators.

## Risk assessments

To ensure our Programme is appropriately designed, tailored to our business and that resources are adequately allocated, we identify, record and evaluate compliance risks faced by our marketing and industrial segments.

We achieve this by performing an annual Group Compliance risk assessment, which reviews current compliance risks at Group level in a number of risk areas, but focuses in particular on anti-corruption and bribery, given the nature of our business and the geographies in which we operate.

We document these risks in the Group Compliance Risk Register and this forms the basis for the local risk assessments. Through the local risk assessments, these risks are then assessed at appropriate intervals within each office and industrial asset across the Group. These local risk assessments help us evaluate the specific compliance risks faced by each of our businesses, identify and assess the controls in place to mitigate those risks, as well as identify further controls that may be required.

Group and local risk assessments are also an input into the drafting and updating of Group policies, standards, procedures and guidelines, the determination of our training and awareness initiatives and Group Compliance team resourcing needs, as well as the identification of focus areas to be included within the monitoring process.

### Policies, Standards, Procedures and Guidelines

Our Group policy framework encompasses our Values, Code and a suite of Policies, Standards, Procedures and Guidelines on various compliance matters and risks, with a strong emphasis on key risks such as corruption, sanctions, money laundering and market abuse.

This framework reflects our commitment to uphold ethical business practices and to meet, or exceed, applicable laws and external requirements.

Employees can access these documents in up to 11 languages, through various channels. Our offices and industrial assets are responsible for implementing Group documents in their domains and developing and implementing local procedures, consistent with Group policies and standards, but adapted for local risks and requirements.

Explore these polices online at **glencore.com/who-we-are/policies**

## Training, awareness and events

Training supports employees in building the awareness, the knowledge, skills and mindset needed to understand and behave in line with our Values, policies and the law. It is key to establishing a connection with our employees and to motivating ethical and compliant behaviour. We have a comprehensive approach, which includes the right planning, the right expertise and the right delivery to the right audience at the right time. While training is a critical component of our Programme, regular awareness-raising and communication are equally important. We therefore supplement our compliance training with various awareness initiatives, communications, activities and events throughout the year.

## Advice

Our compliance officers are professionals with compliance, legal and audit backgrounds and with expertise in our key areas of compliance risk, including bribery and corruption and market abuse. Due to the fast-paced nature of our business, they are required to respond quickly and effectively to inquiries coming in from the business. They guide the business on changes in laws and regulations, our policies, standards, procedures and guidelines, and how to make appropriate decisions whilst encouraging them to think critically about issues.

The fact that employees are increasingly reaching out to pose questions and raise doubts demonstrates that our advisory, training and awareness efforts are paying off, and that ethics and compliance are considered as key elements in how we conduct our business. In our advisory role, we increasingly see the business self-identifying compliance red flags and bringing them to our attention.

## Monitoring

We continuously monitor and test the implementation of our Programme, via site reviews and desktop reviews (including data analytics projects) to determine its effectiveness and to assess whether it is operationalised and embedded into our business operations. Monitoring activities also enable us to identify opportunities for improvement that help develop and evolve our Programme and respond to changes in our business, the environments we operate in, and applicable laws and regulations.

## Speaking openly and raising concerns

We are committed to creating a culture where everyone feels free to raise concerns in a secure and confidential way. We take confidentiality seriously, and 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.

We have a comprehensive suite of documents which establish a framework for managing concerns, including our Whistleblowing Policy. This policy encourages employees to report concerns, and explains the process for reporting, escalating, investigating and remedying concerns.

Concerns can be raised locally, or reported via our Raising Concerns Programme, our corporate whistleblowing programme managed in Switzerland. It allows whistleblowers to raise concerns anonymously in any of 15 languages.

## Discipline and incentives

We expect all employees to act in accordance with our Values, Code, and Policies, regardless of role and location. Anybody working for Glencore who breaches our Code, Policies or the law, may face disciplinary action, including dismissal.

Group Human Resources is responsible for managing the various discipline and incentive mechanisms and standards. It has implemented a standardised formal behavioural review for the most senior managers worldwide (c. 500 managers) which has the ability to impact their performance bonuses. The review focuses on two main elements:

- the extent to which the individual has applied our Values, Code of Conduct and Policies in his or her work, including any disciplinary action taken against the individual, and
- an assessment of the individual's leadership behaviour, including his or her behaviour towards others.

Specific elements of the review call out the importance of leaders creating an environment where others are encouraged to report issues, actively escalating issues of concern themselves and showing commitment to integrity and the Programme through team hiring and promotion decisions.

# Key topics

## Anti-corruption and bribery

Our Anti-Corruption and Bribery Policy is clear: the offering, providing, authorising, requesting or accepting of bribes is unacceptable, and we do not engage in corruption or bribery, including making facilitation payments. We assess corruption risks within our businesses and work to address these risks through Policies, Standards, Procedures and Guidelines on various topics. These cover our approach to:

- Political contributions
- Political engagement
- Sponsorships, charitable contributions and community investments
- Gifts and entertainment
- Use of petty cash
- Interactions with public officials

## Sanctions and trade controls

Our Sanctions Policy sets out our commitment to complying with all applicable sanctions and restrictive measures, and we generally adhere to United States, European Union, United Nations and Swiss sanctions throughout our business, whether we are legally required to do so or not. We do not participate in transactions designed or intended to evade or facilitate a breach of applicable sanctions or restrictive measures, and we do not conduct business in, or involving any, embargoed territory or sanctions targets. We do not conduct business that would violate any applicable restrictive measures like export controls, trade embargoes or anti-boycott laws, and we do not engage in any sanctionable activity that could result in the designation of Glencore as a sanctions target. We also do not conduct business with sectorally sanctioned entities, which is prohibited by sanctions. We only allow deviations from these general requirements in exceptional circumstances with prior approval from Compliance and Group management and, under all circumstances, these must be compliant with applicable laws.

To manage our sanctions risk exposure and support our efforts to ensure compliance, we implement 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.

As announced in March 2022, we will not enter into any new trading business in respect of Russian origin commodities unless directed by the relevant government authorities. We will continue to honour our legal obligations under pre-existing contracts, subject to meeting all applicable sanctions in accordance with our Sanctions Policy and where it is feasible and safe to perform these contracts.

## Anti-money laundering and anti-tax evasion

Our Anti-Money Laundering Policy sets out our approach to ensuring that we comply with all applicable laws and regulations to prevent money laundering and the facilitation of tax evasion, and appropriately manage the related risks. We do not tolerate tax evasion of any kind and we do not knowingly or wilfully facilitate tax evasion. We implement a number of controls and processes to manage these risks.

## Market conduct

Our Market Conduct Policy sets out our approach to how we comply with market conduct rules specifically relating to market manipulation, insider dealing and unlawful disclosure of inside information. We are committed to complying with all applicable laws, regulations and rules applying to Glencore's activities and behaviour in the physical and commodity derivative or related financial markets.

To manage the risks of market abuse and insider dealing we have implemented a series of Procedures and Guidelines. We provide training on a range of topics including market abuse, benchmark manipulation, inside and confidential information, exchange rules and regulations applicable to specific jurisdictions. We have also made significant investment in trade and communications surveillance including building a dedicated surveillance team along with progressively implementing trade and electronic communications surveillance controls.

## Our business partners

We work with a range of business partners and expect them to share our commitment to ethical business practices and conduct. 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. Through this framework, we seek to comply with applicable laws (including anti-corruption and bribery, sanctions, anti-money laundering and anti-tax evasion) and manage the reputational risks that can arise from engaging with certain types of business partners.

Adherence to our Programme is required for all JVs that we control or operate. For JVs 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, acquisitions and disposals, we conduct thorough pre-transaction due diligence. We incorporate acquired or merged entities which we control or operate into our Programme. When we dispose of our interest in JVs, business undertakings or operations, we conduct due diligence on the purchaser.

## Resolutions and ongoing investigations

Glencore has been subject to a number of investigations over the last few years. Glencore has taken all of these investigations very seriously and our response to the investigations has been overseen by our Investigations Committee, comprised of Non-Executive Directors, led by our Chairman. We have sought to cooperate extensively with the various authorities investigating Glencore in order to resolve these investigations as expeditiously as possible, while also seeking to learn from these investigations in order to support the continuous improvement of our Programme.

In 2022, Glencore announced a number of resolutions of certain long-standing investigations by authorities in the United States, the United Kingdom and Brazil into past practices at certain Group businesses. Separately, in December 2022, Glencore reached an agreement with the Democratic Republic of Congo (DRC) relating to past conduct.

Glencore continues to cooperate with a previously disclosed and ongoing investigation by the Office of the Attorney General of Switzerland (OAG) into Glencore International AG for failure to have the organisational measures in place to prevent alleged corruption, and an investigation of similar scope by the Dutch Public Prosecution Service. The timing and outcome of these investigations remain uncertain.

## Monitorships

Under the terms of our resolutions with the United States Department of Justice (DOJ), independent compliance monitors were appointed to assess and monitor the Company's compliance with the resolutions and evaluate the effectiveness of our Programme and internal controls. The DOJ acknowledged the enhancements we have made to our Programme, but required the appointment of the monitors because the enhancements to the Programme are new and have not been fully implemented or tested.

The monitors were appointed in June 2023 and have recently completed their first review period. During this review period, they undertook various activities including extensive document review and multiple site visits, which involve interviews, transaction testing, and other analysis.

For further information, please see the public announcements on our website:
**glencore.com/investigations**

# Our people

We have over 150,000 employees and contractors, who collectively work to deliver our strategy and support our Values of safety, integrity, responsibility, openness, simplicity and entrepreneurialism. During 2023, we continued our efforts to embed the Group Human Resources Policies and Standards with an emphasis on promoting diversity and inclusion to further enhance our high-performance business.

## Our approach

Through our Group Human Resources Policies and Standards we strive to create and maintain a workplace characterised by equality of opportunity, freedom of association, high performance and integrity. These Policies and Standards support our commitment to being a responsible and ethical operator and assist us in delivering our strategic priorities. Governance of our Group Human Resources Policies and Standards rests with the Board's ECC Committee. Responsibility for delivery and implementation rests with our senior management, including the CEO and heads of corporate functions and commodity departments. Each commodity department has appropriately resourced Human Resources teams in assets and in some cases regions, charged with the day-to-day delivery of Human Resources services in line with the Group Human Resources Policies and Standards. We have also continued to develop and implement our Group Standards and assure against them in an effort to mitigate the inherent risks in our business.

We are also continuing to invest in building our people's skills through training and leadership programmes, designed to improve personal development and performance within our organisation.

## Investing in our people

During 2023, we developed a global e-Learning platform in order to enhance our approach to employee development, aligning with our goal to foster a skilled and agile workforce. 'Advance' is our e-Learning platform which is currently being implemented globally with users across more than 100 sites and 30 countries already using the system. The platform's comprehensive range of courses, from technical skills to soft skills enhancement, seeks to ensure that our employees are equipped with the latest skills and knowledge. Learning paths, already developed in some of our businesses and in progress in others, cater to specific role or individual learning requirements, enhancing the effectiveness of the training. This investment demonstrates our dedication to a culture of continuous learning and development, crucial in adapting to the rapidly evolving business landscape. The global reach of the platform aims to promote inclusivity and diversity and should enable us to develop a more skilled, adaptable, and future-ready workforce.

Our zinc and copper industrial departments offer further examples of our investments in leadership and development.

- Our zinc industrial department continued the rollout of its customised leadership programme which aims to equip its leaders with strong skills to run modern mining and smelting operations. Over 50 leaders have now participated in the programme and approximately two-thirds of the zinc industrial assets are now led by an attendee of the programme. In 2023, senior managers from the zinc and copper marketing departments attended the leadership programme, enabling both the marketing and industrial asset sides of our business to develop a greater understanding of the entire value chain.
- Our copper industrial department completed a review of its approach to leadership development in 2022 which identified the critical development areas that could have the greatest positive impact on the performance of the copper industrial assets. During late 2022 and 2023, more than 400 business leaders contributed to the design of a new Leadership Development Framework. In 2023, five pilot workshops were also completed where programme content was tested. Modules in these workshops included: cultural awareness and mapping; emotional intelligence in a high-risk work environment; effective communication for leaders; and recruitment strategies for senior leaders. In addition, the participants examined a range of business challenges such as decarbonisation strategies, management of change, and effective communication strategies with local communities. In parallel, condensed training sessions were completed in Africa for over 90 supervisors, superintendents and managers. Trainers were also trained in order to equip them with the knowledge and facilitation skills to run these programmes throughout 2024.

### Inclusion

**How we all behave**

The behaviours we consistently and intentionally demonstrate to create a collaborative culture that values our differences, encourages our people to be themselves and enables them to participate and contribute to their full potential.

### Diversity

**Who we all are**

The collection of unique visible and invisible characteristics that make each of us different including, but not limited to, sexual orientation, education, age, ethnicity, cultural background, family status, experience and beliefs.

### Equity

**How we all succeed**

The actions necessary to ensure fair treatment and access to opportunities, resources, programmes and practices for all, especially those who are under-represented or have been historically disadvantaged, such that they can participate fully, regardless of their identity.

### Advancement

**How we all grow**

The removal of barriers that might prevent any person or group of people from developing to their full potential. Different steps may be required to facilitate growth opportunities for under-represented groups.

### Local

**Where it all happens**

There is no 'one size fits all'. Building a more inclusive work environment and removing barriers requires that we set some global priorities and a framework that is customised locally and implemented according to the local context.

## Creating an inclusive, diverse and equitable organisation

We launched our IDEAL approach to building a more diverse and equitable organisation during 2021. During 2023, we developed a maturity progression assessment tool, to assist our businesses in conducting self-assessments based on their current and planned activities. Maturity is assessed based on data points which include action plans being implemented and the gender balance compared to the industry average of mining industry companies in the countries where we conduct the assessment. Our mapping comprises three levels and helps the businesses to identify and prioritise actions that can have the most meaningful impact on their business given the current levels of diversity.

## Maturity mapping classification levels

| Maturity level | Key Focus Areas |
|---|---|
| Foundational | Raising awareness and engagement, setting up action plans and governance across offices and assets. |
| Transitional | Continuing our efforts to optimise Human Resources Policies and processes and achieving at least the industry average and benchmark levels in terms of gender balances. |
| Transformational | Taking IDEAL to the next level, addressing topics beyond gender and working with external certification bodies to benchmark our activities. |

Our ambition is to progress those industrial assets and offices that are categorised as being at the Foundational level to at least the Transitional level by H1 2025, and for all businesses to demonstrate progress towards reaching the Transformational level by the end of 2027. Globally, we have conducted bias and inclusive leadership training for senior leaders to engage them as advocates for IDEAL. To date, we have trained more than 1,000 managers across the different businesses. Globally, we have increased the percentage of female employees to 18% for 2023, slightly above the estimated global industry average. This was supported by a 14% increase of female hires compared to 2022, mainly in our copper, coal and ferroalloys industrial assets and marketing departments.

## A focus on wellbeing, anti-harassment and discipline

Our Group Anti-Harassment Standard sets out the mandatory minimum requirements that must be observed as part of our efforts to protect our people from any form of violence, discrimination and harassment, including sexual harassment, all of which, are clearly defined in the Standard. Many industrial assets continue to develop processes and programmes aimed at further embedding this Standard.

Amongst other requirements, all industrial assets and offices are required to have a documented leadership statement committing to a safe and inclusive workplace, a locally available employee assistance programme in place to support employees' emotional and psychological wellbeing and to ensure that the periodic health risk assessments, as outlined in the Group's Health Standard, include factors that increase the likelihood of violence and harassment. To date, these factors have been included in the health risk assessments for our ferroalloys industrial assets, Coal Australia industrial assets and our nickel industrial asset in Sudbury, Ontario. All industrial assets plan to have these factors included by year-end 2024.

To further commit to and support the management and prevention of harmful behaviours, we launched the Glencore Global Triage Service, a confidential triage based psychological support service managed at the Group Human Resources level. This service, currently operating in a trial mode, is in addition to the locally based employee assistance programmes and can be utilised by Human Resources personnel seeking a more direct interventionist approach to mental health in certain circumstances.

The Group Employment Standard sets clear expectations around the steps we expect our businesses to take to address risk areas including, but not limited to: pay inequality, discrimination and conflicts of interest in recruitment processes. Whilst the Group Employment Standard was rolled out in September 2021, we continue to internally assure against the Standard, monitoring

# Our people *continued*

progress across our global operations. The year concluded on a positive note with an estimated 98% compliance rate against our Standard in Q4 2023 based on internal process audits across all industrial assets and key marketing offices including London, NY, Singapore, Beijing and Baar.

During 2023, we continued to embed our revised Group Discipline Standard through various training programmes aimed at ensuring consistency of disciplinary outcomes globally. The standard now requires that all industrial assets and offices consult with Group Human Resources on the proposed disciplinary sanction prior to the imposition of discipline for serious breaches of our Code of Conduct.

## Workforce composition and development

The majority of our employees work at mine and smelter sites and are employed through full-time employment contracts, with contractors representing approximately 46% of our global workforce in 2023. Around 73% of our workforce is unionised.

Employee turnover in continuing operations was approximately 8% in 2023, with statistically insignificant differences between the retention rates for men and women. The pandemic placed significant operational pressures on many of our businesses and employee turnover increased during that period. Over the course of 2023, we saw the effect of the organisational responses to that increase and employee turnover in many markets returned to pre-pandemic levels.

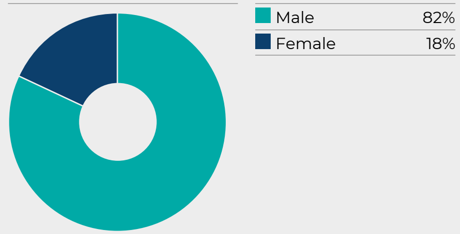
In 2023, we had no strikes across our operations lasting longer than a week.

## Living wage

Paying a living wage to our employees is a cornerstone of our efforts to promote fair employee compensation. During 2023, we completed a comprehensive review in five countries (Australia, Democratic Republic of the Congo, Colombia, Kazakhstan and South Africa), covering nearly 75% of our global employees. Local data was provided by the Business for Social Responsibility (BSR) and highlighted that employees in these countries are generally paid well above the local living wage. Building on this success, our goal is now to extend this review to all countries in which we operate, as part of our efforts to provide employees worldwide with compensation above the local living wage.

## 2023 diversity metrics

### Diversity of employees globally



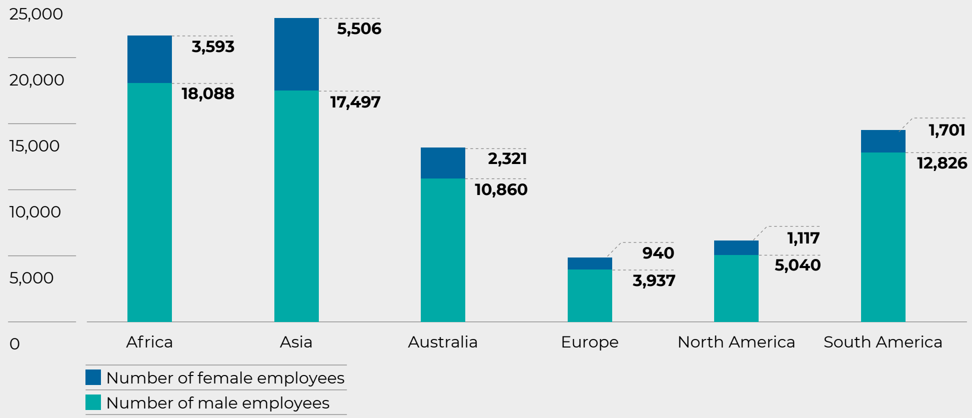

Glencore tracks and reports on progress on senior management diversity by following the FTSE Women Leaders Review and Parker Review methodology.

| Review submitted | % of women | % of ethnic minority |
|---|---|---|
| FTSE Women Leaders Review | 32% | – |
| Parker Review | – | 13%* |

* Based on self-identification survey conducted with senior leaders. For purposes of this survey, 71 senior leaders were identified for 2023, which we define as senior employees that operate across departments and commodities, and departmental leadership, whose focus is on a particular commodity or set of commodities

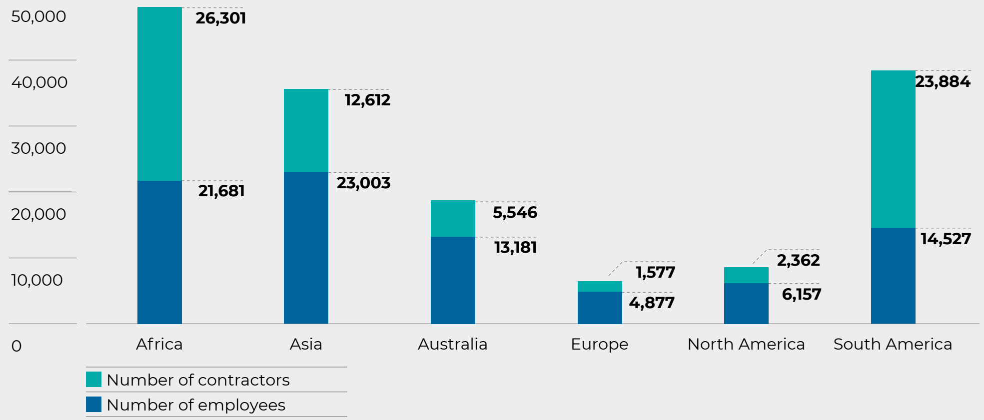
### Gender balance of employees

Male: 68,248  Female: 15,178




### Employment type

Employees: 83,426  Contractors: 72,282



# Financial and operational review

## Financial results

Following 2022, a year characterised by extreme global macroeconomic and geopolitical events resulting in extraordinary energy market dislocation, volatility, risk, supply disruptions and record prices for various coal and gas benchmarks, 2023 has, for the most part, seen international energy trade flows rebalance and normalise, with coal and LNG, and to a lesser extent, oil prices materially declining. In this context, income for the year attributable to equity holders decreased from $17,320 million in 2022 to $4,280 million in 2023, after recognising various significant items (particularly impairments in our metals industrial assets where cost inflation, higher discount rates and lower cobalt hydroxide price assumptions had the largest impact) as discussed below. EPS decreased from $1.33 per share to $0.34 per share.

Further to such a vastly different energy environment, the presence of inflation, tighter monetary conditions and limited growth in many large economies, contributed to average period-over-period metal price reductions in copper, cobalt, nickel and zinc of 4%, 50%, 16% and 24% respectively. Overall, largely reflecting the lower commodity prices and market volatility, Adjusted EBITDA was $17,102 million and Adjusted EBIT was $10,392 million in 2023, compared to $34,060 million and $26,657 million in 2022.

The 2023 Adjusted EBIT contribution from the Marketing segment was $3,450 million, a decrease of 46% from the record 2022 period, reflecting the return to a more stable market environment, following the extreme market volatility levels, dislocations and complexities exhibited during 2022.

The Adjusted EBITDA contribution from the Industrial segment was $13,202 million, a decrease of 52% year-over-year, largely due to lower coal prices, where average Newc and API4 index prices were down 52% and 55% respectively, compared to 2022. Cobalt metal pricing and low payabilities for cobalt hydroxides weighed heavily on our African Copper operations, while own source production was lower at INO and Murrin Murrin (nickel), due, respectively, to a lengthy prior year strike and a scheduled maintenance shut-down. Adjusted EBITDA mining margins were 23% in our metal operations and 49% in our energy operations, compared to 36% and 66% respectively in 2022. See pages 94 and 95.

## Market conditions

### Selected average commodity prices

| | **Spot 31 Dec 2023** | Spot 31 Dec 2022 | **Average 2023** | Average 2022 | Change in average % |
|---|---|---|---|---|---|
| S&P GSCI Industrial Metals Index | **423** | 451 | **427** | 480 | (11) |
| S&P GSCI Energy Index | **245** | 288 | **266** | 334 | (20) |
| | | | | | |
| LME (cash) copper price ($/t) | **8,464** | 8,365 | **8,485** | 8,805 | (4) |
| LME (cash) zinc price ($/t) | **2,640** | 3,003 | **2,650** | 3,475 | (24) |
| LME (cash) lead price ($/t) | **2,035** | 2,337 | **2,137** | 2,147 | – |
| LME (cash) nickel price ($/t) | **16,375** | 29,886 | **21,487** | 25,623 | (16) |
| Gold price ($/oz) | **2,063** | 1,824 | **1,943** | 1,802 | 8 |
| Silver price ($/oz) | **24** | 24 | **23** | 22 | 5 |
| Fastmarkets cobalt standard grade, Rotterdam ($/lb) (low-end) | **13** | 19 | **15** | 30 | (50) |
| Ferro-chrome 50% Cr import, CIF main Chinese ports, contained Cr (¢/lb) | **96** | 100 | **102** | 106 | (4) |
| Iron ore (Platts 62% CFR North China) price ($/DMT) | **130** | 112 | **114** | 113 | 1 |
| | | | | | |
| Coal API4 ($/t) | **98** | 185 | **121** | 271 | (55) |
| Coal Newcastle (6,000) ($/t) | **149** | 399 | **173** | 360 | (52) |
| Coal HCC ($/t) | **326** | 263 | **296** | 363 | (18) |
| Dutch TTF Natural Gas 1-Month Forward ($/MWh) | **35** | 79 | **44** | 138 | (68) |
| Oil price – Brent ($/bbl) | **77** | 86 | **82** | 99 | (17) |

### Currency table

| | **Spot 31 Dec 2023** | Spot 31 Dec 2022 | **Average 2023** | Average 2022 | Change in average % |
|---|---|---|---|---|---|
| AUD : USD | 0.68 | 0.68 | **0.66** | 0.69 | (4) |
| USD : CAD | 1.32 | 1.36 | **1.35** | 1.30 | 4 |
| EUR : USD | 1.10 | 1.08 | **1.08** | 1.05 | 3 |
| GBP : USD | 1.27 | 1.20 | **1.24** | 1.23 | 1 |
| USD : CHF | 0.84 | 0.92 | **0.90** | 0.95 | (5) |
| USD : KZT | 456 | 463 | **457** | 461 | (1) |
| USD : ZAR | 18.36 | 17.04 | **18.46** | 16.37 | 13 |

## Marketing activities

Marketing delivered strong results, in a return to a more normal backdrop, following the elevated levels of market volatility, disruption and rapidly changing global commodity flows which characterised much of 2022 as noted above. Such rebalancing and calming of markets can be seen in our lower reported VaR levels, discussed below. Marketing Adjusted EBITDA and EBIT decreased, respectively, over prior year, by 43% to $3,900 million and by 46% to $3,450 million, driven by our oil and gas department's exceptionally high base period.

Metals and minerals Adjusted EBIT was up 5% over 2022, reflecting broadly consistent physical marketing conditions for many of our most important commodities. However, various battery industry metals, notably cobalt, nickel and lithium, experienced a challenging market backdrop, characterised by extensive raw material production growth, resulting oversupply, and significant price declines during the period.

Viterra EBITDA was $2.1 billion (2022: $2.0 billion). Our 50% share of earnings (captured within Corporate and Other) was $321 million (post-interest and tax) compared to $494 million in the prior year. In June 2023, Glencore agreed to dispose of its interest in Viterra in a cash-and-shares transaction with Bunge (see note 16).

## Industrial activities

Industrial Adjusted EBITDA decreased by 52% to $13,202 million (Adjusted EBIT was $6,942 million, compared to $20,275 million in 2022), mainly driven by a $9.9 billion lower contribution from our Coal operations, owing to the substantial average year-over-year decreases in key pricing benchmarks, as well as markedly lower cobalt hydroxide realisations, and nickel and zinc prices.

### Adjusted EBITDA/EBIT◊

Adjusted EBITDA by business segment is as follows:

| US$ million | 2023 Marketing activities | 2023 Industrial activities | 2023 Adjusted EBITDA | 2022 Marketing activities | 2022 Industrial activities | 2022 Adjusted EBITDA | Change % |
|---|---|---|---|---|---|---|---|
| Metals and minerals | **1,774** | **5,445** | **7,219** | 1,694 | 9,274 | 10,968 | (34) |
| Energy products | **2,098** | **8,452** | **10,550** | 5,558 | 18,590 | 24,148 | (56) |
| Corporate and other[1] | **28** | **(695)** | **(667)** | (457) | (599) | (1,056) | (37) |
| **Total** | **3,900** | **13,202** | **17,102** | 6,795 | 27,265 | 34,060 | (50) |

Adjusted EBIT by business segment is as follows:

| US$ million | 2023 Marketing activities | 2023 Industrial activities | 2023 Adjusted EBIT | 2022 Marketing activities | 2022 Industrial activities | 2022 Adjusted EBIT | Change % |
|---|---|---|---|---|---|---|---|
| Metals and minerals | **1,714** | **1,551** | **3,265** | 1,640 | 5,082 | 6,722 | (51) |
| Energy products | **1,708** | **6,132** | **7,840** | 5,199 | 15,850 | 21,049 | (63) |
| Corporate and other[1] | **28** | **(741)** | **(713)** | (457) | (657) | (1,114) | (36) |
| **Total** | **3,450** | **6,942** | **10,392** | 6,382 | 20,275 | 26,657 | (61) |

1. Corporate and other Marketing activities includes $321 million (2022: $494 million) of Glencore's equity accounted share of Viterra.

## 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 2023, Glencore recognised a net expense, after tax and non-controlling interests, of $2,418 million (2022: $1,562 million) in significant items comprised of:

- Expenses of $90 million (2022: $9 million) relating to Glencore's share of significant expenses recognised directly by our associates.
- Viterra share in earnings of $186 million, relating to the period following the held for sale accounting classification as at 30 June 2023 (no statutory earnings have since been recognised), as Glencore, for segmental and internal reporting and analysis purposes, continues to report its equity accounted share of Viterra earnings. See notes 2 and 16.
- Movement in unrealised inter-segment profit elimination of $258 million (2022: $1,176 million). See note 2.
- Gain on acquisitions and disposals of non-current assets of $850 million (2022: $1,287 million), primarily related to the disposal of Cobar ($585 million) in June 2023 and from the acquisition of the remaining 56.25% in MARA project ($224 million). The 2022 gain resulted from the acquisition of the remaining 66.67% interest in Cerrejón ($1,029 million) and the disposal of Ernest Henry ($512 million). See note 4.
- Other expense – net of $1,091 million (2022: $911 million) see note 5. Balance primarily comprises:
  - $46 million (2022: net loss of $349 million) of net foreign exchange gains, whereby 2022 primarily relates to realised foreign currency losses, recycled from other comprehensive income, recognised in respect of an intragroup restructuring.
  - $103 million (2022: $106 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, the ARM Coal non-discretionary dividend obligation and long-term fixed price forward physical energy contracts related to certain European smelters.
  - $168 million (2022: $302 million) relating to various legal matters and related costs (legal, expert, compliance), including in respect of the government investigations and monitorships (see notes 23 and 31).
  - $503 million (2022: $370 million) of closed site rehabilitation provisioning, being the movements in restoration, rehabilitation and decommissioning estimates relating to sites that are no longer operational.

## 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 | 2023 | 2022 |
|---|---|---|
| Adjusted EBIT◊ | **10,392** | 26,657 |
| Net finance and income tax expense in relevant material associates and joint ventures[1] | **(554)** | (710) |
| Proportionate adjustment Volcan[1] | **222** | 62 |
| Net finance costs | **(1,900)** | (1,336) |
| Income tax expense[2] | **(2,170)** | (6,169) |
| Non-controlling interests | **708** | 378 |
| **Income attributable to equity holders of the Parent pre-significant items◊** | **6,698** | 18,882 |
| Earnings per share (Basic) pre-significant items (US$)[3 ◊] | **0.53** | 1.45 |
| | | |
| **Significant items◊** | | |
| Share of Associates' significant items[4] | **(90)** | (9) |
| Viterra share in earnings post held for sale classification | **(186)** | – |
| Movement in unrealised inter-segment profit elimination[5] | **258** | 1,176 |
| Gain on acquisitions and disposals of non-current assets[6] | **850** | 1,287 |
| Other expense – net[7] | **(1,091)** | (911) |
| Impairments[8] | **(2,484)** | (3,337) |
| Income tax expense[2] | **(37)** | (199) |
| Non-controlling interests' share of significant items[9] | **362** | 431 |
| **Total significant items** | **(2,418)** | (1,562) |
| **Income attributable to equity holders of the Parent** | **4,280** | 17,320 |
| Earnings per share (Basic) (US$)[3] | **0.34** | 1.33 |

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 18 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 income/(expense) – net, see note 5 of the financial statements and to APMs section for reconciliations.
8. Refer to notes 7 and 11 of the financial statements and to APMs section for reconciliations.
9. Recognised within non-controlling interests, refer to APMs section.

- Impairments of $2,484 million (2022: $3,337 million), see note 7. The corresponding net impact, after income taxes and non-controlling interests was $1,672 million (2022: $2,341 million). The 2023 charge is net of a reversal of $138 million at our Astron oil refinery, owing to an improved refining margin outlook, with the post-tax impairment charges relating primarily to:
  - our Mutanda operation ($762 million), due to lower cobalt hydroxide price assumptions and mine planning changes;
  - our zinc/lead operations at McArthur River ($118 million) and Kazakhstan ($196 million), due mainly to significant changes to key macro-estimates, including higher discount rates associated with the higher long-term interest rate environment;
  - the Nordenham zinc/lead smelting plant ($191 million), due to updated assumptions projecting an extended challenging margin environment; and
  - the Mopani advance ($156 million), reflecting the latest restructuring discussions.
  - The 2022 charge on a post-tax basis primarily related to Mt. Isa Copper ($460 million), Mt. Isa Zinc ($318 million), Zhairem ($148 million) and Koniambo ($227 million), due to significant changes to key macro estimates, heavily influenced by the Russia/Ukraine war, and operational challenges in certain areas, the Mopani advance ($422 million) and outstanding VAT claims in the DRC of $632 million.
- Income tax expense of $37 million (2022: $199 million) – see income taxes below.

### Net finance costs

Net finance costs were $1,900 million during 2023, a 42% increase compared to $1,336 million in the comparable reporting period. Interest expense for 2023 was $2,515 million, up 42% over 2022, due to higher average floating base rates (mainly SOFR). Interest income was $615 million compared to $435 million in the prior year, also due to the higher average floating base rates. See note 6.

### Income taxes

An income tax expense of $2,207 million was recognised during 2023, compared to an expense of $6,368 million in 2022. Adjusting for $37 million of income tax expenses (2022: $199 million) relating to significant items (primarily on account of impairments, foreign exchange fluctuations and tax losses not recognised), the 2023 pre-significant items tax expense was $2,170 million (2022: $6,169 million). The calculated effective tax rate, pre-significant items, was 33.6%, compared to 28.1% in 2022.

## Statement of financial position

### Current and non-current assets

Total assets were $123,869 million as at 31 December 2023, compared to $132,583 million as at 31 December 2022. Current assets decreased from $69,223 million to $64,042 million, due primarily to a decrease in receivables, including margin calls paid in respect of the Group's hedging activities, and inventories on account of lower commodity prices at year end relative to the prior year. Non-current assets decreased from $63,360 million to $59,827 million, primarily due to $1,710 million of impairments to property, plant and equipment and $2,990 million of asset values reclassified to held for sale (see below and notes 10 and 16).

### Current and non-current liabilities

Total liabilities were $85,632 million as at 31 December 2023, compared to $87,364 million as at 31 December 2022. Current liabilities decreased from $53,420 million to $49,478 million, primarily due to a decrease in income tax payable of $2,824 million, following the settlement of 2022 income tax accruals, notably in Australia and Colombia. Current borrowings increased by $1,040 million (see note 21). Non-current liabilities increased from $33,944 million to $36,154 million, primarily due to an increase of non-current borrowings (see note 21).

Movements relating to current and non-current borrowings are set out below in the net funding and net debt movement reconciliation and in note 21.

### Equity

Total equity was $38,237 million as at 31 December 2023, compared to $45,219 million as at 31 December 2022, the movements being primarily the income for the year of $3,210 million, including non-controlling interests and a decrease in other comprehensive income noted below, offset by shareholder distributions and buybacks ($10,122 million) concluded during the year.

### Other comprehensive income/(loss)

A loss of $262 million was recognised during 2023, compared to a loss of $788 million in 2022, primarily relating to net mark-to-market losses of $94 million (2022: $1,124 million) with respect to various minority investments (see note 11), net defined benefit plan remeasurements of $33 million (2022: gain of $231 million) and exchange losses on translation of foreign operations of $190 million (2022: $307 million), being primarily our South African ZAR-denominated subsidiaries, offset by foreign exchange losses recycled to the statement of income of $3 million (2022: $481 million).

## Cash flow and net funding/debt

The reconciliation in the table above 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 items.

Net funding as at 31 December 2023 increased by $3.6 billion to $31.1 billion and net debt (net funding less readily marketable inventories) increased by $4.8 billion to $4.9 billion. Funds from operations were $9.5 billion, significantly impacted in the current year, having absorbed the lag effect of settlement in H1 2023 of $2.7 billion of 2022 final income tax payments, in Australia and Colombia, due to high coal-concentrated industrial earnings in 2022.

Readily marketable inventories (RMI) reduced by $1.3 billion, while $2.8 billion of net non-RMI working capital inflows were realised during the period, mainly on account of a reduction in net margin calls and lower net physical forward commodity contract valuations, primarily due to lower energy prices (oil, gas, coal). Noting these various inflows, after funding $5.6 billion of net capital expenditure and $10.1 billion of shareholder distributions and buybacks, the net funding increase over the year was contained to $3.6 billion, with net debt increasing to $4.9 billion.

## Business and investment acquisitions and disposals

Net outflows from business and investment disposals/acquisitions were $614 million over the year, compared to an inflow of $737 million in 2022. The net outflow mainly comprises purchases of the remaining interests, not previously owned, in the MARA project ($290 million) and Noranda Income Fund (Canadian electrolytic zinc refinery) ($199 million) and a 30% stake in the Alunorte alumina operation in Brazil ($678 million), offset by the proceeds from the sale of Cobar ($791 million). The net inflow in 2022 mainly comprises the proceeds from the sale of Ernest Henry for $584 million (see note 26).

## Cash flow and net funding/debt

### Net funding

| US$ million | **31.12.2023** | 31.12.2022 |
|---|---|---|
| Total borrowings as per financial statements | **32,241** | 28,777 |
| Proportionate adjustment – net funding[1] | **746** | 646 |
| Cash and cash equivalents | **(1,925)** | (1,923) |
| **Net funding ◊** | **31,062** | 27,500 |

1. Refer to APMs section for definition and reconciliations.

### Cash and non-cash movements in net funding

| US$ million | **2023** | 2022 |
|---|---|---|
| Cash generated by operating activities before working capital changes, interest and tax | **15,117** | 32,915 |
| Proportionate adjustment – Adjusted EBITDA[1] | **2,068** | 2,402 |
| Non-cash adjustments included within EBITDA | **46** | 35 |
| Net interest paid[1] | **(1,278)** | (1,069) |
| Tax paid[1] | **(7,069)** | (5,904) |
| Dividends received from associates[1] | **568** | 559 |
| **Funds from operations ◊** | **9,452** | 28,938 |
| | | |
| Net working capital changes[2] | **4,105** | (13,483) |
| Increase in long-term advances and loans[2] | **–** | (200) |
| Acquisition and disposal of subsidiaries – net[2] | **344** | 609 |
| Purchase and sale of investments – net[2] | **(890)** | 128 |
| Purchase and sale of property, plant and equipment – net[2] | **(5,561)** | (4,543) |
| Margin receipts/(payments) in respect of financing-related hedging activities | **897** | (1,824) |
| Proceeds paid on acquisition of non-controlling interests in subsidiaries | **(68)** | – |
| Distributions paid and transactions of own shares – net | **(10,130)** | (7,539) |
| **Cash movement in net funding** | **(1,851)** | 2,086 |
| Net funding acquired in business combinations | **(16)** | (20) |
| Change in lease obligations | **(841)** | (379) |
| Foreign currency revaluation of borrowings and other non-cash items | **(854)** | 1,650 |
| **Total movement in net funding** | **(3,562)** | 3,337 |
| Net funding ◊, beginning of the year | **(27,500)** | (30,837) |
| Net funding ◊, end of year | **(31,062)** | (27,500) |
| Less: Readily marketable inventories[2] | **26,145** | 27,425 |
| Net debt◊, end of year | **(4,917)** | (75) |

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

## Liquidity and funding activities

In April 2023 (effective May 2023), Glencore refinanced its core short- and medium-term revolving credit facilities. As at 31 December 2023, the overall facilities comprise:

- $9,060 million one-year revolving credit facility with a one-year borrower's term-out option (to May 2025); and
- $3,900 million medium-term revolving credit facility (to May 2028).

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.

As at 31 December 2023, Glencore had available committed liquidity amounting to $12.9 billion (31 December 2022: $13.0 billion).

### 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 from Moody's and BBB+ from Standard & Poor's. Glencore's publicly stated objective, as part of its overall financial policy package, is to seek and maintain a minimum of 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, previously augmented by a Net debt cap of c.$10 billion, which we have reduced to c.$5 billion, following the announcement of the acquisition of a 77% interest in EVR, alongside our continued commitment to minimum strong Baa/BBB ratings.

### Distributions

In accordance with the Company's shareholder return policy, the Directors have recommended a 2023 financial year base cash distribution of $0.13 per share amounting to $1.6 billion, accounting for own shares held as at 1 February 2023, whereby payment will be effected as a $0.065 per share distribution in June 2024 and a $0.065 per share distribution in September 2024 (in accordance with the Company's announcement of the 2024 Distribution timetable made on 21 February 2024).

The cash 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 2023, Glencore plc had CHF 9 billion of such capital contribution reserves in its statutory accounts. The distribution is subject to shareholders' approval at Glencore's AGM on 29 May 2024.

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 at the 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 (www.glencore.com) or from the Company's Registrars.

### Board changes

In May 2023, Patrice Merrin retired from the Board. Following her retirement, the following changes in the composition of the Board Committees were made:

- ECC Committee: Cynthia Carroll replaced Patrice Merrin as Chair of the Committee;
- Remuneration Committee: Martin Gilbert replaced Cynthia Carroll as Chair of the Committee. Cynthia Carroll remains a member of the Committee;
- Investigations Committee: Liz Hewitt replaced Patrice Merrin as a member of the Committee.

## Non-Financial and Sustainability Information Statement

| Reporting requirements | Policies | Reference in 2023 Annual Report |
|---|---|---|
| 1. Environmental Matters | • Environmental Policy<br>• Code of Conduct<br>• Tailings Storage Facility Policy<br>• Supplier Code of Conduct<br>• Responsible Sourcing Policy | • TCFD, page 23<br>• Sustainability, page 62<br>• Risk management, page 105 |
| 2. Employees | • Code of Conduct<br>• SafeWork programme<br>• Environmental Policy<br>• Health and Safety Policy<br>• Equality of Opportunity Policy<br>• Diversity and Inclusion Policy<br>• Whistleblowing Policy | • Our people, page 75<br>• Ethics and compliance, page 71<br>• Risk management, page 105<br>• HSEC Committee report, page 132<br>• Low-carbon economy transition-related risks, page 113 |
| 3. Human Rights | • Human Rights Policy<br>• Annual Modern Slavery Statement<br>• Code of Conduct | • Sustainability, page 62<br>• Risk management, page 105 |
| 4. Social Matters | • Code of Conduct<br>• Social Performance Policy<br>• Supplier Code of Conduct<br>• Responsible Sourcing Policy | • Sustainability, page 62<br>• Our people, page 75<br>• Risk management, page 105 |
| 5. Anti-corruption and anti-bribery | • Code of Conduct<br>• Anti-money Laundering Policy<br>• Competition Law Policy<br>• Anti-corruption Policy<br>• Conflict of Interest Policy<br>• Fraud Policy<br>• Information Governance Policy<br>• Market Conduct Policy<br>• Sanctions Policy<br>• Whistleblowing Policy<br>• Inside Information and Securities Dealing Policy | • Ethics and compliance, page 71<br>• Risk management, page 105 |
| 6. Business model | | • Our business model, page 12 |
| 7. Principal Risks and Uncertainties | • Enterprise Risk Management Policy | • Risk management, page 105 |
| 8. Non-financial key performance indicators | | • Key performance indicators, page 21 |

### Basis of presentation

The financial information in the Financial and Operational Review is presented on a segmental measurement basis, including any 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 using the equity method for internal reporting and analysis due to the relatively low economic interest (23%) held by the Group. As at 31 December 2023, the carrying amounts of Volcan assets and liabilities are classified as held for sale (see note 16).

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 assesses 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.

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.

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 283.

# Marketing activities

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

## Market insight and customer understanding

Our global scale and presence in more than 60 commodities and over 30 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 opportunities. Our use of hedging instruments results in profitability being largely determined by these activities rather than by absolute price movements.

## 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.

## 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.

## 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.

## 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.

# Marketing activities *continued*

## Highlights

Marketing Adjusted EBIT of $3,450 million was a strong result by historical standards (top-three over the past 10 years) and above our long-term, through the cycle, range of $2.2–$3.2 billion p.a. However, primarily reflecting a rebalancing of energy markets following the severe disruptions and elevated market volatilities experienced in 2022, Marketing Adjusted EBIT for 2023 was 46% lower than in 2022. The associated risk backdrop also normalised somewhat, as shown in the Value at Risk analysis discussed in note 27.

Metals and minerals Adjusted EBIT of $1,714 million was 5% higher than in 2022, reflecting broadly consistent physical marketing conditions for many of our most important commodities, not withstanding the rising input cost and interest rate environment. However, various battery industry metals, notably cobalt, nickel and lithium, experienced a challenging market backdrop, characterised by extensive raw material production growth, resulting oversupply, and significant price declines during the period.

Adjusted EBIT from the Energy products business was $1,708 million, 67% below the record-setting prior year, owing to a rebalancing and normalisation of international energy trade flows, where 2022 was characterised by extreme market volatility and dislocation. Natural gas and coal prices, in particular, trended materially lower during 2023.

Viterra EBITDA was $2.1 billion (2022: $2.0 billion). Our 50% share of earnings (reported within corporate and other) contributed $321 million (post-interest and tax), which was 35% lower than in 2022. In June 2023, Glencore agreed to sell its interest in Viterra to Bunge in a cash-and-shares deal expected to complete in mid-2024 (see note 16).

## Financial overview

| US$ million | **Metals and minerals** | **Energy products** | **Corporate and other[1]** | **2023** | Metals and minerals | Energy products | Corporate and other[1] | 2022 |
|---|---|---|---|---|---|---|---|---|
| Revenue | **69,293** | **117,415** | **–** | **186,708** | 77,382 | 137,720 | – | 215,102 |
| Adjusted EBITDA◊ | **1,774** | **2,098** | **28** | **3,900** | 1,694 | 5,558 | (457) | 6,795 |
| Adjusted EBIT◊ | **1,714** | **1,708** | **28** | **3,450** | 1,640 | 5,199 | (457) | 6,382 |
| Adjusted EBITDA margin | **2.6%** | **1.8%** | **n.m.** | **2.1%** | 2.2% | 4.0% | n.m. | 3.2% |

1. Corporate and other Marketing activities includes $321 million (2022: $494 million) of Glencore's equity accounted share of Viterra.

### Selected marketing volumes sold

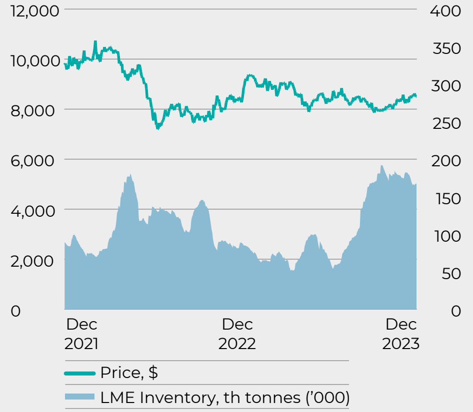
| | Units | **2023** | 2022 | Change % |
|---|---|---|---|---|
| Copper metal and concentrates[1] | mt | **3.3** | 3.6 | (8) |
| Zinc metal and concentrates[1] | mt | **2.5** | 2.4 | 4 |
| Lead metal and concentrates[1] | mt | **0.7** | 0.8 | (13) |
| Gold | moz | **2.1** | 1.9 | 11 |
| Silver | moz | **50.9** | 69.0 | (26) |
| Nickel | kt | **234** | 263 | (11) |
| Ferroalloys (incl. agency) | mt | **9.6** | 8.4 | 14 |
| Alumina/aluminium | mt | **10.2** | 10.0 | 2 |
| Iron ore | mt | **78.4** | 71.0 | 10 |
| Thermal coal[2] | mt | **73.0** | 78.4 | (7) |
| Metallurgical coal[2] | mt | **1.9** | 2.5 | (24) |
| Crude oil | mbbl | **645** | 535 | 21 |
| Oil products | mbbl | **558** | 544 | 3 |

1. Estimated metal unit contained.
2. Includes agency volumes.

# Marketing activities *continued*

## Copper

**LME copper**
($/t)



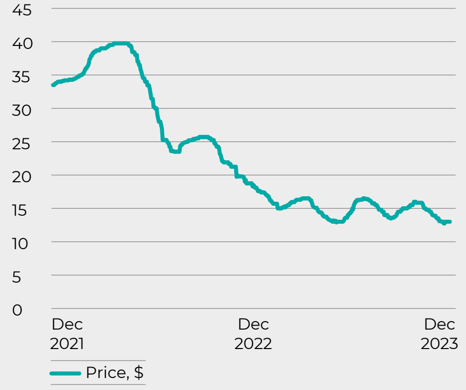

After starting the year at $8,365/t (LME cash price), strong demand from China, together with weak mine supply growth, saw exchange and Shanghai-bonded inventories draw rapidly after the Lunar New Year, driving the price above $9,000/t. Despite the emergence of speculative short positioning during the year, prices overall remained supported by a tightly balanced market, low visible inventories, and strong energy transition demand. LME cash copper price ended 2023 at $8,464/t.

Spot smelter treatment and refining charges (TC/RCs) moved higher towards the end of the first half, amid Chinese smelter maintenance, easing disruptions to concentrate supply, and expectations of strong mine supply growth. China's Smelters Purchase Team (CSPT) set its Q3 2023 and Q4 2023 concentrate import buying guidance at $95/t and 9.5c/lb, the highest level in five years. However, due to unforeseen and significant impacts to mine supply in late 2023, and amid scheduled expansions in smelting capacity, TC/RCs fell sharply towards year end, with China's smelters securing concentrate around $62.5/t and 6.25c/lb as competition increased. TC/RCs have continued to decline; in early February 2024, spot rates had fallen to $26.1/t and 2.61c/lb.

Over the year ahead, we expect mine supply growth to continue to be constrained by ageing assets, a diminished project pipeline, and geopolitical conditions, with new projects likely to experience delays. On the demand side, energy transition-related demand increased and is expected to be a key driver again in 2024. In the longer term, demand will be influenced by population growth and expected rising living standards in emerging economies, supported by global climate policy and decarbonisation measures. The latter is expected to result in increased copper use, given copper's crucial role in accelerating the energy transition, with applications in renewable power generation and distribution, energy storage and electric vehicles.

## Cobalt

**Fastmarkets cobalt standard grade (low-end)** ($/lb)




Cobalt metal prices began 2023 on a downward trend, dropping from $18.75/lb at the start of the year to $15/lb by late February. After the Lunar New Year, consumer goods demand improved and hydroxide availability tightened, with prices increasing into the mid-$16s/lb by April. Elsewhere, demand in key metal segments, such as aerospace, continued to post double-digit growth. However, from mid-Q2 2023, the cobalt market was heavily impacted by oversupply, in the form of increased mine production and the resumption of sales from a key mine in the DRC, ending the year at c.$13/lb.

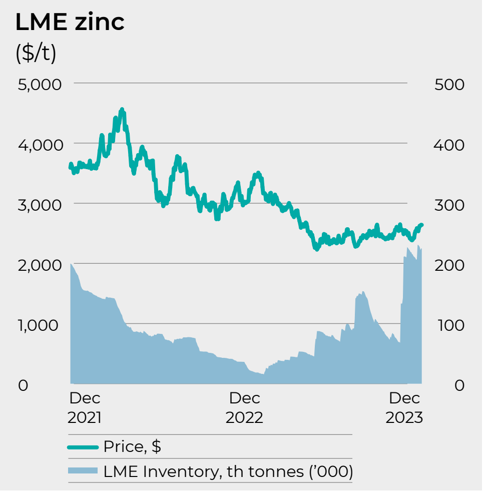
Cobalt hydroxide payability commenced the year around 58%–61%, reflecting the large hydroxide inventory overhang that stemmed from weak consumer goods demand in 2022. By May, the range weakened to 51%–53% and mostly held in the low 50s for the rest of 2023, noting the hydroxide supply additions above.

In 2023, the cobalt market was heavily influenced by negative supply and demand factors, resulting in continued inventory build. Consumer electronics demand, which still rivals Electric Vehicles (EVs) among the largest demand segments, stabilised after the demand shock of 2022, but has been slow to return to growth. EV supply chain demand for mined material was impacted by destocking activity in 2023.

We believe cobalt's longer-term demand fundamentals remain positive, as sales of electric vehicles are projected to increase in Western markets. Factors that recently limited Western EV demand are expected to ease as markets move beyond peak interest rates, supply chain investments gain policy support, and costs benefit from increasing economies of scale. A raft of new EV models are expected to be released over the next 12–24 months, which is likely to stimulate fresh demand. We therefore expect excess cobalt hydroxide stocks to erode as demand sectors move into periods of synchronised growth, potentially accelerated by strategic stockpiling of critical minerals.

# Marketing activities *continued*

## Zinc



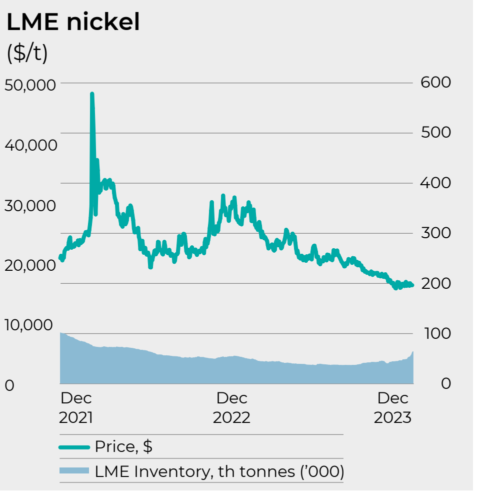

Global macroeconomic concerns weighed on the zinc market in 2023, with the average LME cash zinc price falling by 24% from $3,485/t in 2022 to $2,649/t in 2023. The drop in prices led to various mine supply cuts which, combined with China's increased zinc concentrates demand/refined metals production, pressured treatment charges (spot TCs fell from c.$275/dmt at the start of 2023 to $80/dmt by the end of the year), resulting in a concentrates market deficit and metals inventory build. According to industry estimates, global mine supply fell by c.0.3Mt in 2023.

LME and SHFE inventories rebounded from the historical lows seen in 2022, with refined metal premia falling from the historically high levels seen at the end of 2022/early 2023. Nonetheless, at c.5–6 days of global consumption, refined metal stocks on LME and SHFE are still very low by historical standards, while average metal premia in Europe and the US in 2023 were more than double the average annual level of 2019–2021.

On the demand side, after a sluggish start to 2023, our estimates suggest strong demand growth in China, supported by infrastructure build and automotive output, offsetting the weak property sector. China also resumed zinc metal imports in 2023, with net imports rising from almost zero in 2022 to 371kt. In Europe, demand remained weak, as the impact of the earlier energy crisis and higher interest rates continued to affect industrial output.

In the lead market, various supply disruptions also impacted concentrates availability during 2023, driving spot TCs 21% lower from an average $103/dmt in 2022 to $81/dmt in 2023. The average LME cash lead price remained virtually unchanged vs. 2022, declining by 1% to average $2,137/t.

## Nickel

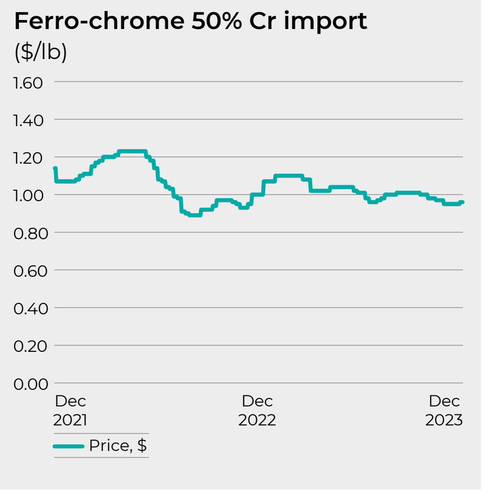



Nickel prices came under significant pressure in 2023, as new capacity for the conversion of low-grade nickel into nickel cathode was commissioned, extending the persistent oversupply of low-grade nickel products into nickel metal. From this new capacity, three cathode brands were registered as LME-deliverable in 2023 and more are expected to be registered in 2024. Reflecting this, the nickel price decreased by c.50% over the course of the year, and basis the current multi-year low LME Nickel cash price range (c.$15–17k/t), it is estimated that a large portion of global nickel production is operating at negative margins.

In addition to the challenges around supply, demand remained uncertain, with ongoing macroeconomic headwinds. Battery demand, which has been growing exponentially in recent years, is expected to grow at a slower rate in the short term, as some EV manufacturers scale back sales forecasts. Demand from the stainless steel and alloy sectors has continued to increase, but total demand is unable to absorb the large supply additions to the market, which consequently remains oversupplied.

## Marketing activities *continued*

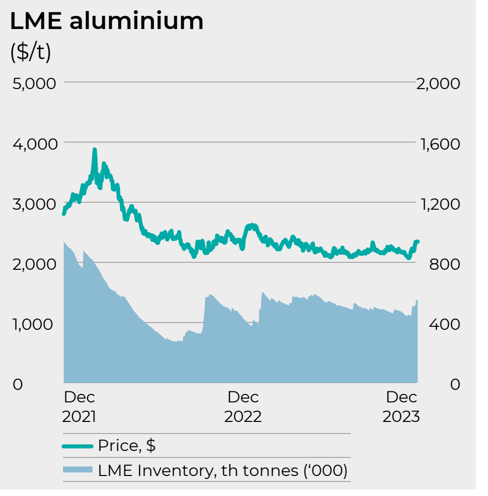
### Ferroalloys




Ferrochrome production in China increased by 14% in 2023, which more than offset a decrease in the Rest of World output. Robust chrome ore demand and logistical constraints out of South Africa led to elevated chrome ore prices throughout 2023. Non-Chinese ferrochrome producers scaled back some production as conversion spreads reached historic lows.

Global vanadium demand fell due to a slowdown in the construction sectors in China and Europe. Combined with new supply from low-cost producers in China, this resulted in a market surplus, leading to a decline in vanadium prices.

### Aluminium




The LME 3-month aluminium price performance was more muted in 2023 compared to the previous two years, with volatility dropping back to pre-Covid-19 pandemic levels. After a brief January rally to $2,680/t, prices remained rangebound around $2,150-$2,400/t. The lower end of this range was supported by consumers buying at the 18-month low, while rallies were capped by a mix of producer and systematic selling.

Rising interest rates incentivised destocking, putting downward pressure on Western premiums: the US Mid-West premium fell from a 2023 peak of over 29c/lb to 18.4c/lb by year end, while the In-Warehouse Rotterdam Duty Paid premium rallied to $355/t in May, before ending the year at $220/t. Asian premiums fared better as the SHFE-LME price arbitrage was open for most of the year, due to better-than-expected demand from China's solar PV industry.

Despite a reasonable increase in Indian production, the alumina market was also range bound, trading between $325-370/t, at an average 15% ratio to the aluminium price.

# Marketing activities *continued*

## Iron ore

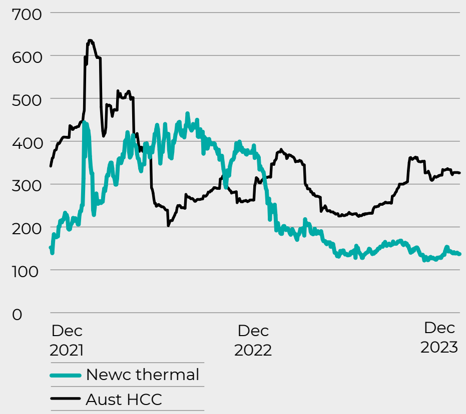
**Platts iron ore**
($/t)


China did not meaningfully restrict domestic steel production in 2023, with export markets having to absorb production in excess of domestic demand. The resulting strong global steel supply led to negative steel margins through many parts of the industry. Due to this low-margin environment, iron ore product quality differentials compressed to multi-year lows, with low-grade outperforming high-grade ores.

After hitting a low of $99/t in H1 2023, driven by China's weak property sector, iron ore prices recovered through the second half, ending 2023 at $142/t, as the market responded to stronger than expected end-demand in China, the absence of widely-anticipated steel production restrictions through Q4, and speculative capital inflows that appeared to favour iron ore over many other commodities and securities. The latter, in particular, contributed to prices reaching levels that exceeded our view of what ought to have constituted more fundamental physical supply and demand clearing prices. On the supply side, iron ore miners enjoyed a strong operational performance, and elevated prices enabled the return of higher-cost production, resulting in strong seaborne supply growth.

## Coal

**FOB coal price**
($/t)



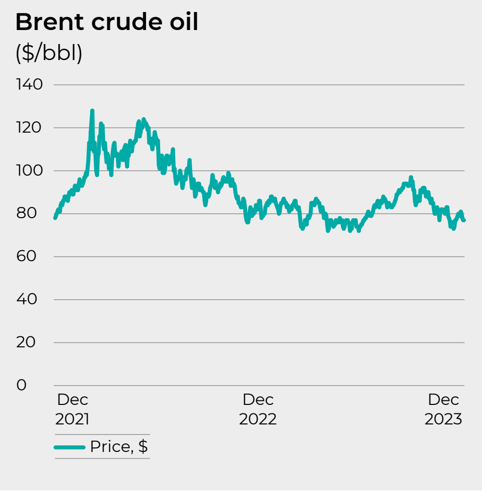

Global production of blast furnace pig iron, the main driver of steelmaking coal demand, increased by c.1% during the year, with growth in Asia more than offsetting weakness elsewhere. New coke-making capacity in Indonesia and increased Chinese import demand supported a c.7% increase in seaborne metallurgical coal demand. Although Australian metallurgical coal production declined due to weather impacts, this was more than offset by c.30% export growth from Russia and the United States. Premium HCC prices averaged $296/t in 2023, 19% below the $364/t average in 2022.

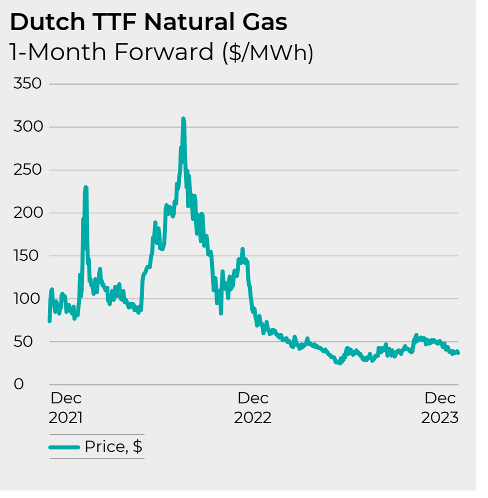
Global seaborne thermal coal demand grew by c.7% in 2023, driven by a c.16% increase in imports in the Asia-Pacific region, which more than offset reduced demand in Europe. This increased demand was met with c.11% supply growth from Indonesia and Australia, as producers recovered from export constraints and weather impacts. While South African exports through RBCT were impacted by rail performance, overall exports from South Africa increased c.5% in 2023, with the additional volumes being transported by truck to export ports.

However, in line with normalising global gas and power prices, average coal reference prices materially decreased in 2023: GCNewc ($173/t; down 52% vs. 2022), API4 ($120/t; down 56%), and API2 ($129/t; down 56%).

## Marketing activities *continued*

### Oil




Crude oil prices initially rallied in January 2023 from an opening of $86/bbl Brent, but receded in February, settling in a narrow range of $70–$80/bbl for most of H1 2023. Initial optimism around China's economic recovery eroded as global monetary tightening, dollar strength and recessionary fears weighed on markets. In September, prices rose above $95/bbl on improved sentiment, resulting from easing inflation and production cuts from Saudi Arabia and Russia. However, during Q4, the economic outlook deteriorated again and supply fears subsided with increasing US exports and rising inventory levels, leading oil prices lower. Brent closed the year at $77/bbl.

In gas markets, prices declined sharply in H1 2023 with the European TTF natural gas benchmark reaching a low of $25/MWh (vs. $25/MWh at the end of 2022), a continuation of the downward trend seen towards the end of 2022. Mild weather in the Northern hemisphere (lower gas demand) and improving supply fundamentals weighed on spot gas prices across key markets. During H2 2023, prices were more volatile, as uncertainty and risks remained high for the Northern hemisphere winter, but with storage at near full capacity, prices were contained to levels around $51/MWh.

Oil refining margins drifted lower during H1 2023, mainly due to weaker European oil product demand. During Q3, refining margins strengthened considerably as stronger US demand pulled products from Europe. In Q4 margins declined again as demand weakened, leading to higher inventory levels. In shipping, overall tanker freight markets weakened in H1 2023 from 2022 highs. Freight rates recovered in H2 2023, with earnings in key tanker sectors remaining strong on a multi-year cycle.

# Industrial activities

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 competitively priced and reliable energy.

**Metals and minerals mining margin**◊

23%

2022: 36%

Inflationary impacts across the portfolio, and sharp realised price decreases in cobalt, nickel and zinc

**Energy products margin**◊

49%

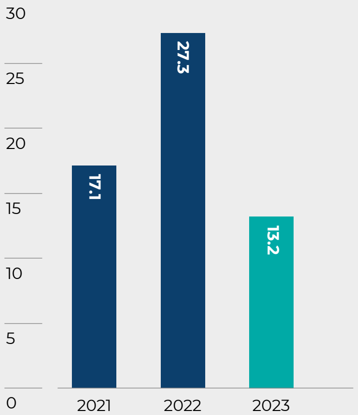
2022: 66%

Progressive normalisation of energy prices from levels seen in 2022

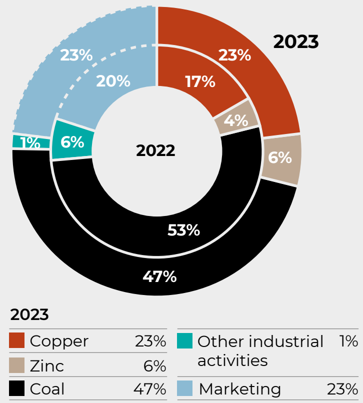
## Production and financial highlights

(own sourced)

### Industrial◊ activities Adjusted EBITDA◊ (US$ billion)

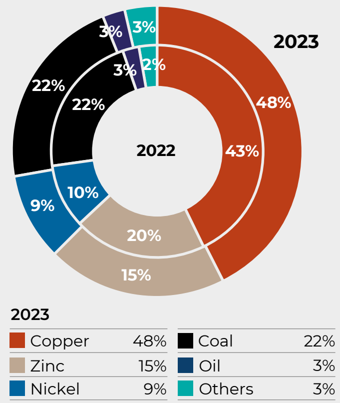



### Adjusted EBITDA◊ weighting

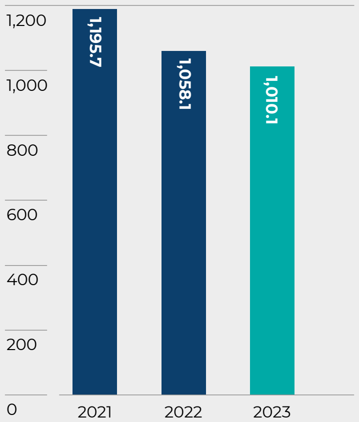



### Industrial activities capex◊ (US$ billion)

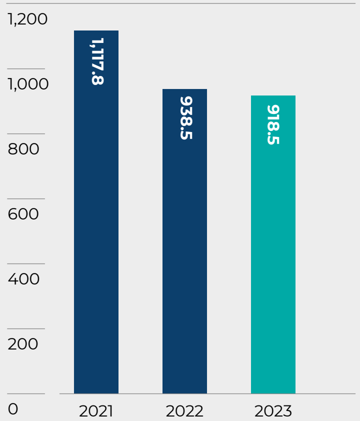

### Industrial capex◊ weighting



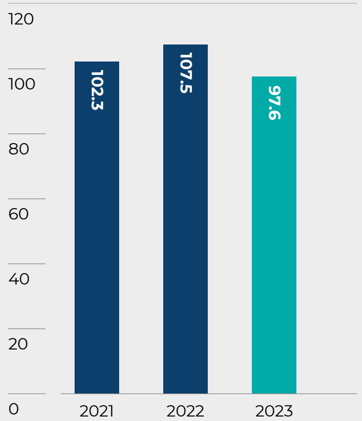

### Copper (kt)



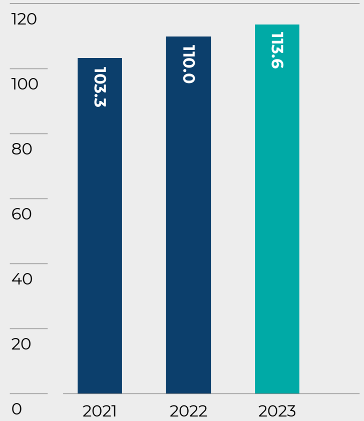

### Zinc (kt)




### Nickel (kt)




### Coal (mt)



## Highlights

Industrial Adjusted EBITDA of $13,202 million was 52% down on the prior year, primarily reflecting lower average energy prices (largely coal) from the unprecedented levels seen across many energy products in 2022.

Adjusted EBITDA contribution from Metals and minerals assets was $5,445 million, down 41% compared to the prior year. The largest cumulative impact on the year-over-year decline was the significantly lower realised prices in respect of our cobalt and nickel production. This also informed various portfolio decisions, including to operate Mutanda, with its high proportion of cobalt, at lower rates than initially planned and, regrettably, the recent announcement that, we and SMSP, the shareholders of Koniambo, have decided to transition activities into care and maintenance and that we will initiate a process to identify a potential new industrial partner for Koniambo.

Adjusted EBITDA contribution from Energy products assets was $8,452 million, down 55% compared to 2022, overwhelmingly due to significantly lower average realised coal prices, and to a lesser extent, oil and LNG, as noted above.

Reflecting the above, Adjusted EBITDA mining margins were 23% (2022: 36%) in our metals operations and 49% (2022: 66%) in our energy operations.

Capex of $6,074 million (2022: $4,807 million) was $1,267 million (26%) higher year-over-year, mainly emanating from our copper business unit, with Collahuasi comprising the largest increase on account of its large-scale desalination project.

## Financial overview

| US$ million | **Metals and minerals** | **Energy products** | **Corporate and other** | **2023** | Metals and minerals | Energy products | Corporate and other | 2022 |
|---|---|---|---|---|---|---|---|---|
| Revenue◊ | **35,556** | **24,858** | **7** | **60,421** | 38,993 | 39,333 | 6 | 78,332 |
| Adjusted EBITDA◊ | **5,445** | **8,452** | **(695)** | **13,202** | 9,274 | 18,590 | (599) | 27,265 |
| Adjusted EBIT◊ | **1,551** | **6,132** | **(741)** | **6,942** | 5,082 | 15,850 | (657) | 20,275 |
| Adjusted EBITDA mining margin | **23%** | **49%** | | **33%** | 36% | 66% | | 51% |

### Production from own sources – Total[1]

| | | **2023** | 2022 | Change % |
|---|---|---|---|---|
| Copper | kt | **1,010.1** | 1,058.1 | (5) |
| Cobalt | kt | **41.3** | 43.8 | (6) |
| Zinc | kt | **918.5** | 938.5 | (2) |
| Lead | kt | **182.7** | 191.6 | (5) |
| Nickel | kt | **97.6** | 107.5 | (9) |
| Gold | koz | **747** | 661 | 13 |
| Silver | koz | **20,011** | 23,750 | (16) |
| Ferrochrome | kt | **1,162** | 1,488 | (22) |
| Coal | mt | **113.6** | 110.0 | 3 |

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.

## Financial information 2023

| | US$ million | Revenue◊ | Adjusted EBITDA◊ | Adjusted EBITDA mining margin[2,3]◊ | Depreciation and amortisation | Adjusted EBIT◊ | Capital expenditure◊ |
|---|---|---|---|---|---|---|---|
| Copper | Africa | 2,442 | 195 | 8% | (575) | (380) | 622 |
| | Collahuasi[1] | 2,045 | 1,307 | 64% | (326) | 981 | 864 |
| | Antamina[1] | 1,432 | 1,031 | 72% | (403) | 628 | 427 |
| | South America | 2,209 | 980 | 44% | (795) | 185 | 663 |
| | Australia | 106 | 19 | 18% | – | 19 | – |
| | Polymet | – | (39) | | – | (39) | 12 |
| | Custom metallurgical | 10,008 | 455 | | (188) | 267 | 310 |
| | Intergroup revenue elimination | (148) | – | | – | – | – |
| | **Copper** | **18,094** | **3,948** | **42%** | **(2,287)** | **1,661** | **2,898** |
| Zinc | Kazzinc | 3,685 | 693 | 19% | (684) | 9 | 387 |
| | Australia | 3,400 | (53) | (2%) | (276) | (329) | 322 |
| | European custom metallurgical | 4,522 | 201 | | (100) | 101 | 125 |
| | North America | 992 | 106 | | (55) | 51 | 89 |
| | Volcan | – | 48 | | – | 48 | – |
| | **Zinc** | **12,599** | **995** | **9%** | **(1,115)** | **(120)** | **923** |
| Nickel | Integrated Nickel Operations | 1,265 | 228 | 18% | (324) | (96) | 496 |
| | Australia | 831 | 184 | 22% | (29) | 155 | 34 |
| | Koniambo | 415 | (455) | (110%) | (33) | (488) | – |
| | **Nickel** | **2,511** | **(43)** | **(2%)** | **(386)** | **(429)** | **530** |
| | Ferroalloys | 2,352 | 593 | 25% | (106) | 487 | 135 |
| | Aluminium/Alumina | – | (47) | | – | (47) | 6 |
| | Iron ore | – | (1) | | – | (1) | – |
| | **Metals and minerals** | **35,556** | **5,445** | **23%** | **(3,894)** | **1,551** | **4,492** |
| Coal | Steelmaking Australia | 1,917 | 944 | 49% | (262) | 682 | 176 |
| | Thermal Australia | 10,775 | 6,051 | 56% | (1,282) | 4,769 | 678 |
| | Thermal South Africa | 1,505 | 384 | 26% | (309) | 75 | 219 |
| | Cerrejón | 2,308 | 674 | 29% | (268) | 406 | 246 |
| | Prodeco | – | (80) | | (6) | (86) | 5 |
| | **Coal (own production)** | **16,505** | **7,973** | **48%** | **(2,127)** | **5,846** | **1,324** |
| | Coal other revenue (buy-in coal) | 1,034 | | | | | |
| | Oil E&P assets | 340 | 209 | 61% | (103) | 106 | 14 |
| | Oil refining assets | 6,979 | 270 | | (90) | 180 | 183 |
| | **Energy products** | **24,858** | **8,452** | **49%** | **(2,320)** | **6,132** | **1,521** |
| | Corporate and other | 7 | (695) | | (46) | (741) | 61 |
| | **Total Industrial activities◊** | **60,421** | **13,202** | **33%** | **(6,260)** | **6,942** | **6,074** |

1. Represents the Group's share of these JVs.

## Financial information 2022

| | US$ million | Revenue◊ | Adjusted EBITDA◊ | Adjusted EBITDA mining margin[2,3] ◊ | Depreciation and amortisation | Adjusted EBIT◊ | Capital expenditure◊ |
|---|---|---|---|---|---|---|---|
| Copper | Africa | 3,526 | 1,551 | 44% | (826) | 725 | 440 |
| | Collahuasi[1] | 2,120 | 1,501 | 71% | (290) | 1,211 | 332 |
| | Antamina[1] | 1,575 | 1,186 | 75% | (351) | 835 | 362 |
| | South America | 2,120 | 969 | 46% | (548) | 421 | 622 |
| | Australia | 351 | 70 | 20% | (63) | 7 | 85 |
| | Polymet | – | (16) | | – | (16) | 8 |
| | Custom metallurgical | 9,769 | 467 | | (179) | 288 | 202 |
| | Intergroup revenue elimination | (355) | – | | – | – | – |
| | **Copper** | **19,106** | **5,728** | **54%** | **(2,257)** | **3,471** | **2,051** |
| Zinc | Kazzinc | 3,564 | 807 | 23% | (596) | 211 | 346 |
| | Australia | 3,767 | 415 | 11% | (611) | (196) | 418 |
| | European custom metallurgical | 4,260 | 119 | | (115) | 4 | 147 |
| | North America | 1,770 | 127 | | (87) | 40 | 24 |
| | Volcan | – | (2) | | – | (2) | – |
| | Other Zinc | 203 | 11 | 5% | (15) | (4) | 22 |
| | **Zinc** | **13,564** | **1,477** | **16%** | **(1,424)** | **53** | **957** |
| Nickel | Integrated Nickel Operations | 2,028 | 886 | 44% | (327) | 559 | 420 |
| | Australia | 1,186 | 483 | 41% | (27) | 456 | 26 |
| | Koniambo | 713 | (72) | (10%) | (40) | (112) | 19 |
| | **Nickel** | 3,927 | 1,297 | 33% | (394) | 903 | 465 |
| | Ferroalloys | 2,396 | 719 | 30% | (116) | 603 | 119 |
| | Aluminium/Alumina | – | 55 | | (1) | 54 | 5 |
| | Iron ore | – | (2) | | – | (2) | – |
| | **Metals and minerals** | **38,993** | **9,274** | **36%** | **(4,192)** | **5,082** | **3,597** |
| Coal | Steelmaking Australia | 2,468 | 1,359 | 55% | (208) | 1,151 | 186 |
| | Thermal Australia | 16,890 | 11,410 | 68% | (1,430) | 9,980 | 547 |
| | Thermal South Africa | 2,767 | 1,655 | 60% | (461) | 1,194 | 146 |
| | Cerrejón | 5,393 | 3,609 | 67% | (438) | 3,171 | 169 |
| | Prodeco | – | (113) | | – | (113) | – |
| | **Coal (own production)** | **27,518** | **17,920** | **65%** | **(2,537)** | **15,383** | **1,048** |
| | Coal other revenue (buy-in coal) | 1,961 | | | | | |
| | Oil E&P assets | 1,004 | 781 | 78% | (128) | 653 | 11 |
| | Oil refining assets | 8,850 | (111) | | (75) | (186) | 113 |
| | **Energy products** | **39,333** | **18,590** | **66%** | **(2,740)** | **15,850** | **1,172** |
| | Corporate and other | 6 | (599) | | (58) | (657) | 38 |
| | **Total Industrial activities◊** | **78,332** | **27,265** | **51%** | **(6,990)** | **20,275** | **4,807** |

2. Adjusted EBITDA mining margin for Metals and Minerals is Adjusted EBITDA excluding non-mining assets as described below ($4,682 million (2022: $8,508 million )) divided by Revenue excluding non-mining assets and intergroup revenue elimination ($20,182 million (2022: $23,549 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) ($8,182 million (2022: $18,701 million)), divided by the sum of coal revenue from own production and Oil E&P revenue ($16,845 million (2022: $28,522 million)).

## Copper assets

Own sourced copper production of 1,010,100 tonnes was 48,000 tonnes (5%) lower than 2022, primarily reflecting the sale of Cobar in June 2023 and lower copper by-product production outside the Copper department. Own sourced copper sales during the period were some 13,000 tonnes lower than net relevant production, due to the timing of shipments.

Own sourced cobalt production of 41,300 tonnes was 2,500 tonnes (6%) lower than 2022, mainly due to feed plan adjustments at Mutanda, in the context of an oversupplied market.

**African Copper**

Own sourced copper production of 241,500 tonnes was 11,900 tonnes (5%) lower than 2022, mainly reflecting lower production at KCC (13,700 tonnes), which nonetheless delivered in line with its plan for the year.

Own sourced cobalt production of 38,800 tonnes was 1,400 tonnes (3%) lower than 2022, reflecting lower grades, due to feed plan adjustments, at Mutanda, partially offset by improved cobalt recoveries at both KCC and Mutanda.

**Collahuasi**

Attributable copper production of 252,200 tonnes was in line with 2022.

**Antamina**

Aligned with planned mining sequencing, attributable copper production of 142,400 tonnes was 10,100 tonnes (7%) lower than 2022, while zinc production of 156,600 tonnes was 12,300 tonnes (9%) higher.

**South America**

Copper production of 238,800 tonnes was 15,200 tonnes (7%) higher than 2022, reflecting higher copper grades and recoveries at Antapaccay (22,000 tonnes), partially offset (6,800 tonnes) principally by anticipated delayed metal deliveries to the leach pads at Lomas Bayas, with recovery expected in 2024.

**Cobar**

Cobar (Australian copper) mine was sold on 16 June 2023.

**Copper custom metallurgical assets**

Overall copper anode production of 443,300 tonnes was 31,600 tonnes (7%) lower than 2022, due to Altonorte maintenance in October and operational challenges during the post-shutdown ramp-up.

Copper cathode production of 507,300 tonnes was 50,400 tonnes (11%) higher than 2022, reflecting increased anode deliveries from Horne and Pasar.

## Production data

### Production from own sources – Copper assets[1]

| | | 2023 | 2022 | Change % |
|---|---|---|---|---|
| **African Copper (KCC, Mutanda)** | | | | |
| Copper metal | kt | **241.5** | 253.4 | (5) |
| Cobalt[2] | kt | **38.8** | 40.2 | (3) |
| **Collahuasi[3]** | | | | |
| Copper in concentrates | kt | **252.2** | 251.1 | – |
| Silver in concentrates | koz | **4,032** | 3,350 | 20 |
| Gold in concentrates | koz | **41** | 38 | 8 |
| **Antamina[4]** | | | | |
| Copper in concentrates | kt | **142.4** | 152.5 | (7) |
| Zinc in concentrates | kt | **156.6** | 144.3 | 9 |
| Silver in concentrates | koz | **3,912** | 4,964 | (21) |
| **South America (Antapaccay, Lomas Bayas)** | | | | |
| Copper metal | kt | **65.8** | 72.6 | (9) |
| Copper in concentrates | kt | **173.0** | 151.0 | 15 |
| Gold in concentrates and in doré | koz | **97** | 61 | 59 |
| Silver in concentrates and in doré | koz | **1,267** | 1,222 | 4 |
| **Cobar** | | | | |
| Copper in concentrates | kt | **15.0** | 37.3 | (60) |
| Silver in concentrates | koz | **180** | 446 | (60) |
| **Total Copper department** | | | | |
| **Copper** | **kt** | **889.9** | **917.9** | **(3)** |
| **Cobalt** | **kt** | **38.8** | **40.2** | **(3)** |
| **Zinc** | **kt** | **156.6** | **144.3** | **9** |
| **Gold** | **koz** | **138** | **99** | **39** |
| **Silver** | **koz** | **9,391** | **9,982** | **(6)** |

## Zinc assets

Own sourced zinc production of 918,500 tonnes was 20,000 tonnes (2%) lower than 2022, mainly reflecting the 2022 disposals of South American zinc operations (27,300 tonnes) and the closure of Matagami (17,300 tonnes), offset by stronger production from Kazzinc (Zhairem) and Antamina.

### Kazzinc

Own sourced zinc production of 173,900 tonnes was 27,500 tonnes (19%) higher than 2022, reflecting Zhairem's ramp-up, partly offset by delayed processing of own-sourced material at Kazzinc's smelters, in favour of third-party material.

Own sourced lead production of 35,600 tonnes was 18,300 tonnes (106%) higher than 2022, due to Zhairem's ramp-up.

Own sourced copper production of 14,800 tonnes was 5,700 tonnes (28%) lower than 2022, due to lower copper grades at the Maleevsky mine, together with furnace downtime at the copper smelter.

Own sourced gold production of 598,000 ounces was 52,000 ounces (10%) higher than 2022, as units displaced from the 2022 schedule in favour of third-party material were processed in 2023.

### Australia

Zinc production of 549,400 tonnes was 14,600 (3%) lower than 2022, due to severe weather conditions earlier in the year and lower ore milled at McArthur River due to short-term operational challenges.

Lead production of 147,100 tonnes was 18,800 tonnes (11%) lower than 2022, mainly due to lower lead grades at Lady Loretta mine (Mount Isa) as it nears end of life.

Copper production of 69,100 tonnes was broadly in line with 2022.

### North America

Zinc production of 38,600 tonnes was 17,900 tonnes (32%) lower than 2022, mainly reflecting the closure of Matagami mine in mid-2022. Kidd production was broadly in line with 2022.

### South America

Following disposal of the Bolivian mines at the end of H1 2022 and Los Quenuales in December 2022, no operating assets remain in this grouping.

### Zinc custom metallurgical assets

Zinc metal production of 752,600 tonnes was 69,600 tonnes (10%) higher than 2022, reflecting additional production from CEZ, consolidated from April 2023, following Glencore's increased ownership from 25% to 100% and improved performance of Asturiana, offset by the suspension of Nordenham in H2 2022, on account of high European power prices.

Lead metal production of 244,600 tonnes was 28,800 tonnes (11%) lower than 2022, primarily reflecting lower bullion received at Northfleet from Mount Isa and Portovesme's partial care and maintenance.

### Production from own sources – Zinc assets[1]

| | | 2023 | 2022 | Change % |
|---|---|---|---|---|
| **Kazzinc** | | | | |
| Zinc metal | kt | **113.8** | 125.7 | (9) |
| Zinc in concentrates | kt | **60.1** | 20.7 | 190 |
| Lead metal | kt | **18.7** | 16.9 | 11 |
| Lead in concentrates | kt | **16.9** | 0.4 | n.m. |
| Copper metal[5] | kt | **14.8** | 20.5 | (28) |
| Gold | koz | **598** | 546 | 10 |
| Silver | koz | **2,727** | 2,721 | – |
| Silver in concentrates | koz | **548** | 12 | – |
| **Australia (Mount Isa, Townsville, McArthur River)** | | | | |
| Zinc in concentrates | kt | **549.4** | 564.0 | (3) |
| Copper metal | kt | **69.1** | 70.5 | (2) |
| Lead in concentrates | kt | **147.1** | 165.9 | (11) |
| Silver | koz | **615** | 557 | 10 |
| Silver in concentrates | koz | **5,129** | 5,592 | (8) |
| **North America (Matagami, Kidd)[6]** | | | | |
| Zinc in concentrates | kt | **38.6** | 56.5 | (32) |
| Copper in concentrates | kt | **22.6** | 28.3 | (20) |
| Silver in concentrates | koz | **1,378** | 1,346 | 2 |
| **Other Zinc: South America (Bolivia, Peru)[6]** | | | | |
| Zinc in concentrates | kt | – | 27.3 | (100) |
| Lead in concentrates | kt | – | 8.4 | (100) |
| Copper in concentrates | kt | – | 1.4 | (100) |
| Silver in concentrates | koz | – | 3,345 | (100) |
| **Total Zinc department** | | | | |
| **Zinc** | **kt** | **761.9** | **794.2** | **(4)** |
| **Lead** | **kt** | **182.7** | **191.6** | **(5)** |
| **Copper** | **kt** | **106.5** | **120.7** | **(12)** |
| **Gold** | **koz** | **598** | **546** | **10** |
| **Silver** | **koz** | **10,397** | **13,573** | **(23)** |

## Nickel assets

Own sourced nickel production of 97,600 tonnes was 9,900 tonnes (9%) lower than 2022, primarily reflecting higher INO third party production (versus own sourced) and a planned shutdown of Murrin Murrin for routine maintenance, somewhat offset by a more consistent production performance from Koniambo.

**Integrated Nickel Operations (INO)**
Own sourced nickel production of 39,300 tonnes was 7,100 tonnes (15%) lower than 2022, whereby the lengthy strike at Raglan in 2022 impacted 2023 nickel production, given the long lead time from ore mining in Northern Quebec to finished nickel production in Norway, and maintenance outages impacted the Sudbury smelter. Total refinery production of 95,000 tonnes was 13,100 tonnes (16%) higher than 2022.

**Murrin Murrin**
Own sourced nickel production of 31,100 tonnes was 4,600 tonnes (13%) lower than 2022, primarily due to scheduled major maintenance and phasing of the subsequent ramp-up.

**Koniambo (KNS)**
Nickel production of 27,200 tonnes was 1,800 tonnes (7%) higher than 2022, reflecting furnace modifications made during Q1's planned maintenance and an overall more consistent operating performance. We announced in September 2023 that Glencore will not continue to fund ongoing operations from March 2024. Given that KNS remained loss-making at recent production rates and realised nickel prices, and following extensive engagement with relevant stakeholders, the shareholders of KNS announced on 12 February 2024 that the operation would transition to care and maintenance and that Glencore would shortly initiate a process to identify a potential new industrial partner for KNS.

## Ferroalloys assets

Attributable ferrochrome production of 1,162,000 tonnes was 326,000 tonnes (22%) lower than 2022, mainly due to planned additional smelter downtime during the three-month high electricity demand winter season, a period of elevated power prices. Q4 2023 production was 133,000 tonnes (85%) higher than Q3 2023, as the smelter portfolio progressively restarted, albeit with the Rustenburg smelter remaining idle, pending an improved price/cost environment.

### Production from own sources – Nickel assets[1]

| | | 2023 | 2022 | Change % |
|---|---|---|---|---|
| **Integrated Nickel Operations (INO) (Sudbury, Raglan, Nikkelverk)** | | | | |
| Nickel metal | kt | **39.1** | 46.2 | (15) |
| Nickel in concentrates | kt | **0.2** | 0.2 | – |
| Copper metal | kt | **8.9** | 11.9 | (25) |
| Copper in concentrates | kt | **4.8** | 7.6 | (37) |
| Cobalt metal | kt | **0.4** | 0.6 | (33) |
| Gold | koz | **11** | 16 | (31) |
| Silver | koz | **223** | 195 | 14 |
| Platinum | koz | **24** | 32 | (25) |
| Palladium | koz | **65** | 83 | (22) |
| Rhodium | koz | **3** | 4 | (25) |
| **Murrin Murrin** | | | | |
| Nickel metal | kt | **31.1** | 35.7 | (13) |
| Cobalt metal | kt | **2.1** | 3.0 | (30) |
| **Koniambo** | | | | |
| Nickel in ferronickel | kt | **27.2** | 25.4 | 7 |
| **Total Nickel department** | | | | |
| **Nickel** | **kt** | **97.6** | **107.5** | **(9)** |
| **Copper** | **kt** | **13.7** | **19.5** | **(30)** |
| **Cobalt** | **kt** | **2.5** | **3.6** | **(31)** |
| **Gold** | **koz** | **11** | **16** | **(31)** |
| **Silver** | **koz** | **223** | **195** | **14** |
| **Platinum** | **koz** | **24** | **32** | **(25)** |
| **Palladium** | **koz** | **65** | **83** | **(22)** |
| **Rhodium** | **koz** | **3** | **4** | **(25)** |

### Production from own sources – Ferroalloys assets[1]

| | | 2023 | 2022 | Change % |
|---|---|---|---|---|
| Ferrochrome[7] | kt | **1,162** | 1,488 | (22) |
| Vanadium Pentoxide | mlb | **19.5** | 19.8 | (2) |

## Coal assets

Coal production of 113.6 million tonnes was 3.6 million tonnes (3%) higher than 2022, reflecting higher productivity in South Africa and a year-over-year easing in certain external factors that constrain capacity, such as wet weather and blockades.

**Australian steelmaking**
Production of 7.5 million tonnes was 1.2 million tonnes (14%) lower than 2022, with the Newlands mine ceasing production in February 2023.

**Australian thermal and semi-soft**
Production of 66.3 million tonnes was broadly in line with 2022.

**South African thermal**
Production of 17.8 million tonnes was 1.4 million tonnes (9%) higher than 2022, reflecting improved productivity. Both periods were constrained by capacity restrictions in the South African rail network.

**Cerrejón**
Production of 22.0 million tonnes was 2.3 million tonnes (12%) higher than 2022, reflecting heavy rains and extended blockades in the base period.

## Oil assets

**Exploration and production (non-operated)**
Entitlement interest oil and gas production of 4.7 million barrels of oil equivalent (boe) was 1.4 million boe (23%) lower than 2022, due to natural field decline at Bolongo in Cameroon and the reduction of Glencore's entitlement percentage interest in an Equatorial Guinea block, following the recovery of historical costs under a production sharing contract.

**Refining**
Following an extensive multi-year rebuild, the Astron Energy Refinery in Cape Town restarted operations in early 2023.

### Total production – Custom metallurgical assets[1]

| | | 2023 | 2022 | Change % |
|---|---|---|---|---|
| **Copper (Altonorte, Pasar, Horne, CCR)** | | | | |
| Copper metal | kt | **507.3** | 456.9 | 11 |
| Copper anode | kt | **443.3** | 474.9 | (7) |
| **Zinc (Portovesme, Asturiana, Nordenham, Northfleet, CEZ)** | | | | |
| Zinc metal | kt | **752.6** | 683.0 | 10 |
| Lead metal | kt | **244.6** | 273.4 | (11) |

### Coal assets[1]

| | | 2023 | 2022 | Change % |
|---|---|---|---|---|
| Australian steelmaking coal | mt | **7.5** | 8.7 | (14) |
| Australian semi-soft coal | mt | **4.1** | 4.0 | 2 |
| Australian thermal coal (export) | mt | **55.2** | 53.4 | 3 |
| Australian thermal coal (domestic) | mt | **7.0** | 7.8 | (10) |
| South African thermal coal (export) | mt | **13.7** | 12.7 | 8 |
| South African thermal coal (domestic) | mt | **4.1** | 3.7 | 11 |
| Cerrejón | mt | **22.0** | 19.7 | 12 |
| **Total Coal department** | mt | **113.6** | 110.0 | 3 |

### Oil assets (non-operated)

| | | 2023 | 2022 | Change % |
|---|---|---|---|---|
| **Glencore entitlement interest basis** | | | | |
| Equatorial Guinea | kboe | **4,135** | 5,107 | (19) |
| Cameroon | kbbl | **608** | 1,024 | (41) |
| **Total Oil department** | kboe | **4,743** | 6,131 | (23) |

1. Controlled industrial assets and joint ventures only (excludes Volcan). 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. The Group's pro-rata share of Antamina production (33.75%).
5. Copper metal includes copper contained in copper concentrates and blister.
6. North and South American assets sold or closed since the beginning of 2022: Matagami (Canada) completed mining in June 2022, Bolivian Zinc sold in March 2022 and Peruvian Zinc sold in December 2022.
7. The Group's attributable 79.5% share of the Glencore-Merafe Chrome Venture.

## Mineral Resources and Ore Reserves

The resource and reserve data in the following tables comprise summary extracts of the Glencore Resources and Reserves report as at 31 December 2023, as published on the Glencore website on 1 February 2024. 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 2023, unless otherwise noted. For comparison purposes, data for 2022 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.

# Industrial activities *continued*

| | | Measured Mineral Resources | | Indicated Mineral Resources | | Measured and Indicated Resources | | Inferred Mineral Resources | | Proved Ore Reserves | | Probable Ore Reserves | | Total Ore Reserves | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Name of operation | Commodity | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| **Copper assets** | | | | | | | | | | | | | | | |
| KCC | Ore (Mt) | – | – | 279 | 245 | 279 | 245 | 28 | 74 | – | – | 128 | 113 | 128 | 113 |
| | Copper (%) | – | – | 4.04 | 4.69 | 4.04 | 4.69 | 3.62 | 1.61 | – | – | 3.69 | 3.61 | 3.69 | 3.61 |
| | Cobalt (%) | – | – | 0.61 | 0.55 | 0.61 | 0.55 | 0.64 | 0.47 | – | – | 0.46 | 0.48 | 0.46 | 0.48 |
| Mutanda | Ore (Mt) | 180 | 369 | 70 | 96 | 249 | 465 | 20 | 17 | – | 9 | 97 | 124 | 97 | 133 |
| | Copper (%) | 2.02 | 1.40 | 1.82 | 0.97 | 1.97 | 1.30 | 2.49 | 0.72 | – | 3.56 | 1.88 | 1.37 | 1.88 | 1.52 |
| | Cobalt (%) | 0.65 | 0.55 | 0.81 | 0.44 | 0.69 | 0.53 | 0.74 | 0.53 | – | 1.35 | 0.69 | 0.65 | 0.69 | 0.69 |
| Collahuasi | (Mt) | 973 | 848 | 4,600 | 4,675 | 5,570 | 5,525 | 5,000 | 4,800 | 654 | 446 | 3,462 | 3,711 | 4,122 | 4,161 |
| | Copper (%) | 0.81 | 0.78 | 0.79 | 0.79 | 0.79 | 0.79 | 0.72 | 0.73 | 0.93 | 1.03 | 0.77 | 0.76 | 0.80 | 0.79 |
| | Molybdenum (%) | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.01 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 |
| Antamina | (Mt) | 367 | 282 | 533 | 607 | 900 | 889 | 1,200 | 1,250 | 139 | 156 | 87 | 127 | 226 | 283 |
| | Copper (%) | 0.81 | 0.82 | 0.89 | 0.89 | 0.86 | 0.86 | 1.03 | 1.02 | 0.91 | 0.90 | 0.99 | 0.98 | 0.94 | 0.94 |
| | Zinc (%) | 0.42 | 0.58 | 0.74 | 0.72 | 0.61 | 0.67 | 0.58 | 0.58 | 0.48 | 0.61 | 0.94 | 0.91 | 0.66 | 0.74 |
| | Silver (g/t) | 10 | 10 | 12 | 12 | 11 | 11 | 11 | 11 | 9.1 | 8.6 | 13 | 11 | 11 | 10 |
| | Molybdenum (%) | 0.03 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.03 | 0.03 | 0.02 | 0.02 | 0.02 | 0.03 |
| Lomas Bayas | Ore (Mt) | 272 | 289 | 1,163 | 1,152 | 1,435 | 1,441 | 733 | 704 | 145 | 160 | 139 | 134 | 284 | 294 |
| | Copper (%) | 0.36 | 0.36 | 0.28 | 0.29 | 0.30 | 0.30 | 0.25 | 0.26 | 0.32 | 0.33 | 0.25 | 0.26 | 0.29 | 0.30 |
| Antapaccay | Ore (Mt) | 316 | 306 | 868 | 937 | 1,184 | 1,243 | 102 | 120 | 227 | 225 | 232 | 275 | 459 | 499 |
| (incl. Coroccohuayco) | Copper (%) | 0.45 | 0.47 | 0.51 | 0.50 | 0.49 | 0.49 | 0.31 | 0.31 | 0.40 | 0.43 | 0.37 | 0.37 | 0.38 | 0.39 |
| | Gold (g/t) | 0.072 | 0.080 | 0.077 | 0.076 | 0.075 | 0.075 | 0.05 | 0.05 | 0.07 | 0.08 | 0.07 | 0.07 | 0.07 | 0.07 |
| | Silver (g/t) | 1.4 | 1.5 | 1.9 | 1.8 | 1.9 | 1.8 | 1.0 | 0.9 | 1.1 | 1.2 | 1.3 | 1.2 | 1.2 | 1.2 |
| El Pachón | Ore (Mt) | 269 | 533 | 1,790 | 1,050 | 2,060 | 1,580 | 4,000 | 1,800 | – | – | – | – | – | – |
| | Copper (%) | 0.72 | 0.67 | 0.47 | 0.49 | 0.51 | 0.55 | 0.39 | 0.40 | – | – | – | – | – | – |
| | Silver (g/t) | 2.4 | 2.4 | 1.9 | 2.0 | 2.0 | 2.2 | 1.6 | 1.8 | – | – | – | – | – | – |
| | Molybdenum (%) | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | – | – | – | – | – | – |
| MARA | Ore (Mt) | – | – | 1,020 | – | 1,020 | – | 55 | – | – | – | – | – | – | – |
| | Copper (%) | – | – | 0.51 | – | 0.51 | – | 0.36 | – | – | – | – | – | – | – |
| | Gold (g/t) | – | – | 0.20 | – | 0.20 | – | 0.09 | – | – | – | – | – | – | – |
| | Silver (g/t) | – | – | 3.36 | – | 3.36 | – | 2.61 | – | – | – | – | – | – | – |
| | Molybdenum (%) | – | – | 0.03 | – | 0.03 | – | 0.03 | – | – | – | – | – | – | – |
| West Wall | Ore (Mt) | – | – | 861 | 861 | 861 | 861 | 1,100 | 1,100 | – | – | – | – | – | – |
| Copper Project | Copper (%) | – | – | 0.51 | 0.51 | 0.51 | 0.51 | 0.42 | 0.42 | – | – | – | – | – | – |
| | Gold (g/t) | – | – | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | 0.05 | – | – | – | – | – | – |
| | Molybdenum (%) | – | – | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | 0.01 | – | – | – | – | – | – |
| North America | Ore (Mt) | 516 | 360 | 2,062 | 606 | 2,582 | 967 | 1,875 | 520 | – | 157 | – | 106 | – | 264 |
| | Copper (%) | 0.37 | 0.29 | 0.39 | 0.30 | 0.38 | 0.29 | 0.35 | 0.28 | – | 0.29 | – | 0.29 | – | 0.29 |

# Industrial activities *continued*

| Name of operation | Commodity | Measured Mineral Resources 2023 | Measured Mineral Resources 2022 | Indicated Mineral Resources 2023 | Indicated Mineral Resources 2022 | Measured and Indicated Resources 2023 | Measured and Indicated Resources 2022 | Inferred Mineral Resources 2023 | Inferred Mineral Resources 2022 | Proved Ore Reserves 2023 | Proved Ore Reserves 2022 | Probable Ore Reserves 2023 | Probable Ore Reserves 2022 | Total Ore Reserves 2023 | Total Ore Reserves 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Zinc assets** | | | | | | | | | | | | | | | |
| Polymetallic Kazzinc | Ore (Mt) | **51** | 66 | **136** | 128 | **186** | 195 | **122** | 153 | **25.4** | 34.0 | **30.7** | 30.8 | **56** | 65 |
| | Zinc (%) | **2.25** | 2.12 | **1.79** | 1.78 | **1.92** | 1.90 | **2.15** | 2.11 | **3.32** | 3.00 | **3.77** | 4.20 | **3.56** | 3.56 |
| | Lead (%) | **0.76** | 0.73 | **0.78** | 0.64 | **0.77** | 0.67 | **0.98** | 1.04 | **0.84** | 0.81 | **1.06** | 1.03 | **0.96** | 0.92 |
| | Copper (%) | **0.37** | 0.38 | **0.16** | 0.16 | **0.21** | 0.24 | **0.30** | 0.31 | **0.16** | 0.19 | **0.16** | 0.15 | **0.16** | 0.17 |
| | Silver (g/t) | **19** | 18 | **16** | 14 | **16** | 15 | **23** | 18 | **16** | 18 | **15** | 14 | **15** | 16 |
| | Gold (g/t) | **1.1** | 1.2 | **0.75** | 0.79 | **0.85** | 0.92 | **0.74** | 0.74 | **0.59** | 0.85 | **0.50** | 0.46 | **0.55** | 0.69 |
| Kazzinc Gold (Vasilkovsky) | Ore (Mt) | **20** | 31 | **55** | 70 | **74** | 101 | **21** | 12 | **18.3** | 24.6 | **36.4** | 33.2 | **55** | 58 |
| | Gold (g/t) | **2.2** | 2.2 | **2.1** | 2.1 | **2.1** | 2.2 | **1.9** | 1.7 | **1.9** | 2.1 | **2.1** | 2.0 | **1.8** | 2.1 |
| Mount Isa - Zinc bearing | Ore (Mt) | **81** | 81 | **308** | 310 | **389** | 391 | **283** | 290 | **17.5** | 21.6 | **44** | 46 | **61** | 67 |
| | Zinc (%) | **8.98** | 9.09 | **6.29** | 6.34 | **6.85** | 6.90 | **5.15** | 5.22 | **7.26** | 7.47 | **6.72** | 6.78 | **6.88** | 7.00 |
| | Lead (%) | **4.00** | 4.01 | **3.40** | 3.38 | **3.52** | 3.51 | **2.45** | 2.44 | **3.61** | 3.60 | **3.54** | 3.55 | **3.55** | 3.56 |
| | Silver (g/t) | **79** | 77 | **68** | 67 | **70** | 69 | **49** | 48 | **72** | 69 | **64** | 63 | **65** | 64 |
| Mount Isa - Copper bearing | Ore (Mt) | **48** | 51 | **108** | 106 | **156** | 157 | **12** | 11 | **1.7** | 3.9 | **4.7** | 13.3 | **6.5** | 17.2 |
| | Copper (%) | **2.00** | 2.00 | **1.56** | 1.56 | **1.70** | 1.70 | **1.64** | 1.43 | **2.18** | 2.08 | **1.96** | 1.84 | **1.95** | 1.89 |
| McArthur River | Ore (Mt) | **96** | 102 | **40** | 44 | **136** | 146 | **4** | – | **65** | 67 | **14** | 14 | **79** | 81 |
| | Zinc (%) | **9.65** | 9.67 | **10.36** | 10.36 | **9.85** | 9.88 | **8.42** | – | **8.90** | 9.28 | **6.37** | 7.59 | **8.45** | 8.99 |
| | Lead (%) | **4.24** | 4.23 | **4.73** | 4.92 | **4.39** | 4.44 | **5.34** | – | **4.16** | 4.26 | **3.08** | 3.80 | **3.97** | 4.18 |
| | Silver (g/t) | **42** | 42 | **50** | 53 | **45** | 46 | **59** | – | **42** | 43 | **32** | 40 | **40** | 42 |
| Mount Margaret | Ore (Mt) | **4.6** | 4.6 | **7.9** | 7.9 | **12.5** | 12.5 | **–** | – | **–** | – | **–** | – | **–** | – |
| | Copper (%) | **0.70** | 0.70 | **0.81** | 0.81 | **0.77** | 0.77 | **–** | – | **–** | – | **–** | – | **–** | – |
| | Gold (g/t) | **0.20** | 0.20 | **0.25** | 0.25 | **0.24** | 0.24 | **–** | – | **–** | – | **–** | – | **–** | – |
| Zinc North America | (Mt) | **22.6** | 21.3 | **42.9** | 43.9 | **65** | 65 | **67** | 68 | **1.7** | 1.6 | **1.1** | 1.3 | **2.7** | 2.9 |
| | Zinc (%) | **3.98** | 4.04 | **4.46** | 4.31 | **4.30** | 4.23 | **3.43** | 3.51 | **3.12** | 3.11 | **3.75** | 3.56 | **3.37** | 3.31 |
| | Lead (%) | **0.45** | 0.48 | **0.45** | 0.44 | **0.45** | 0.46 | **0.46** | 0.45 | **–** | – | **–** | – | **–** | – |
| | Copper (%) | **1.36** | 1.37 | **0.86** | 0.88 | **1.03** | 1.05 | **0.48** | 0.50 | **1.51** | 1.75 | **1.28** | 1.30 | **1.42** | 1.55 |
| | Silver (g/t) | **43** | 45 | **94** | 93 | **77** | 77 | **109** | 108 | **39** | 44 | **41** | 30 | **40** | 38 |
| | Gold (g/t) | **0.37** | 0.39 | **0.25** | 0.25 | **0.29** | 0.29 | **0.21** | 0.20 | **–** | – | **–** | – | **–** | – |
| Pallas Green | Ore (Mt) | **–** | – | **–** | – | **–** | – | **45** | 45 | **–** | – | **–** | – | **–** | – |
| | Zinc (%) | **–** | – | **–** | – | **–** | – | **7.21** | 7.21 | **–** | – | **–** | – | **–** | – |
| | Lead (%) | **–** | – | **–** | – | **–** | – | **1.22** | 1.22 | **–** | – | **–** | – | **–** | – |

# Industrial activities *continued*

| | | Measured Mineral Resources | | Indicated Mineral Resources | | Measured and Indicated Resources | | Inferred Mineral Resources | | Proved Ore Reserves | | Probable Ore Reserves | | Total Ore Reserves | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Name of operation | Commodity | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| **Nickel assets** | | | | | | | | | | | | | | | |
| INO | Ore (Mt) | **7.3** | 10.0 | **36.7** | 38.1 | **44.0** | 48.1 | **56** | 54 | **8.6** | 8.2 | **23.4** | 20.6 | **31.9** | 28.8 |
| | Nickel (%) | **2.85** | 2.81 | **2.51** | 2.45 | **2.56** | 2.52 | **1.58** | 1.57 | **2.38** | 2.10 | **2.02** | 1.89 | **2.12** | 1.96 |
| | Copper (%) | **0.85** | 0.87 | **1.96** | 1.90 | **1.77** | 1.68 | **1.72** | 1.76 | **0.72** | 0.69 | **0.84** | 0.85 | **0.81** | 0.81 |
| | Cobalt (%) | **0.07** | 0.06 | **0.05** | 0.06 | **0.06** | 0.06 | **0.03** | 0.03 | **0.05** | 0.05 | **0.05** | 0.04 | **0.05** | 0.05 |
| | Platinum (g/t) | **0.80** | 0.83 | **1.00** | 1.00 | **0.92** | 0.98 | **0.76** | 0.77 | **0.72** | 0.63 | **0.50** | 0.53 | **0.56** | 0.56 |
| | Palladium (g/t) | **1.8** | 1.8 | **1.7** | 1.9 | **1.7** | 1.8 | **1.2** | 1.2 | **1.7** | 1.3 | **0.86** | 0.74 | **1.11** | 0.90 |
| Murrin Murrin | Ore (Mt) | **163** | 164 | **48.3** | 52 | **211** | 215 | **9** | 9 | **134** | 83 | **25.4** | 7.4 | **159** | 90 |
| | Nickel (%) | **1.00** | 1.01 | **0.98** | 0.98 | **1.00** | 1.00 | **0.95** | 0.95 | **0.97** | 1.03 | **0.95** | 1.08 | **0.97** | 1.03 |
| | Cobalt (%) | **0.08** | 0.08 | **0.07** | 0.07 | **0.08** | 0.08 | **0.06** | 0.06 | **0.08** | 0.09 | **0.07** | 0.09 | **0.08** | 0.09 |
| Koniambo | Ore (Mt) | **15.8** | 9.5 | **44.6** | 43.8 | **60** | 53 | **110** | 85 | **–** | 9.5 | **–** | 26.0 | **–** | 35.5 |
| | Nickel (%) | **2.18** | 2.47 | **2.09** | 2.41 | **2.11** | 2.42 | **2.10** | 2.50 | **–** | 2.22 | **–** | 2.19 | **–** | 2.20 |

| | | Measured Mineral Resources | | Indicated Mineral Resources | | Measured and Indicated Resources | | Inferred Mineral Resources | | Proved Ore Reserves | | Probable Ore Reserves | | Total Ore Reserves | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Name of operation | Commodity | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| **Ferroalloys assets** | | | | | | | | | | | | | | | |
| Western Chrome Mines | Ore (Mt) | **62** | 59 | **62** | 65 | **124** | 123 | **91** | 96 | **7.9** | 8.8 | **2.6** | 2.0 | **10.5** | 10.8 |
| | $Cr_2O_3$ (%) | **41.98** | 41.98 | **41.47** | 41.48 | **41.72** | 41.72 | **42.03** | 42.01 | **30.04** | 30.18 | **28.02** | 28.17 | **29.54** | 29.81 |
| Tailings | Ore (Mt) | **–** | – | **–** | – | **–** | – | **2.0** | 3.0 | **–** | – | **–** | – | **–** | – |
| | $Cr_2O_3$ (%) | **–** | – | **–** | – | **–** | – | **17.42** | 16.65 | **–** | – | **–** | – | **–** | – |
| Eastern Chrome Mines | Ore (Mt) | **67** | 70 | **58** | 55 | **125** | 125 | **176** | 179 | **19.9** | 22.8 | **7.6** | 7.6 | **27.6** | 30.4 |
| | $Cr_2O_3$ (%) | **40.26** | 40.25 | **38.43** | 38.38 | **39.42** | 39.42 | **38.25** | 38.25 | **34.99** | 34.67 | **31.45** | 30.27 | **34.02** | 33.58 |
| Tailings | Ore (Mt) | **–** | – | **–** | – | **–** | – | **5** | 5 | **–** | – | **–** | – | **–** | – |
| | $Cr_2O_3$ (%) | **–** | – | **–** | – | **–** | – | **18.81** | 18.82 | **–** | – | **–** | – | **–** | – |
| Vanadium | Ore (Mt) | **40** | 50 | **37.2** | 38.3 | **77** | 88 | **110** | 110 | **11.3** | 18.1 | **7.1** | 8.2 | **18.3** | 26.3 |
| | $V_2O_5$ (%) | **0.47** | 0.47 | **0.46** | 0.45 | **0.46** | 0.46 | **0.49** | 0.49 | **0.47** | 0.46 | **0.43** | 0.43 | **0.46** | 0.45 |
| Manganese | Ore (Mt) | **32.9** | 27.2 | **12.3** | 19.0 | **45.1** | 46.3 | **3** | 3 | **20.1** | 18.6 | **–** | 2.9 | **20.1** | 21.5 |
| | Mn (%) | **36.96** | 37.21 | **36.50** | 36.38 | **36.84** | 36.87 | **36.55** | 36.49 | **36.19** | 36.36 | **–** | 35.79 | **36.19** | 36.28 |

| | | Measured Mineral Resources | | Indicated Mineral Resources | | Measured and Indicated Resources | | Inferred Mineral Resources | | Proved Ore Reserves | | Probable Ore Reserves | | Total Ore Reserves | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Name of operation | Commodity | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 |
| **Aluminium assets** | | | | | | | | | | | | | | | |
| Aurukun | Ore (Mt) | **96** | 96 | **344** | 331 | **440** | 427 | **3** | 3 | **–** | – | **–** | – | **–** | – |
| | $Al_2O_3$ (%) | **53.50** | 53.50 | **49.70** | 49.90 | **50.50** | 50.70 | **48.60** | 49.40 | **–** | – | **–** | – | **–** | – |
| MRN | Ore (Mt) | **422** | – | **4** | – | **425** | – | **150** | – | **43.3** | – | **2.9** | – | **46.3** | – |
| | A.$Al_2O_3$ (%) | **47.31** | – | **48.95** | – | **47.32** | – | **49.47** | – | **48.91** | – | **49.04** | – | **48.91** | – |
| | R.$SiO_2$ (%) | **5.33** | – | **2.55** | – | **5.31** | – | **3.96** | – | **4.89** | – | **4.85** | – | **4.88** | – |

## Industrial activities *continued*

| Name of operation | Commodity | Measured Mineral Resources 2023 | Measured Mineral Resources 2022 | Indicated Mineral Resources 2023 | Indicated Mineral Resources 2022 | Measured and Indicated Resources 2023 | Measured and Indicated Resources 2022 | Inferred Mineral Resources 2023 | Inferred Mineral Resources 2022 | Proved Ore Reserves 2023 | Proved Ore Reserves 2022 | Probable Ore Reserves 2023 | Probable Ore Reserves 2022 | Total Ore Reserves 2023 | Total Ore Reserves 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Volcan - asset held for sale** | | | | | | | | | | | | | | | |
| Lead/zinc/silver deposits | Ore (Mt) | **21.5** | 22.5 | **73** | 74 | **94** | 97 | **178** | 172 | **6.8** | 6.9 | **22.90** | 18.8 | **29.8** | 25.7 |
| | Zinc (%) | **6.12** | 5.97 | **4.29** | 4.21 | **4.71** | 4.62 | **4.74** | 4.50 | **5.32** | 5.46 | **3.48** | 3.74 | **3.90** | 4.20 |
| | Lead (%) | **1.56** | 1.55 | **1.28** | 1.25 | **1.35** | 1.33 | **1.14** | 1.17 | **0.97** | 1.07 | **0.91** | 0.86 | **0.93** | 0.92 |
| | Silver (g/t) | **86** | 89 | **80** | 82 | **81** | 83 | **74** | 75 | **76** | 77 | **69** | 74 | **71** | 75 |
| Copper deposits | Ore (Mt) | **18.4** | 18.4 | **34.3** | 34.3 | **53** | 53 | **148** | 148 | **–** | – | **–** | – | **–** | – |
| | Gold (g/t) | **–** | – | **–** | – | **–** | – | **0.19** | 0.19 | **–** | – | **–** | – | **–** | – |
| | Cu (%) | **0.48** | 0.48 | **0.49** | 0.49 | **0.49** | 0.49 | **0.38** | 0.38 | **–** | – | **–** | – | **–** | – |

## Energy Products

| Name of operation | Commodity | Measured Coal Resources 2023 | Measured Coal Resources 2022 | Indicated Coal Resources 2023 | Indicated Coal Resources 2022 | Inferred Coal Resources 2023 | Inferred Coal Resources 2022 | Coal Reserves Proved 2023 | Coal Reserves Probable 2022 | Marketable Coal Reserves Proved 2023 | Marketable Coal Reserves Probable 2022 | Total Marketable Coal Reserves 2023 | Total Marketable Coal Reserves 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Coal assets** | | | | | | | | | | | | | |
| New South Wales | Steelmaking/Thermal Coal (Mt) | **3,428** | 3,665 | **3,793** | 3,563 | **6,590** | 7,490 | **783** | 618 | **560** | 454 | **1,001** | 1,094 |
| Queensland | Steelmaking/Thermal Coal (Mt) | **3,962** | 3,964 | **6,044** | 6,005 | **8,100** | 7,930 | **250** | 126 | **223** | 105 | **320** | 364 |
| South Africa | Thermal Coal (Mt) | **2,119** | 2,219 | **788** | 835 | **308** | 338 | **470** | 234 | **295** | 152 | **446** | 440 |
| Cerrejón | Thermal Coal (Mt) | **3,250** | 3,200 | **1,300** | 1,200 | **600** | 600 | **140** | 130 | **140** | 120 | **260** | 290 |
| Canada | Steelmaking/Thermal Coal (Mt) | **45** | 45 | **113** | 113 | **130** | 130 | **–** | – | **–** | – | **–** | – |

| **Net Reserves (2P - Proved and Probable)[1]** | Working Interest Basis: Equatorial Guinea Oil mmbbl | Equatorial Guinea Gas bcf | Cameroon Oil mmbbl | Cameroon Gas bcf | **Total Oil mmbbl** | **Total Gas bcf** | **Total Combined mmboe** |
|---|---|---|---|---|---|---|---|
| 31-Dec-22 | 8.8 | 126.9 | 1.7 | | 10.5 | 126.9 | 32.1 |
| Revisions | -0.6 | -0.6 | 0.1 | | -0.5 | -0.6 | -0.6 |
| Divestment | | | | | | | |
| Production | -1.7 | -28.3 | -0.6 | | -2.3 | -28.3 | -7.1 |
| **31-Dec-23** | **6.5** | **98.0** | **1.2** | | **7.7** | **98.0** | **24.4** |

| **Net Reserves (2P - Proved and Probable)[1]** | Working Interest Basis: Equatorial Guinea Oil mmbbl | Equatorial Guinea Gas bcf | Cameroon Oil mmbbl | Cameroon Gas bcf | **Total Oil mmbbl** | **Total Gas bcf** | **Total Combined mmboe** |
|---|---|---|---|---|---|---|---|
| 31-Dec-22 | 27.0 | 310.0 | | | 27.0 | 310.0 | 80.0 |
| Revisions | | | | | | | |
| **31-Dec-23** | **27.0** | **310.0** | | | **27.0** | **310.0** | **80.0** |

1. 'Net' Reserves or Resources are equivalent to Glencore's working interest in the asset/property.

## Carbon intensity of Industrial activities

We show the carbon intensity of our industrial assets as Scope 1 and 2 emissions compared to their production (adjusted to align with our organisational boundary of operational control and expressed in tonnes Cu-equivalent). We have shown metals mining, coal mining, metals smelting and oil refining separately. Emissions data is collected on a site-by-site rather than activity-by-activity basis. Integrated sites with mining and smelting capability have therefore been allocated to the most appropriate category.

The GHG Protocol requires emissions to be presented on a like-for-like basis throughout, taking account of portfolio acquisitions and disposals, with production having therefore been adjusted to align with reported emissions data.

Our 2019-2022 Scope 1 and 2 emissions have been restated as further set out in the About our emissions calculations and reporting section on page 53.

### Metals mining[1]

| | | **2023** | 2022 |
|---|---|---|---|
| Reported own sourced metals production | | | |
| Copper | kt | 1,010.1 | 1,058.1 |
| Zinc | kt | 918.5 | 938.5 |
| Cobalt | kt | 41.3 | 43.8 |
| Nickel | kt | 97.6 | 107.5 |
| Lead | kt | 182.7 | 191.6 |
| Gold | koz | 747 | 661 |
| Silver | koz | 20,011 | 23,750 |
| Converted to copper equivalents[3,4] | kt | 2,178 | 2,271 |
| Less: attributable Cu-equivalent production from non-operated JVs | kt | (492) | (496) |
| Add: Cu-equivalent production from Volcan | kt | 168 | 156 |
| Less: net Cu-equivalent portfolio changes in 2022-23 | kt | (16) | (63) |
| **Relevant Cu-equivalent production** | **kt** | **1,839** | **1,868** |
| $CO_2e$ emissions of operated assets (Scope 1) | mt | 6.0 | 5.7 |
| $CO_2e$ emissions of operated assets (Scope 2) | mt | 3.0 | 3.6 |
| **$CO_2e$ emissions of operated assets (Scope 1 & 2)** | **mt** | **9.0** | **9.3** |
| Carbon intensity of metals mining | t $CO_2e$/t Cu-equiv | 4.9 | 5.0 |

### Metals smelting[2]

| | | **2023** | 2022 |
|---|---|---|---|
| Reported smelter production | | | |
| Copper anode | kt | 443.3 | 474.9 |
| Copper cathode | kt | 507.3 | 456.9 |
| Lead | kt | 244.6 | 273.4 |
| Zinc | kt | 752.6 | 683.0 |
| Ferroalloys | kt | 1,162.2 | 1,487.8 |
| Converted to copper equivalents | kt | 1,516 | 1,523 |
| Add: minority interests share of managed JVs | kt | 42 | 54 |
| Add: net Cu-equivalent portfolio changes in 2022–23 | kt | 25 | 79 |
| **Relevant Cu-equivalent production** | **kt** | **1,583** | **1,657** |
| $CO_2e$ emissions of operated assets (Scope 1) | mt | 4.2 | 5.0 |
| $CO_2e$ emissions of operated assets (Scope 2) | mt | 6.0 | 8.1 |
| **$CO_2e$ emissions of operated assets (Scope 1 & 2)** | **mt** | **10.2** | **13.1** |
| Carbon intensity of metals smelting | t $CO_2e$/t Cu-equiv | 6.4 | 7.9 |

### Coal mining

| | | **2023** | 2022 |
|---|---|---|---|
| Reported coal production | mt | 113.6 | 110.0 |
| Add: minority interests share of operated JVs | mt | 17.6 | 16.8 |
| Less: non-operated JVs | mt | (5.7) | (4.3) |
| Less: net portfolio changes in 2022–23 | mt | – | (0.1) |
| **Relevant coal production** | **mt** | **125.5** | **122.4** |
| Converted to copper equivalents | mt | 1,442 | 1,407 |
| $CO_2e$ emissions of operated assets (Scope 1) | mt | 5.7 | 5.6 |
| $CO_2e$ emissions of operated assets (Scope 2) | mt | 1.2 | 1.1 |
| **$CO_2e$ emissions of operated assets (Scope 1 & 2)** | **mt** | **6.8** | **6.7** |
| Carbon intensity of coal mining | t $CO_2e$/t coal | 0.055 | 0.055 |
| Carbon intensity of coal mining | t $CO_2e$/t Cu-equiv | 4.7 | 4.8 |

### Oil refining

| | | **2023** | 2022 |
|---|---|---|---|
| Astron Energy - energy content of refined products | billion Btu | 136,665 | – |
| $CO_2e$ emissions of Astron Energy (Scope 1) | mt | 0.8 | 0.0 |
| $CO_2e$ emissions of Astron Energy (Scope 2) | mt | 0.1 | 0.0 |
| **$CO_2e$ emissions of Astron Energy (Scope 1 & 2)** | **mt** | **0.9** | **0.0** |
| Carbon intensity of Astron Energy[5] | t $CO_2e$/billion Btu | 6.5 | – |

### $CO_2e$ emissions of operated assets (Scope 1 & 2)

| | | **2023** | **2022** |
|---|---|---|---|
| $CO_2e$ emissions of operated assets (Scope 1 & 2) | | | |
| Metals | mt | 9.0 | 9.3 |
| Coal | mt | 6.8 | 6.7 |
| Smelters | mt | 10.2 | 13.1 |
| Astron Energy | mt | 0.9 | 0.0 |
| Add: other assets | mt | 0.1 | 0.1 |
| **Total reported $CO_2e$ emissions (Scope 1 & 2)** | **mt** | **27.0** | **29.2** |
| Change vs. restated 2019 baseline | | -18% | -11% |

1. Includes integrated mine/smelter operations: Mount Isa, Kazzinc, INO, Murrin Murrin, Koniambo.
2. Includes integrated mine/smelter operations: Ferroalloys.
3. Converted to Cu-equivalents on the basis of 2019 average prices.
4. Also includes by-products such as platinum, palladium and rhodium.
5. Following an extensive multi-year rebuild, the Astron Energy Refinery restarted operations in early 2023.

# Risk management

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.

Glencore's approach to risk management and control is approved and overseen by our Board and its committees and managed by our Group leadership team. Risk management is one of the core responsibilities of the leadership team and it is central to our decision-making processes.

## Board

The Board assesses and approves our overall risk appetite and monitors our risk exposure and overall evaluation of internal controls. This process is supported by the Audit, HSEC and ECC Committees.

There are four key areas the Board needs to address to meet its obligations under the UK Corporate Governance Code (Code).

- Conducting a robust assessment of emerging and principal risks;
- Monitoring the risk management and internal control system, and at least once a year, reviewing its effectiveness;
- Considering the long-term viability and success of Glencore which is dependent on the management of risk; and
- Promoting a risk-aware culture that encourages proactive risk-based management and decision making.

In addition to this ongoing work of the Board and its committees, the Board undertakes a complete review of the Group's principal and emerging risks in its Q4 meeting, which is then updated and considered in subsequent meetings for the purposes of this report and the half-year report.

## Board Committees

We have established five key committees and one temporary committee:

- Audit Committee
- Remuneration Committee
- Nomination Committee
- HSEC Committee
- ECC Committee
- Investigations Committee (temporary)

These committees provide oversight of the risks in their respective areas. They are tasked with, among other things, evaluating and monitoring these risks. They receive regular reports from the Group corporate functions, including:

- Compliance
- Legal
- Finance
- HSEC&HR
- Sustainability
- IT

## Management team

Our CEO, CFO, Head of Industrial Assets and General Counsel lead our management team and are supported by the rest of our Group leadership, comprising our Head of Corporate Affairs, Head of Human Resources and Head of Sustainability, and departmental leadership comprising the heads of each marketing department and our industrial leads.

Management is responsible for the design, implementation, and maintenance of the risk management programme. By operation of its oversight function, management reviews on an ongoing basis the impact of our risks and appropriate mitigants.

Management continues to develop and update the relevant internal risk management procedures and standards that support the risk management programme.

## Departments and corporate functions

Monitoring and reporting are the responsibility of the relevant corporate and risk functions, which provide regular updates to the Board and its committees covering various risks and the performance of the relevant controls in place. Reporting covers various topics, including Group VaR, credit exposure, GIAA reports, litigation, compliance monitoring and HSEC&HR matters. The Board also receives updates on the Raising Concerns programme and material external and internal investigations.

Business risk owners in departments are responsible for their respective operations, including implementing a risk management process that identifies, assesses and manages risk.

Each corporate function coordinates and leads the design, implementation and maintenance of its relevant risk monitoring programme with support from the business risk owners and management in their respective area of responsibility.

## Risk management process

Our risk management approach is modelled after industry standards for internal control frameworks. We seek to apply our approach across the organisation, supported by our controls and risk culture as follows:

Risk is identified, assessed and monitored across each of the respective functions by applying a framework that identifies material matters and supports an ongoing assessment of what matters most to our business and stakeholders. The Company's senior management works with the commodity departments and corporate functions on an ongoing basis to assess the Group's major risks.

Glencore's principal risks and uncertainties are organised into five key pillars: Strategic, HSEC, Finance, Legal and Compliance, and Cyber.

## Managing risk for joint ventures (JVs)

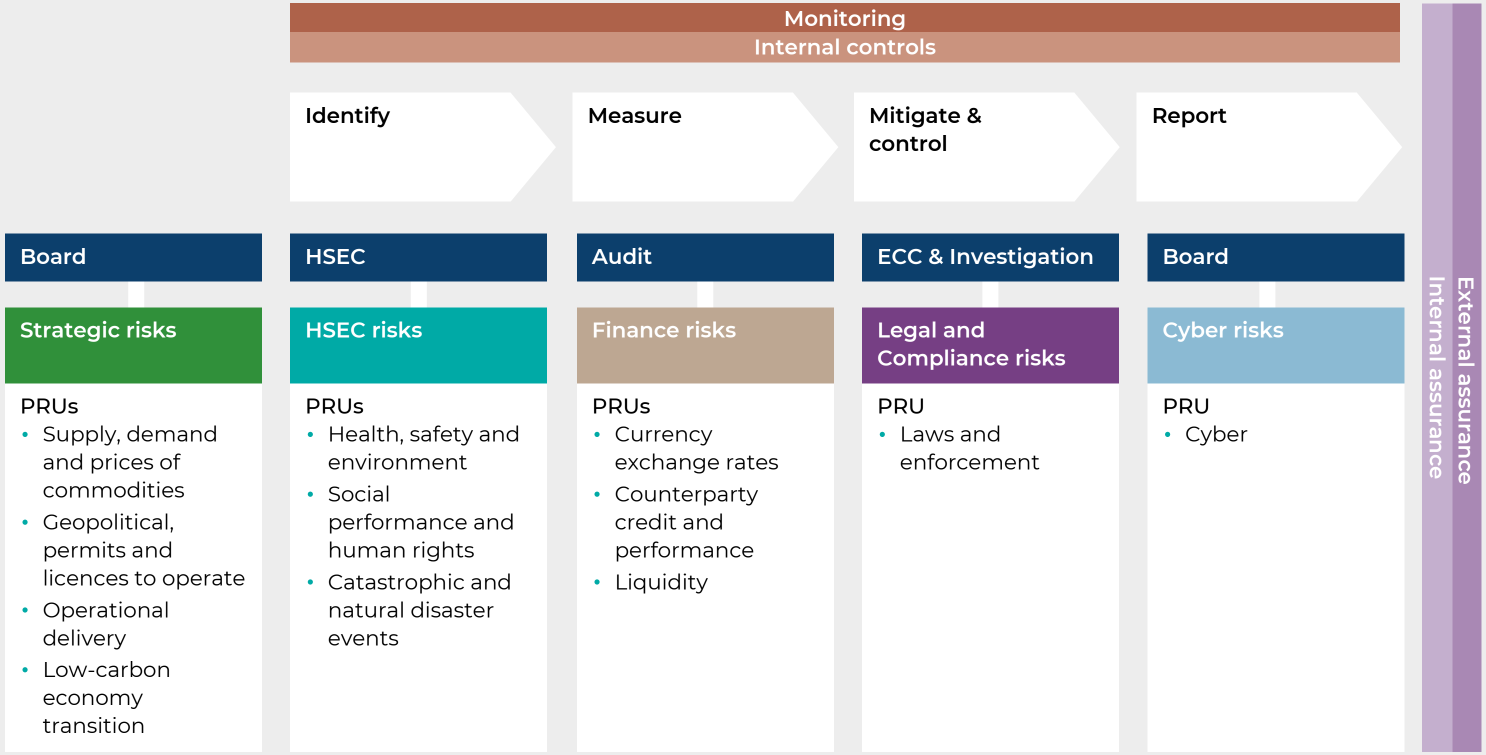
We take measures to ensure that our material risk management practices are implemented at the JVs that we control or operate. In other JVs, we seek to influence our JV partners to adopt our commitment to responsible business practices and implement appropriate programmes in respect of their main business risks.

## Group Internal Audit and Assurance (GIAA)

GIAA provides independent and objective assurance and advisory services to help strengthen governance, risk management and control processes. In doing so, GIAA supports the Board and senior management in protecting the stakeholders, assets and reputation of Glencore.

## Risk management process

Building on the structure of oversight, responsibility and process, these Principal Risks and Uncertainties (PRUs) are managed across our two segments (Marketing and Industrial activities) by cross-segment functional teams.




The Audit Committee and HSEC Committee consider and approve the proposed risk-based audit plan. The committees are regularly updated on the status of delivery against the audit plan, relevant findings and the progress on the implementation of agreed management action plans.

The GIAA audit plan is developed through top-down discussions with senior management and bottom-up independent risk assessments of the audit and assurance universe. GIAA also performs reviews at the direction of senior management and the Audit and HSEC Committees.

The audit and assurance reviews focus on the design and operating effectiveness of controls in place to mitigate the risks identified.

The Audit Committee and HSEC Committee have concluded that the GIAA function remains effective.

## Principal and emerging risks

Our approach is framed by the ongoing understanding of the risks that we are exposed to, emerging trends that could seriously impact our business model, our risk appetite in respect of these risks, how these risks change over time and our efforts to ensure risk monitoring takes place across multiple organisational levels.

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.

The Group understands an emerging risk as a risk that has not yet fully crystallised but is at an early stage of becoming known and/or coming into being and expected to grow in significance in the longer term. Emerging risks typically have their origin outside Glencore and there is often insufficient information for these risks to be fully understood and mitigation by the Group may not be possible.

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 meet at least four times a year and are always followed by a meeting of the Board, giving the opportunity for all Directors to review and discuss their work.

## Risk assessment

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 the section Understanding our risk information which is set out on page 108 and the Important notice on page 299.

In total, there are 12 PRUs (2022: 12), of which the following five are the most significant and may potentially give rise to the most material and adverse effects on the Group:

- supply, demand and prices of commodities;
- liquidity;
- geopolitical, permits and licences to operate;
- laws and enforcement; and
- catastrophic and natural disaster events.

## 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, and liquidity. 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 corporate level. Initial responsibility for risk management is provided by the businesses in accordance with and complementary to their commercial decision making. A support, challenge and verification role is provided by the corporate MR function headed by the Chief Risk Officer (CRO) via its daily risk reporting and analysis which is split by market and credit risk.

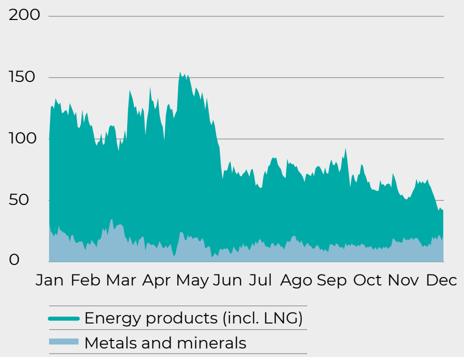
The MR function monitors and analyses the large transactional flows across many locations using timely and comprehensive recording and reporting of resultant exposures, which provides the encompassing positional analysis, and continued assessment of universal counterparty credit exposure.

The MR team provides a wide array of daily and weekly reporting. The MR function strives to continuously enhance its stress and scenario testing as well as improve measures to capture additional risk exposure within the specific areas of the business.

### 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.

**Value at Risk**
$m




Glencore's Board, as part of its annual review process in H2 2022, approved a Group VaR limit (excluding LNG) of $150 million, while maintaining a separate multipronged LNG risk reporting and control structure, including the continued calculation and highlighting of VaR outcomes. As market volatility somewhat normalised in H2 2023, following a comprehensive review, the Board in consultation with the CRO and senior management, determined that it was appropriate to revert to a VaR limit that includes LNG of $200 million.

The year-end VaR (one day 95%) was $42 million, comfortably within the Group's $200 million limit. Average Group VaR during 2023, including LNG was $92 million, with an observable high of $156 million and a low of $42 million, while average equivalent VaR during 2022 was $158 million. There were no limit breaches during 2023.

## Understanding our risk 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, the below list does not purport to be exhaustive. These principal risks and uncertainties should be considered in connection with any forward-looking statements in this document as explained on page 299.

Identifying, quantifying and managing risk is complex and challenging. Although we seek to identify and, where appropriate and practical, actively manage risk through the implementation of Policies, Standards and Procedures, there can be no assurance that these measures will be effectively implemented and adequately protect the Group against identified risks, including the principal risks and uncertainties listed in the following pages.

This section describes our attempts to manage, balance or mitigate risk. Risk is, however, by its very nature uncertain and inevitably events may lead to our policies and procedures not having the intended mitigating effect on the negative impacts of the occurrence of a particular event. Our scenario planning and stress testing may accordingly prove to be inadequate, particularly in situations where material negative events occur in close succession. Since many risks are connected and the effects of one risk may exacerbate other risks we face, 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. 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.

Our latest documentation for debt investors and their related risk disclosures is available at: **glencore.com/investors/debt-investors.**

To provide additional context for these descriptions:

- 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 earthquakes, floods, 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 and the occurrence of one risk may exacerbate the other risks we face;
- 'commodity/ies' will usually refer to those commodities which the Group produces or sells;
- 'law' includes regulation of any type;
- 'risk' includes an uncertainty or 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 materially threaten the business model, future performance, reputation, solvency or liquidity of the Group; and
- a reference to a note is a note to the 2023 financial statements.

### Risk appetite

Following from our strategy and our key risk principles, our risk appetite can be defined as 'the nature and extent of risk the Group is willing to accept in relation to the pursuit of its objectives'. We look at risk appetite from the context of severity of the consequences expected should the risk materialise following an evaluation of any internal or external factors influencing the risk and the status of management actions to mitigate or control the risk.

If a risk exceeds our appetite, it can threaten the achievement of our objectives and may require a change to our strategy. If a risk is approaching the limit of the Group's appetite, management action will be required to ensure the risk remains within appetite levels.

For certain risk implications, such as those relating to safety or compliance, we are averse to any exceptions or deficiencies. Our internal assurance programmes seek to evaluate these controls along with technical and specialised experts and the results of that assurance work will determine the risk appetite evaluation, along with the management response to any issues identified.

We classify our PRUs and set the corresponding risk appetite categorisations as follows:

**Averse**
Mitigation of risk and uncertainty to a low probability of occurrence is a paramount objective as the consequences of occurrence could be catastrophic or of such a severity to our reputation that it could result in an existential event for the Group.

**Minimal**
Mitigation to a minimal level of residual risk for risks that present less severe consequences ultimately resulting in an agreed operational tolerance level, such as VaR and liquidity minimum limits, or the thresholds set within the authority delegated to management.

**Cautious**
The risk is of a strategic and inherent nature of the business environment in which we operate. Exposure and tolerance to such risks (e.g. supply and demand of commodities) are a function of the strategy chosen, matters of which are reserved for the Board and/or shareholders.

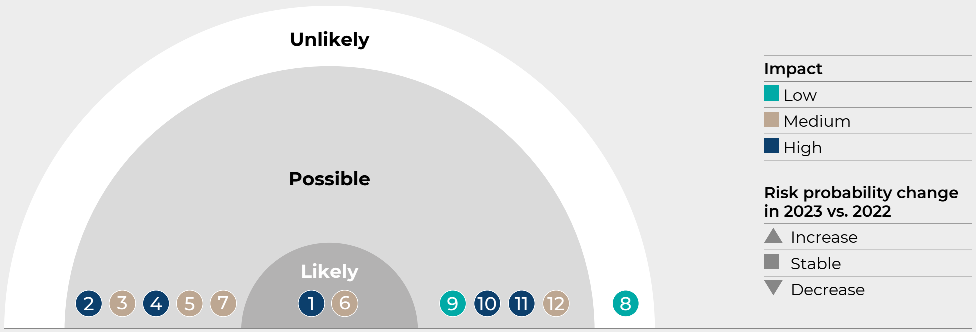
We further assess the potential impact and likelihood of PRUs, which informs our analysis of these risks in comparison to the prior year.

**Impact**
Impact represents the impact of the risks once all key controls and other mitigating factors have been applied. It is the residual impact the risk might have on the Group's operations and viability. Impact is measured as low, medium and high.

**Likelihood**
Likelihood, similar to impact, is the residual likelihood of a risk crystallising after all key controls and other mitigating factors have been applied.

It is in direct correlation with the level of control that management has over a particular given risk. The more a risk is subject a to higher degree of external factors, the higher the likelihood will be. Likelihood is measured as unlikely, possible and likely.

## Summary map of PRUs




| Principal Risks | Risk appetite | Impact | Likelihood | 2023 vs. 2022 |
|---|---|---|---|---|
| **Strategic** | | | | |
| 1 Supply, demand and prices of commodities | Cautious | High | Likely | Stable |
| 2 Geopolitical, permits and licences to operate | Cautious | High | Possible | Increase |
| 3 Operational delivery | Minimal | Medium | Possible | Stable |
| 4 Low-carbon economy transition | Cautious | High | Possible | Stable |
| **HSEC** | | | | |
| 5 Health Safety and Environment | Averse | Medium | Possible | Stable |
| 6 Social performance and human rights | Minimal | Medium | Likely | Stable |
| 7 Catastrophic and natural disaster events | Averse | Medium | Possible | Stable |
| **Finance** | | | | |
| 8 Currency exchange rates | Minimal | Low | Likely | Stable |
| 9 Counterparty credit and performance | Minimal | Low | Possible | Increase |
| 10 Liquidity | Minimal | High | Possible | Stable |
| **Legal and Compliance** | | | | |
| 11 Laws and enforcement | Averse | High | Possible | Stable |
| **Cyber** | | | | |
| 12 Cyber | Minimal | Medium | Possible | Stable |
| **Emerging risks** | | | | |
| 1. Demand for commodities we produce | | | | |
| 2. Material substitution | | | | |

## 2023 developments and overview of principal risks and uncertainties

### Supply, demand and prices of commodities

The overall cycle of inflation, tighter monetary conditions and limited global economic growth has contributed to average period-over-period price reductions in copper, cobalt, nickel and zinc of 4%, 50%, 16% and 24%, respectively. The outlook remains uncertain.

While lower energy prices have tempered some of the inflationary pressures in key Western markets, the restart of previously shuttered energy-intensive industries, including some steel, zinc and aluminium production, has been limited by weak end-user markets, particularly in Europe. Chinese growth is also difficult to gauge given the positives of accelerated demand from domestic consumer sectors and continued investment in infrastructure and the energy transition, balanced with the persistent weakness in the property market.

### Mergers and acquisitions

The proposed acquisition of Teck's steelmaking coal assets, EVR, is a meaningful development for the Group. In the near term, the Board and management are focused on transaction execution, including swift and effective integration of EVR into Glencore's operating environment. The initial outflow of consideration for this acquisition may also materially increase Glencore's exposure to commodity price risk. This risk is somewhat mitigated by the strongly cash-generative nature of the assets to be acquired, and Glencore's existing policies around liquidity risk (see risks 1. and 10., below). In the longer term, the potential demerger would be a transformative development for Glencore and would need to be carefully planned and implemented.

### Operational delivery

Coal, copper and ferrochrome were within acceptable performance ranges in 2023. Nickel was impacted in three areas: follow-on effects of a prolonged strike at Raglan in 2022 impacted Integrated Nickel Operations (INO), while Murrin Murrin experienced some outages due to scheduled major maintenance and Koniambo experienced some underperformance. An emerging issue is the need to closely review the schedule and budget for the Onaping Depth project where main ore production will be delayed relative to earlier expectations and the costs for this project may increase accordingly. The Zinc department underperformed at its Zhairem project, with remediation works taking longer than expected.

### Low-carbon economy transition

At our 2023 AGM, there was a high percentage of votes (c.30%) against approval of our 2022 Climate Report and almost the same sized vote in favour of a climate-related shareholder resolution that the Board recommended against. We have consulted with shareholders to understand the drivers behind the votes; it is clear that there is a very wide range of views, but shareholders generally remain supportive of our strategy. Together with this report we have published our updated Climate Action Transition Plan, which will be put to shareholders at our 2024 AGM for an advisory vote.

### Understanding impacts on nature

The launch of the Taskforce on Nature-related Financial Disclosures (TNFD) is expected to result in greater scrutiny by stakeholders and regulators of Glencore's assessment and management of nature-related risks and opportunities, and its commitments to manage its impacts on nature. We are in the process of rolling out internal training on nature-related objectives and strengthening nature-related risk assessments.

### Legal and compliance

Investigations remain ongoing by Swiss authorities for failure to have organisational measures in place to prevent alleged corruption and an investigation of similar scope by the Dutch Public Prosecution Service. The timing and outcome of these investigations remain uncertain. In addition, as a result of the resolutions of the US, UK and Brazilian investigations, a number of group actions and other civil claims have been made or threatened and other authorities have or have threatened to open investigations.

### Monitors

The independent compliance monitors mandated under our resolutions with the DOJ have been appointed and commenced their work. The Group intends to engage constructively with the monitors during the review periods and thereafter will need to be prepared to implement the recommendations coming out of the reviews.

### Russia/Ukraine war

Western governments continue to tighten sanctions, particularly concerning individuals and companies associated with the Russian government. This requires ongoing vigilance, but the impact on commodity markets has generally stabilised.

## Longer-term viability

In accordance with the requirements of the UK Corporate Governance Code, the Board has assessed the Company's long-term viability over a four-year assessment period. It has also considered the Company's prospects in the longer term, incorporating but not limited to the 2050 date associated with the Company's net zero ambition.

The assessment was informed by the potential 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 44. 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. This analysis, however, indicates stable or improving opportunities in all scenarios for the energy transition metals we are most materially exposed to, being copper, cobalt and nickel. Over time, we expect demand for seaborne thermal coal to fall across all scenarios. Our own portfolio risk to such demand reduction is mitigated by our trajectory of a responsible phase-down.

The Board has assessed the Company's ability to meet its liabilities as they fall due over the four-year period from 1 January 2024. This period is consistent with the Company's established annual business planning and forecasting processes and cycle which is subject to review and approval each year by the Board. The Directors believe this is an appropriate review period having regard to the Group's business model, strategy, principal risks and uncertainties, sources of funding and liquidity.

The four-year plan considers Glencore's Adjusted EBITDA, capital expenditure, funds from operations (FFO) and Net debt, and the key financial ratio of Net debt to Adjusted EBITDA. It incorporates stress tests to simulate the potential impacts of exposure to the relevant principal risks and uncertainties. While all the PRUs have the capability to impact business and financial performance, the most scenario-relevant to the assessment of viability are Risk 1 (Supply, demand and prices of commodities), Risk 8 (Currency exchange rates) and Risk 3 (Operational delivery). For the 2024–27 plan the stress test scenarios were:

- Scenario 1: Reversion – Commodity prices and inflation reverting to historical norms over the outlook period (Highly likely);
- Scenario 2: Recession – Commodity prices set at the low end of analysts' consensus ranges as of December 2023 for the entirety of the outlook period (Improbable); and
- Scenario 3: Higher interest environment – Interest rates at 6.5% p.a. throughout the outlook period (Possible but unlikely)

Subject to receipt of mandatory regulatory approvals, the Company expects to finalise its acquisition of a 77% interest in EVR no later than Q3 2024. This will initially increase consolidated net debt by around $6.93 billion, adjusted for working capital and other closing adjustments, as per the agreed transaction documentation. The assets being acquired are expected to be highly cash-generative based on current and forecast steelmaking coal prices, and the Directors have a reasonable expectation that the Group's consolidated net debt will reach or make significant progress towards the targeted $5 billion level or less over the period of 24 months from close.

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.

Risk management *continued*

## 1. Supply, demand and prices of commodities

| 2023 vs. 2022 | Risk appetite | Link to strategy |
|---|---|---|
| ↔ | Cautious | |

We are subject to the inherent risk of sustained low prices for our main commodities, particularly affecting our industrial business. 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. The prices of the commodities we produce are dependent on the expected volumes of supply or demand for commodities which can vary for many reasons out of our control.

New or improved energy production possibilities and/or technologies are likely to reduce the demand for some commodities. Net zero emissions commitments require demand for unabated coal and other hydrocarbon fuel sources to significantly reduce over time.

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

**Strategic priorities**

- Responsible and ethical production and supply
- Responsible portfolio management
- Responsible product use

### Potential impact on the Group

- Significant falls in the prices of certain commodities (e.g., copper, coal, zinc, nickel 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.
- A global surplus or shortage in one or more of the commodities we produce could have a major impact on their traded price, and therefore on our financial performance.

### Mitigating factors or controls

Certain aspects of our business model provide inherent mitigating factors:

- diversity in our portfolio of commodities, geographies, assets and contracts;
- preparations 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 close monitoring of fossil fuel (particularly thermal coal) demands; and
- ability to reduce the production of any commodity within our portfolio in response to changing market conditions.

We can also utilise established and implemented mitigating controls, such as:

- financial leverage of under 1x in the ordinary course of business, which should support our ability to obtain financing in a downside scenario (see Liquidity risk below);
- maintaining focus on cost discipline and achieving greater operational efficiency to increase our resilience to lower prices; and
- actively managing commodity price risk in our Marketing segment, including via daily analysis of Group VaR.

## 2. Geopolitical, permits and licences to operate

| 2023 vs. 2022 | Risk appetite | Link to strategy |
|---|---|---|
| ↑ | Cautious | |

We control and operate assets in many countries across the globe, some of which are categorised as developing, complex or having unstable political or social environments. As a result, we are exposed to a wide range of political, economic, regulatory, social and tax environments. Regulatory regimes applicable to resource companies can often be subject to adverse and unexpected changes. Our operations may also be affected by political and economic instability, including terrorism, civil disorder, violent crime, war and social unrest.

The terms attaching to any permit or licence to operate may be onerous and obtaining these and other approvals can be particularly difficult. Furthermore, in certain countries, title to land and rights and permits in respect of resources may be challenged.

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 and aggressively enforcing their tax codes. The tax codes of some countries can be uncertain in their application and the access to impartial administrative and judicial redress may be limited.

### Potential impact on the Group

- Adverse actions by governments and others can result in operational/project delays or loss of permits or licences to operate, which could have a material adverse effect on the Group and affect the Group's long-term viability and success.
- 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 industrial asset and/or impede our ability to develop new assets.
- Laws and regulations in the countries in which we do business may change or be implemented in a manner that may have a materially adverse effect on the Group.

### Mitigating factors or controls

- The Group's industrial assets are diversified across various countries which reduces the Group's exposure to any particular country.
- 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.
- We endeavour to operate our businesses according to high legal, ethical, social and human rights standards, and to ensure that our presence in host countries leaves a positive lasting legacy.
- We operate under a Group Tax Policy, annually reviewed by the Board, which sets out the Group's commitment to comply with all applicable tax laws, rules and regulations, without exception, and to be characterised as a 'good corporate fiscal citizen'.

## 3. Operational delivery

| 2023 vs. 2022 | Risk appetite | Link to strategy |
|---|---|---|
| | Minimal | |

Our industrial activities are subject to significant risks throughout each operation's lifecycle, from project planning, through initiation, development, operation and/or expansion and ultimate closure.

The delivery of projects can be impacted by a range of factors, including an inadequate level of resource knowledge, inappropriate design and engineering, lack of independent review, permitting delays, poor project execution resulting in schedule delays and cost increases, commissioning delays and extended ramp-up to design, or not achieving design outputs.

Delivery of operational performance at existing industrial assets can be impacted by a range of factors, including a level of geological risk relating to factors such as structure and grade as well as geotechnical and hydrological risks, natural hazards, processing problems, technical malfunctions, supply chain risk of unavailability of materials and equipment, unreliability and/or constraints of infrastructure, disasters, force majeure factors, cost overruns, or delays in permitting or other regulatory matters.

| Strategic priorities |
|---|
| Responsible and ethical production and supply |
| Responsible portfolio management |
| Responsible product use |

Some of the Group's interests in industrial assets do not constitute controlling stakes. Although the Group has various arrangements in place which seek to protect its position where it does not exercise control, these assets or other shareholders in these entities may act contrary to the Group's interests or be unable or unwilling to fulfil their obligations.

Major acquisitions, disposals or business combinations also entail a number of risks, including in connection with ongoing regulatory requirements and obligations, as well as the ability of the Group to effectively integrate any businesses acquired with its existing operations and the realisation of any anticipated synergies.

### Potential impact on the Group

- The development and operation of assets may lead to future upward revisions in estimated costs (capital and operating expenditure), including in relation to delays or other operational difficulties or damage to properties or facilities, which may cause production to be reduced or to cease, and may require greater infrastructure spending.
- Severe operating difficulties may result in impairments.
- Failure to successfully integrate an acquired business and/or realise expected synergies could have a material adverse effect on the Group's business, financial condition, results of operations or prospects. Acquisitions can result in significant one-time write-offs or restructuring charges, unanticipated costs, challenges addressing possible differences in business culture, processes, controls, procedures and systems and failing to integrate and motivate key employees and/or retain certain individuals during the integration period. The Group may also face challenges with redeploying resources in different areas of operations or be liable for the past acts, omissions or liabilities of companies or businesses it has acquired, which may be unforeseen or greater than anticipated at the time of the relevant acquisition.
- Sales of assets may also result in unintended consequences that impact our operations.

### Mitigating factors or controls

- We seek to ensure that project development and operating risks and hazards are managed through our continuous project status evaluation and reporting processes and the ongoing assessment, and reporting and communication of the risks that affect our operations along with updates to the risk register.
- We have developed a Group Project Management standard which defines the corporate requirements for major project development, including governance requirements for concept, pre-feasibility and feasibility studies and execution. Major projects are also required to be subject to an independent peer review process as part of the approval to progress from the pre-feasibility project phase to the subsequent feasibility and execution phases.
- We publish 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, and the economics of the particular commodities concerned. We also report our production results quarterly and provide guidance on future production periods which considers exposure to operational delivery risk.
- We manage a disciplined annual process for life of asset planning whereby the resource development and subsequent production plans for each asset are reviewed, including to understand the range of potential risks to operational delivery.
- Major acquisitions and disposals are subject to a comprehensive review process by senior management and the Board, with support from relevant internal experts and external advisers.

## 4. Low-carbon economy transition

| 2023 vs. 2022 | Risk appetite | Link to strategy |
| --- | --- | --- |
| ↔ | Cautious | |

The global transition to a low-carbon economy may affect our business through regulations to reduce emissions, carbon pricing mechanisms, reduced access to capital, permitting risks and fluctuating energy costs, as well as changing demand for the commodities we produce and market. 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 significant customer markets such as China, South Korea, Japan, the United States and Europe.

A transition to a low-carbon economy and its associated public policy and regulatory developments is likely to reduce demand for fossil fuels over time and could lead to certain of our thermal coal assets no longer being economically viable.

### Potential impact on the Group

- 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 on fossil fuels by actual or potential investors, customers and banks, that may impact Glencore's reputation, access to capital and financial performance;
  - import duties/carbon taxes in our customers' markets which may affect our access to those markets as well as our commodities' delivery costs;
  - increased costs for energy and for other resources, which may impact associated costs and the economic competitiveness of our industrial assets;
  - the imposition of levies or taxes, whether or not related to greenhouse gas emissions; and
  - impacts on the development or maintenance of our industrial 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.
- Implementing low-carbon processes and technologies at our industrial assets may increase our operating costs, while also potentially growing/changing our customer base.
- ESG concerns may increase pressure to divest our coal assets, limit/stop our access to financing, restrict production from, development of, or close assets and impact our ability to optimise our portfolio. Some may choose not to invest in or transact with us, due to our fossil fuel operations.
- Socio-economic concerns associated with the transition to a low-carbon economy may increase expectations of our closure plans and increase closure liabilities.
- We may be the subject of climate-related litigation or regulatory scrutiny. 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. A number of regulators have also increased their scrutiny of companies' actions in respect of climate change, including through investigating claims related to inaccurate or misleading disclosure and/or greenwashing.

### Mitigating factors or controls

- We seek to integrate climate considerations, such as energy and climate policies in countries where we operate and sell our products, expectations of our value chains, and potential impacts from commitments to achieve the goals of the Paris Agreement, into our strategic decisions and day-to-day operational management.
- Our internal Climate Change Taskforce, led by our CEO and overseen by the Board of Directors, is responsible for delivering our climate strategy and addressing progress against our climate commitments.
- We monitor and report our Scope 1, 2 and 3 industrial emissions, and use this data in managing our operational emissions, as well as for purposes of tracking progress against our targets.
- Subject to a supportive policy environment, we intend to deliver our ambition of net zero industrial emissions by the end of 2050 as further outlined in our 2023 Climate Action Transition Plan.
- To understand better and plan for the effects of climate change on our business, we have a framework for identifying, understanding, quantifying, where possible, and, ultimately, managing climate-related risks and opportunities facing our portfolio which covers government policy, lobbying activities, carbon pricing, energy costs, physical impacts, access to capital, risks relating to permits, product demand and litigation risks.

## 5. Health, safety and environment

| 2023 vs. 2022 | Risk appetite | Link to strategy |
| --- | --- | --- |
| ↔ | Averse | |

Industrial operations are inherently hazardous. The success of our business is dependent on a safe and healthy workforce and work environment. Identifying and managing risks to the safety and health of our people is essential for maintaining our commitment to responsible production.

Our operations around the world can have direct and indirect impacts on the environment and host communities. Our ability to manage and mitigate these may impact maintenance of our operating licences as well as affect future projects, acquisitions and our reputation.

We operate in some countries characterised by complex and challenging political and/or social climates, which increases our risk of non-compliance with external laws and regulations as well as our HSEC&HR Policies and Standards.

### Potential impact on the Group

- Compliance with environmental, safety and health regulations, and our relevant HSEC&HR Policies or Standards, may result in increased costs.
- Non-compliance or incidents causing serious injury or fatality or other damage at, or to, our facilities or surrounding areas, may result in significant losses. Related consequences could include (1) interruptions in production, (2) litigation and imposition of penalties and sanctions, (3) 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, and (4) undertaking remedial actions or reparations, including payment of compensation, to negatively impacted communities.

- Failure to operate responsibly may have long-term negative impacts for host communities and the environment, and erode trust in the integrity of our organisation and harm our reputation.
- 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.

### Mitigating factors or controls

- Our HSEC&HR Policies, Standards and fatal hazard protocols (FHPs) have been developed to assist in the management of the fatal and catastrophic hazards that present a material risk to our industrial assets.
- We establish HSEC&HR Policies, Standards and Procedures designed to (1) protect our people, communities and the environment, and (2) ensure we comply with laws and external regulations. These also set out our goals, objectives, expectations and requirements that should be applied consistently across the Group and provide clear guidance on the minimum requirements we expect all our industrial assets to meet, as well as those for our workforce and business partners.
- We have re-launched SafeWork, Glencore's approach to creating a workplace without fatalities and serious injuries. SafeWork provides a set of minimum expectations for the management of fatal and catastrophic hazards, the consistent application of which can drive a safe operating discipline and a positive safety culture.
- We work with local authorities, local community representatives and other partners, such as NGOs, to help overcome major public health issues in the regions where we work, such as HIV /AIDS, malaria and tuberculosis.

| Strategic priorities |
|---|
| Responsible and ethical production and supply |
| Responsible portfolio management |
| Responsible product use |

## 6. Social performance and human rights

| 2023 vs. 2022 | Risk appetite | Link to strategy |
|---|---|---|
| ↔ | Minimal | |

Respecting human rights and building strong relationships with the communities in which we operate are fundamental to the current and future viability of our business.

We have a geographically diverse business, operating in both developed and developing countries in an array of different contexts. 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 reputation with stakeholders, our ability to secure access to new resources, our capacity to attract and retain the best talent and ultimately, our financial performance.

Areas that may be affected negatively include the health and safety of our workforce and surrounding communities, environmental damage and interactions with individuals and groups who live and work in or near our local communities. Poor performance can contribute to social instability and the perceived and real value of our assets.

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.

### Potential impact on the Group

The consequences of adverse community reactions or allegations of human rights or social 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.

### Mitigating factors and controls

- We respect communities' perspectives by seeking to actively consult with them on our decision making, and engaging openly and honestly to build lasting relationships.
- We endeavour to focus our social investments on initiatives and programmes to deliver long-term benefits fostering socio-economic resilience.
- We support the advancement of the interests of both our host communities and our industrial assets.
- 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 tailor our community approach to be relevant and appropriate to the local context, including regarding tangible and intangible cultural heritage.
- 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.

- We require our industrial assets to implement locally appropriate complaints and grievance processes to receive feedback and comments on our performance, and take actions when necessary to address the issues raised.
- We believe that legal artisanal and small-scale mining (ASM) can play an important and sustainable role in many economies when carried out responsibly and transparently, including the DRC. We work with the Fair Cobalt Coalition, an NGO that works towards eliminating child and forced labour, improving work practices in ASM operations, and supporting alternative livelihoods to help increase incomes and reduce poverty.
- We implement policies, standards and procedures designed to identify, prevent and mitigate human rights risks and impacts across our business, and are committed to understanding and documenting the social risks and opportunities in the communities in which we operate.

## 7. Catastrophic and natural disaster events

| 2023 vs. 2022 | Risk appetite | Link to strategy |
|---|---|---|
| ↔ | Averse | |

Catastrophic or natural disaster events at the Group's industrial assets can have disastrous impacts on workers, communities and the environment, while also impacting production and resulting in substantial financial costs and harm to our reputation. These events may arise due to natural causes (flood, earthquake, drought) or due to infrastructure (including underground mines or open-pits or tailings storage facility failure) or equipment failure (such as shafts and winders).

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.

### Potential impact on the Group

- Loss of life, significant environmental damage, or social impact on livelihoods arising from such an event may have material adverse impacts on our business and reputation.
- The suspension of production arising from one of these events for an extended period could have a significant impact on our business.
- Inclusion of new design standards for improved management of potentially catastrophic events during the development of new projects and as required for the remediation of risks at industrial assets may lead to future upward revisions in estimated costs, delays or other impacts. This may cause production to be reduced or to cease and/or require greater infrastructure spending. Also, the realisation of these risks could require significant additional capital and operating expenditures.

### Mitigating factors or controls

- Our HSEC&HR Policies, Standards and FHPs have been developed to assist in the management of the fatal and catastrophic hazards that present a material risk to our operations.
- We set regional or international standards designed to assist in the prevention of incidents and protect our people, the environment, communities, assets, and other stakeholders. They are taken into account in the planning, design, construction, operation, maintenance and monitoring of our surface and underground mines, water and tailings storage facilities, smelters, refineries and other infrastructure and equipment.
- Our GIAA function implements a comprehensive process to assure whether catastrophic hazards are effectively identified, assessed, managed and controlled across our industrial assets.
- We have implemented a comprehensive tailings management framework, with clear governance, accountabilities, systems, training, auditing and reporting on performance.

## 8. Currency exchange (FX) rates

| 2023 vs. 2022 | Risk appetite | Link to strategy |
|---|---|---|
| ↔ | Minimal | |

FX changes affect us as a global company usually selling in US dollars but having costs in a large variety of other currencies. The main currency exchange rate exposure is through our industrial assets, as a large proportion of the costs incurred by these operations, which are spread across many different countries, is denominated in the currency of the country in which each industrial asset is located, the currencies of which fluctuate against the US dollar. The vast majority of our sales transactions are denominated in US dollars.

Producer country currencies tend to strengthen 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.

### Potential impact on the Group

- 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.

### Mitigating factors or controls

- 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 operating currency exposures and requirements in an attempt to limit any adverse effect of exchange rate fluctuations.
- We continuously monitor and report on financial impacts resulting from foreign currency movements.

**Strategic priorities**

- Responsible and ethical production and supply
- Responsible portfolio management
- Responsible product use

## 9. Counterparty credit and performance

| 2023 vs. 2022 | Risk appetite | Link to strategy |
|---|---|---|
| ↑ | Minimal | |

We are subject to the risk of non-performance by our suppliers, customers and hedging counterparties, in particular in respect of our marketing activities.

Financial assets consisting principally of receivables and advances, derivative instruments and long-term advances and loans can expose us to concentrations of credit risk.

### Potential impact on the Group

- 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; and
  - suppliers to whom we have made prepayments finding themselves unable to honour their contractual obligations due to financial distress or other reasons.

### Mitigating factors or controls

- We seek to diversify our counterparties and try to ensure adherence to open account limits.
- We make extensive use of credit enhancement tools, seeking letters of credit, insurance cover, discounting and other means of reducing credit risk with counterparts. Where possible, credit exposures are covered through credit mitigation products.
- 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.
- Open account risk is governed by Group-wide standards with established thresholds for referral of credit decisions by department heads to the CEO, CFO and CRO (and the Board, for highest-level approvals), relating to potential credit risk exposures at varying levels, depending on counterparty credit quality.

## 10. Liquidity

| 2023 vs. 2022 | Risk appetite | Link to strategy |
|---|---|---|
| ↔ | Minimal | |

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 cost to fund our commitments.

While we adjust our minimum internal liquidity threshold from time to time in response to changes in market conditions (as was the case in 2022, due to extreme levels of market volatility, particularly in energy markets, impacting daily margining requirements in respect of our hedging derivatives portfolio), 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 suppliers, customers or our own business.

### Potential impact on the Group

- Our failure to access funds (liquidity) would severely limit our ability to engage in our business activities and may mean that we would 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 would decrease.
- Debt costs may rise owing to ratings agency downgrades and the possibility of more restricted access to funding.

### Mitigating factors and controls

- Diversification of our funding sources (bank borrowings, bonds and trade finance, further diversified by currency, interest rate and maturity).
- Considering the Group's extensive funding activities, maintaining strong investment grade (from Moody's and Standard & Poor's) credit rating status is a financial priority. Over the past few years, Glencore's capital structure and credit profile has been managed around a $10 billion Net debt cap, with sustainable deleveraging below the cap periodically returned to shareholders. In the light of the forthcoming significant EVR transaction, and potential for a future demerger of our combined coal and carbon steel materials business, we are now managing the balance sheet around a revised $5 billion Net debt cap, alongside our continued commitment to minimum strong Baa/BBB ratings.
- The lower Net debt cap framework requires us to allocate surplus cash flows (after base distribution) towards accelerating repayment of EVR acquisition funding.
- Our financial policies seek to ensure access to funds, when desired, even in periods of market volatility.
- Our bond maturity profile is managed such that maturity repayments do not exceed approximately $3 billion in any given year.
- It should be noted that the credit ratings agencies make certain adjustments, including a discount to the value of our Readily Marketable Inventories, so that their calculated net debt is higher than ours. The Group's credit ratings are currently Baa1 from Moody's and BBB+ from Standard & Poor's.

## 11. Laws and enforcement

| 2023 vs. 2022 | Risk appetite | Link to strategy |
|---|---|---|
| ↔ | Averse | |

We are exposed to extensive laws and regulations, including those relating to bribery and corruption, sanctions, taxation, anti-trust, financial and commodity markets regulation and rules, environmental protection, use of hazardous substances, product safety and dangerous goods regulations, post-closure reclamation, employment of labour and occupational health and safety standards. In addition, there are a number of high expectations regarding the need to act ethically in our business and we are exposed to the risk that unethical business practices may, by themselves, harm our ability to engage with certain business partners, and/or give rise to questions as to whether we are committed to complying with applicable laws.

As a diversified sourcing, marketing and distribution company conducting complex transactions globally, we are particularly exposed to the risks of fraud, corruption, sanctions violations and other unlawful activities both internally and externally. Certain of our existing industrial and marketing activities are in countries that are categorised as developing or as having challenging political or social climates or where the legal system is uncertain, and/or where corruption is generally understood to exist, which creates risks in relation to our compliance with laws and external requirements. 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.

### Potential impact on the Group

- Any changes to these laws or regulations 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.
- The costs associated with compliance with these laws and regulations, including the costs of regulatory permits, are substantial and increasing.
- The impact of any monetary fines, penalties, redress or other restitution requirements, and the associated reputational damage arising from proceedings that are resolved adversely to the Group, could be material.
- 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.
- In addition, the cost of cooperating with investigations and/or defending proceedings can be substantial.

### Mitigating factors or controls

- 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, and engagement with governments and regulators.
- We have implemented a number of programmes designed to ensure compliance with applicable laws and regulations, including our Group Ethics and Compliance programme that includes a range of Policies, Standards, Procedures and Guidelines, as well as training and awareness, monitoring and investigations processes.
- We have invested significant resources towards developing this programme, including through increasing the number of dedicated compliance professionals, enhancing our compliance policies and procedures and controls, increasing our training and awareness activities, and strengthening the Group's Raising Concerns programme and investigations processes.
- We engage reputable external legal firms and consultants as necessary to support these efforts.
- Pursuant to our resolutions with the DOJ, we have appointed two independent compliance monitors who will:
  - assess the effectiveness of Glencore's Ethics and Compliance programme (including an assessment of Glencore's culture and internal accounting controls) as it relates to the prevention of future misconduct similar to Glencore's bribery and market conduct violations in the DOJ resolutions;
  - provide recommendations to improve or enhance the programme, which Glencore is required to implement; and
  - certify that Glencore's Ethics and Compliance programme is reasonably designed and implemented to prevent and detect violations of the relevant laws in the underlying resolutions.

## 12. Cyber

| 2023 vs. 2022 | Risk appetite | Link to strategy |
|---|---|---|
| ↔ | Minimal | |

The ever-increasing reliance on digital technologies has brought with it a corresponding rise in cyber-related risks, ranging from the proliferation of ransomware to nation-state activity and the monetisation of cyber crime. Our industrial production, operations, environmental management, health and safety management, communications, transaction processing, and risk management all rely on information technologies, while our long supply chains involve numerous third parties that are exposed to the same cyber risks. Furthermore, the emergence of machine learning and artificial intelligence has led to an exponential increase in the volume and sophistication of fraud attempts. The use of 'Deepfake' technology, powered by machine learning, makes it easier to manipulate audio and video content, increasing the potential for phishing or fraud attacks that impersonate senior executives. Given the accelerating pace at which AI is being used to create malware and deepfakes, there is a significant and growing threat to the security and authenticity of digital content, necessitating robust and vigilant cyber security measures.

### Potential impact on the Group

- The potential consequences of a cyber security breach, incident, or failure of Glencore's IT systems are significant and wide-ranging. Such an event could lead to disruption of our businesses, jeopardise the safety of our employees, result in the exposure of confidential information, damage our reputation, and create substantial financial and legal risks for the Group.
- The ramifications could extend beyond just our own operations and impact our customers, suppliers, and partners as well.

### Mitigating factors or controls

- We take a proactive and multi-faceted approach to mitigating cyber exposure risks and maintaining the security of our IT systems.
- Our IT security standards include layered cyber security, privileged access management, and multiple layers of email security and malware protection, as well as the use of two-factor authentication and VPN technology for securing corporate applications and communications.
- We keep our system software up to date and use global platforms to proactively manage patch compliance, while routine third-party penetration tests and dedicated programmes for enhancing the monitoring and security of our Operational Technology (OT) platforms seek to ensure the effectiveness of our security measures.
- Our IT Security Council sets the global cyber security strategy, conducts regular risk assessments, and designs solutions to protect against emerging threats, and our Cyber Defence Centre is responsible for day-to-day monitoring and remediation of cyber vulnerabilities across the Group.
- We have an incident response team in place to coordinate a swift and effective response in the event of a major cyber incident.
- We prioritise employee education to raise awareness of cyber security threats and encourage best practices in information security.

**Strategic priorities**

- Responsible and ethical production and supply
- Responsible portfolio management
- Responsible product use

# Good governance remains crucial for our continued success

**Kalidas Madhavpeddi**
**Chairman**

I am pleased to report on another active year for your Board in its governance of the Company.

## Performance review

Following the intensive external independent board performance review carried out by Spencer Stuart last year, we were pleased to implement the various recommendations which they made. This year we carried out an internal review which reflected overall satisfaction with the operation of the Board and its committees and identified certain opportunities for housekeeping improvements. We wish to ensure that we maintain a strong and cohesive Board which is able to have a strategic and long-term outlook, while also dynamically considering opportunities, challenges and near-term considerations as they arise.

## Group engagement

Your Directors cannot fulfil their roles by just meeting in a boardroom. Last year, Board members visited various sites and offices which visits we describe in this section. Further important visits are planned for this year. These are an essential part of the exercise of governance, allowing the Directors to better understand the business and its geographic context, engage with local management and, crucially, hear directly from employees.

## Shareholder engagement

In 2023, we actively engaged with our shareholders and interested stakeholders on our climate strategy. Following the 2023 AGM at which the shareholders voted on the progress against our three-yearly Climate Action Transition Plan, we undertook an active engagement programme to understand better our shareholders' views on our climate strategy and seek investors' views on updates to our Climate Action Transition Plan that will be put to shareholders at the 2024 AGM for an advisory vote.

There was broad support for our climate approach, recognising the importance of maintaining a strategy that remains resilient to the risks and opportunities of the evolving energy transition, and encouragement to continue making progress towards our short- and medium-term targets and long-term ambition of achieving net zero industrial emissions by 2050, subject to a supportive policy environment.

Together with our Annual Report, we have published our updated Climate Action Transition Plan, which is available on our website at: glencore.com/publications. Information regarding our progress against our industrial emissions reduction targets and ambition is also available beginning on page 50 of this Annual Report.

We also carried out extensive shareholder engagement concerning the Board's proposals as to our revised Remuneration Policy, which will be put to a vote at the 2024 AGM. We are proposing the adoption of a considerably simplified remuneration structure for our CEO which incentivises long-term value creation aligned with the shareholder experience. Further information on the proposed updates is available on pages 138 to 140 of this Annual Report.

## Investigations and monitorships

The two independent compliance monitors mandated by our resolutions with the US Department of Justice commenced their work in mid-2023. We have overseen the Company's constructive engagement with the monitors and their teams and will support continued cooperation throughout the coming year. We will provide further information on our overall Ethics and Compliance programme in our separate Ethics and Compliance Report for 2023.

The work of the Investigations Committee also continues with respect to the ongoing investigations by the Swiss and Dutch authorities. The timing and outcome of these investigations remain uncertain.

## Looking forward

The governance of one of the most dynamic and diverse major companies in the resources sector remains rewarding and challenging. Your Board sees good governance as crucial for the continued success of our Company and adherence to its Values. We continue to enhance our efforts to ensure our risks are appropriately managed, while at the same time maintaining the entrepreneurialism that is a driving force in our organisation.

**Kalidas Madhavpeddi**
**Chairman**

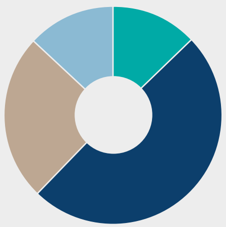
# Directors and officers

### Notes
All the Directors are non-executive apart from the CEO. The Chairman is considered not to be independent from the date of appointment. Mr Madhavpeddi was independent up to his appointment as Chairman. The remaining Non-Executive Directors (NEDs) are designated as independent apart from Mr Coates.

### 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 tenure




## Directors

### Kalidas Madhavpeddi
**Chairman (68)**

H I N R

Appointed in February 2020.

**Experience**
Kalidas Madhavpeddi has over 40 years of experience in the international mining industry, including being CEO of CMOC International, the operating subsidiary of China Molybdenum Co Ltd (China Moly), 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 programmes and president of its international operations.

Mr Madhavpeddi is currently a director of Novagold Resources (TSX:NG) 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.

### Gary Nagle
**Chief Executive Officer (49)**

Joined Glencore in 2000; Chief Executive Officer since July 2021.

**Experience**
Gary Nagle joined Glencore in 2000 in Switzerland as part of the coal business development team. He was heavily involved in seeding a portfolio of assets to Xstrata in 2002, in conjunction with its initial listing on the London Stock Exchange.

Mr Nagle worked for five years (2008–2013) in Colombia as CEO of Prodeco. He then moved to South Africa to be Head of Glencore's ferroalloys assets (2013–2018). Following that he was the head of Glencore's coal assets based in Australia. He was a non-executive director of Lonmin plc from 2013 to 2015 and has represented Glencore on the Minerals Councils of Australia and Colombia.

Mr Nagle has commerce and accounting degrees from the University of the Witwatersrand and qualified as a Chartered Accountant in South Africa in 1999.

### Gill Marcus
**Senior Independent Director (74)**

A E N

Senior Independent Director since December 2022; appointed in January 2018.

**Experience**
Gill Marcus 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. Gill Marcus was Governor of the South African Reserve Bank from 2009 to 2014.

Ms Marcus was the non-executive chair of the Absa Group from 2007 to 2009 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.

## Directors and officers *continued*

### Martin Gilbert
**Independent Non-Executive Director (68)**

A I N R

Appointed in May 2017. Senior Independent Director from May 2018 to December 2022.

**Experience**
Martin Gilbert co-founded Aberdeen Asset Management in 1983, leading the company for 34 years and overseeing its 2017 merger with Standard Life, when he was made co-CEO.

Mr Gilbert is currently chairman of AssetCo plc (LON:ASTO), Revolut Limited and Toscafund. He was formerly deputy chair of the board of Sky PLC until 2018.

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 (78)**

E H N

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**
Peter 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.

Mr Coates is currently a non-executive director of Event Hospitality and Entertainment Ltd (ASX:EVT). He was non-executive chairman of Xstrata Australia (2008–2009), Minara Resources Ltd (2008–2011) and Santos Ltd (2009–13 and 2015–2018).

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.

### Cynthia Carroll
**Independent Non-Executive Director (67)**

E H N R

Appointed in February 2021.

**Experience**
Cynthia 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).

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 an MBA from Harvard University. She is a fellow of the Royal Academy of Engineers and a Fellow of the Institute of Materials, Minerals and Mining.

### David Wormsley
**Independent Non-Executive Director (63)**

A N R

Appointed in October 2021.

**Experience**
David Wormsley worked in investment banking for 35 years. His last position at Citigroup was Chairman, UK banking and broking when he retired in March 2021. Mr Wormsley led a wide variety of corporate transactions in the UK and internationally, including IPOs and equity fundraising, both public and private, mergers and acquisitions and debt financing. During his period of management, Citigroup successfully acquired and integrated the majority of ABN Amro's broking business. Under his leadership, the Citigroup UK M&A franchise was ranked between number 1 and 5 in the market.

Mr Wormsley is currently a non-executive director of Stanhope plc and a governor of the Museum of London.

He holds an economics degree from Downing College, Cambridge.

## Officers

### Liz Hewitt
**Independent Non-Executive Director (67)**

A I N

Appointed in July 2022.

**Experience**
Liz Hewitt has over 30 years' business experience in executive and non-executive positions. She began her career as a qualified chartered accountant with Arthur Andersen & Co. She held various executive positions in private equity companies including 3i Group plc, Gartmore Investment Management Limited and Citicorp Venture Capital Ltd. At 3i Group plc, she was a private equity investor and then director of corporate affairs. She also worked for Smith & Nephew plc as group director of corporate affairs.

Liz Hewitt is currently a non-executive director of Kerry Group plc (LON: KYGA). She was previously non-executive director of National Grid plc (2020–2024), Melrose Industries plc (2013–2022), Novo Nordisk (2012–2021), Savills plc (2014–2019) and Synergy Health plc (2011–2014).

Ms Hewitt holds a bachelor's degree in economics from University College London.

### Steven Kalmin
**Chief Financial Officer (53)**

Appointed as Chief Financial Officer in June 2005.

**Experience**
Steven 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 function, 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 (59)**

Appointed Company Secretary in September 2011.

**Experience**
From 2006 to 2011, John 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 eight 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

## Diversity

The Group Diversity and Inclusion Policy is applicable to all employees as well as Directors and officers and is taken into consideration for purposes of appointments to the Board and its committees. It sets out our commitment to build a working environment that enables full and active participation and embraces and encourages diversity of thought and experience in order to maximise business performance.

The Board is very cognisant of the ongoing desire from stakeholders for greater diversity in senior management and boards. The UK FCA listing rules require companies to disclose, on a comply or explain basis, whether they meet specific diversity targets, being:

| | |
|---|---|
| at least 40% of the board are women | **3 out of 8 Directors are women, corresponding to 37.5%** |
| at least one of the senior board positions is a woman | **Gill Marcus is the Senior Independent Director** |
| at least one member of the board is from a minority ethnic background | **Kalidas Madhavpeddi is from a minority ethnic background (in UK terms)** |

We believe the small size of our Board assists in its collegiality and sense of purpose. Therefore, while we will miss the gender diversity target by 2.5% we will continue with a Board of eight members. The Board continues to seek to achieve greater diversity in the senior management of the Group and throughout the organisation, including through the development of an internal pipeline of candidates and continuing assessment of the Group's diversity and inclusion approach in relevant areas.

| | Number of Board members | Percentage of the Board | Number of senior positions on the Board[2] | Number in executive management | Percentage of executive management[3] |
|---|---|---|---|---|---|
| Gender identity | | | | | |
| Men | 5 | 62.5% | 2 | 5 | 71.4% |
| Women | 3 | 37.5% | 1 | 2 | 28.6% |
| Ethnic Background | | | | | |
| White British or other White (including minority white groups) | 7 | 87.5% | 2 | 6 | 85.7% |
| Mixed/Multiple Ethnic Groups | – | – | – | 1 | 14.3% |
| Asian/Asian British | 1 | 12.5% | 1 | – | – |
| Black/African/Caribbean/ Black British | – | – | – | – | – |
| Other ethnic group, including Arab | – | – | – | – | – |
| Not specified/prefer not to say | – | – | – | – | – |

2. In accordance with UK Listing Rule 9.8.6 R(9)(a) includes the Chairman, Chief Executive Officer and the Senior Independent Director.
3. In accordance with UK Listing Rule 9.8.6 R(10), executive management for these purposes are our Corporate Secretary and members of our key management personnel (our CFO, General Counsel, Head of Industrial Assets, Head of Corporate Affairs, Head of Human Resources and Head of Sustainability).

## Board diversity, skills and experience

| | Kalidas Madhavpeddi American | Gary Nagle S. African | Martin Gilbert British | Cynthia Carroll American | Peter Coates Australian | Gill Marcus S. African | David Wormsley British | Liz Hewitt British |
|---|---|---|---|---|---|---|---|---|
| Experience | | | | | | | | |
| Resources | ● | ● | | ● | ● | | | |
| Non-executive directorship | ● | ● | ● | ● | ● | ● | ● | ● |
| C-suite | ● | ● | ● | ● | ● | ● | ● | ● |
| International M&A | ● | ● | ● | ● | ● | | ● | ● |
| Technical skills[1] | | | | | | | | |
| Leadership and strategy | ● | ● | ● | ● | ● | ● | ● | ● |
| Financial expertise | ● | ● | ● | | | ● | ● | ● |
| Environment | ● | ● | | ● | ● | | | |
| Social | ● | ● | | ● | ● | ● | | |
| Governance | ● | ● | ● | ● | ● | ● | ● | ● |
| Health and safety | ● | ● | ● | ● | ● | | | |
| Investor relations | ● | ● | ● | ● | ● | | ● | ● |
| Communications and reputation | ● | ● | ● | ● | ● | ● | ● | ● |
| Risk management | ● | ● | ● | ● | ● | ● | ● | ● |

1. The majority of these skills have been acquired through exposure and experience at leadership level, rather than as part of a formal education.

## 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 confidante 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
- Executing the Group's strategy developed in conjunction with the Board
- Implementing the decisions of the Board and its committees
- Delivering on the Group's commercial objectives
- Developing Group policies and ensuring effective implementation

### Non-Executive Directors
- Constructively challenging the Chief Executive Officer and senior management
- 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 and its Committees
- 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

### 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 supported by the rest of our Group Leadership, comprising our Head of Corporate Affairs, Head of Human Resources and Head of Sustainability, and departmental leadership comprising the heads of each marketing department and our industrial leads.

### Senior Independent Director
Gill Marcus is the Senior Independent Non-Executive Director. She 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.

### 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 senior management.

### Independence of Non-Executive Directors
Glencore regularly assesses its Non-Executive Directors' independence. Except for Peter Coates, 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. Mr Madhavpeddi was independent at the time of his appointment as Chairman.

### Board attendance throughout the year
Attendance during the year for all in-person scheduled full agenda Board and all permanent Board Committee meetings is set out in the table below:

| | Board of 4 | Audit of 4 | ECC of 4 | HSEC of 4 | Nom of 3 | Rem of 4 |
|---|---|---|---|---|---|---|
| Cynthia Carroll[1] | 4 | | 2 | 4 | 3 | 4 |
| Peter Coates | 4 | | 4 | 4 | 3 | |
| Martin Gilbert | 4 | 4 | | | 3 | 4 |
| Liz Hewitt | 4 | 4 | | | 3 | |
| Kalidas Madhavpeddi | 4 | | | 4 | 3 | 4 |
| Gill Marcus | 4 | 4 | 4 | | 3 | |
| Gary Nagle | 4 | | | | | |
| David Wormsley | 4 | 4 | | | 3 | 3 |
| Patrice Merrin[2] | 2 | | 2 | 2 | 2 | |

1. Ms Carroll attended all relevant meetings from the date of her appointment as Chair of the ECC Committee on 28 May 2023.
2. Ms Merrin attended all relevant meetings until her retirement on 28 May 2023.

There were other limited agenda or unscheduled meetings during the year: nine Board, two Remuneration Committee and two Audit Committee meetings.

There were also various meetings of the Investigations Committee and additional calls to review the matters described in note 32. Most Directors also attended, by invitation, the meetings of the Committees of which they are not members.

## Board governance and structure

This Governance report, along with the Strategic Report and the Directors' report, sets out how Glencore has complied with the principles and provisions of the 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, except for provision 4 in that a summary of the engagement with shareholders regarding resolutions 13 and 19 that were put to the vote of shareholders at the 2023 AGM was published 13 days after the six-month deadline. The slight delay in publication was due to the shareholder consultation schedule and timing of the subsequent Board meeting to review the results of the consultation.

During the year, the Board comprised one Executive Director with the remaining members being Non-Executive Directors (including the Chairman). A list of the current Directors, with their brief biographical details and other significant commitments, is provided in the previous pages.

The CFO attends all meetings of the Board and Audit Committee and usually the meetings of the HSEC and ECC Committees.

The Company Secretary attends all meetings of the Board and its committees.

### 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.

### Director induction and information

New Directors receive a full, formal and tailored induction on joining the Board, including meetings with management and a comprehensive introduction to the Company's Purpose, Values and Code of Conduct, the main aspects of the Group, its business and functions, and the roles and responsibilities of a UK premium listed company director.

The Directors receive training on legal and compliance topics, climate matters and regular updates on relevant business and governance matters. Ms Hewitt completed her induction during the year.

### 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. The Board and its committees have standing agenda items to cover proposed business at their scheduled meetings. The Chairman seeks to ensure that the very significant work of the committees feeds into, and benefits through feedback from, the full Board. The Board and committee meetings seek to cover all aspects of the Group and, for this purpose, receive input and support from senior management through reports and presentations, which among others cover operational, financial, audit, risk, legal, sustainability, climate, safety, compliance, governance and investor relations. 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.

### Board Committees

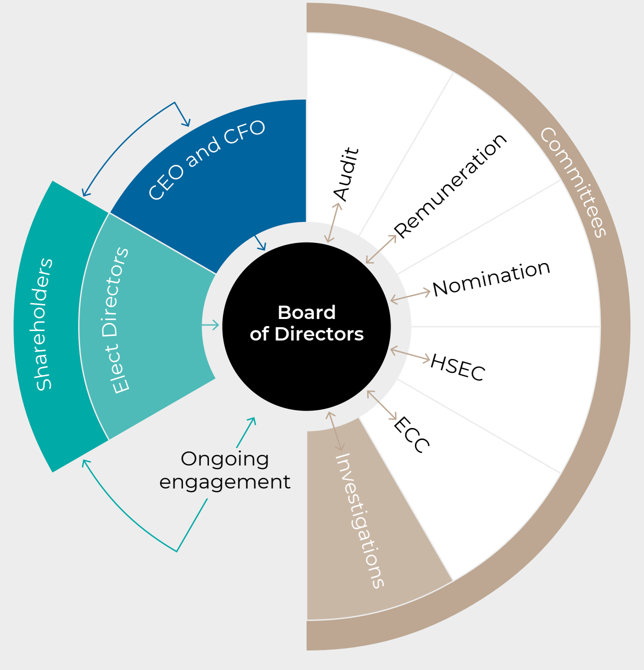
The following permanent committees are in place to assist the Board in exercising its functions: Audit, Nomination, Remuneration, HSEC and ECC. The Board is provided with technical and commercial updates as appropriate during the year, as well as updates on our Raising Concerns programme and material internal or external investigations. The Board may also establish temporary committees for specific purposes, such as the Investigations Committee (see below). As each committee reports to the Board, committee 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 unless all Directors attended the meeting.

A report from each chair of the permanent committees is set out later in this 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.

### Corporate governance



## Board and committees' main activities

Below are details of the main topics which were reviewed, discussed, and when required, approved during 2023:

### Regular updates
- Reports from Committee Chairs
- Reports from CEO, CFO, Company Secretary, General Counsel and other senior management, including on climate strategy

### Group strategy
- The overall strategy of the Group including future prospects, capital allocation and climate matters
- Specific M&A proposals including:
  - The Teck proposals:
    - entire combination through an all share merger proposal and subsequent creation of two standalone companies
    - Elk Valley Resources (steelmaking coal) acquisition and subsequent potential demerger of the combined coal and carbon steel material businesses
  - Sale of interest in Viterra
  - Acquisition of major interests in key assets:
    - MARA Project
    - Alunorte

### Financial and risk
- Evaluation of the internal control environment
- Finance reports, forecasts and capital position updates
- 2024 budget and 2025–2027 business plan, life of asset planning and costs analysis
- Capital management, debt and returns analysis
- Financial statements
- Group principal and emerging risks
- Group risk management framework
- Tax policies and provisions

### Governmental investigations
- Regular scheduled and ad hoc meetings of the Investigations Committee to review progress and receive updates on interactions with relevant authorities
- Decisions concerning ongoing investigations

### Monitorships
- Review of DOJ-mandated independent compliance monitorships

### Governance and stakeholders
- Review and approval of Annual, Climate and Sustainability Reports
- AGM, voting results and outcomes
- Investor relations reports
- Analysts' updates
- Corporate governance framework
- Stakeholder engagement
- Board and Directors' evaluation
- Chairman's performance
- Group policies

### Legal and compliance
- Litigation updates
- Regulatory developments
- Analysis of legal risks concerning climate change
- Board training
- Material permitting and licences
- Group Ethics and Compliance programme
- Raising Concerns reports and material internal and external investigations

### Health, Safety, Environment & Communities
- Fatalities, major incidents and other safety issues
- Tailings storage facilities reviews
- Environmental incidents reports
- HSEC&HR policy framework
- Social and human rights performance
- Responsible sourcing
- Cultural heritage

### Succession and remuneration
- Succession planning for Board and senior management
- Senior management remuneration

### Climate-related matters
- Oversight of the Group's climate strategy and response to climate-related risks and opportunities that affect our business
- Monitoring progress against Glencore's climate strategy, including our Scope 1, 2 and 3 emissions performance, and the ongoing development of our Group marginal abatement cost curve (MACC)
- Consideration of ability to develop a climate transition strategy for EVR
- Providing our shareholders at our 2023 AGM with their third advisory vote on the progress against our three-year Climate Action Transition Plan
- Receipt of feedback from the shareholder consultation following the results of the vote, and discussion and approval of the steps to respond to the feedback
- Review of climate-related disclosures in Annual Reporting and other external engagement
- Participation in annual internal training on climate change, including on duties as Directors, legal risks, external expectations and evolving climate issues. The training also emphasised the importance of effective integration of climate change into the Group's risk management processes and related Board oversight
- Received of details on emerging industry trends relating to climate-related litigation and 'greenwashing' allegations

## Other activities

### 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 2023, site visits were made to various Group assets (CEZ, Horne smelter, Asturiana and Kazzinc) and the New York office. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that 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.

## Board performance and effectiveness

In 2023, 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 and had discussions with the Chairman and the Senior Independent Director. Final results were presented to the Board collectively for discussion and some operating and efficiency recommendations were subsequently made.

## Investigations

The work of the Investigations Committee has continued in respect of the ongoing investigations by the Swiss and Dutch authorities. See note 32 to the financial statements.

## 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.

## 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, they will not be allowed to vote on the resolution approving the transaction. The Company also 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.

Transactions between the Group and its significant joint ventures and associates are summarised in note 33 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 in addition to the requirements to have advice from a sponsor under the FCA Listing Rules.

## Oversight of management of climate-related risks and opportunities

Climate change is a Board-level standing agenda item. During 2023, our internal climate change governance framework continued to drive implementation of our climate strategy and its supporting work programmes.

The Board is responsible for overseeing the Group's climate strategy and progress against Glencore's emission targets and ambition, which is led by the management team. Management, led by our CEO in his capacity as chair of our Climate Change Taskforce (CCT), reports to the Board on implementation of the strategy. See further on page 34.

Climate strategy continues to be an important area of focus for our shareholders. There continues to be broad support for our climate strategy, which seeks to maintain resilience to the risks and opportunities of the evolving energy transition, while maintaining focus on progressing towards our ambition of achieving a net zero industrial emissions footprint by 2050, assuming a supportive policy environment. The principal areas of interest for our shareholders include:

- comparison of our targets and ambition to all relevant IEA scenarios;
- understanding progress on industrial emissions reduction between our short-term target of 2026 and medium-term target of 2035; and
- integration of the recently announced acquisition of 77% of Teck's Elk Valley Resources (EVR) steelmaking coal assets into the climate strategy.

In response to the constructive recommendations we received, we will, among other actions:

- maintain our commitment to reducing our total industrial emissions footprint and report on progress against our targets and ambition; and
- update our assessment of the resilience of our portfolio and expand our analysis of our targets and ambition against a range of climate policy scenarios.

The Company's updated Climate Action Transition Plan will be put to shareholders at this year's AGM for advisory approval in accordance with the established three-year cycle. However, following a consultation with shareholders last year, progress reports will no longer be put to shareholders for an advisory vote at subsequent AGMs.

## Accountability and audit

### Financial reporting

The Group has in place a comprehensive financial review cycle, which includes a detailed annual planning/budgeting process where our commodity departments 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 auditor in evaluating any impact.

### Risk management and internal control

The Board has complied with 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 Guidance on Risk Management, Internal Controls and Related Financial and Business Reporting published by the Financial Reporting Council, as detailed on pages 105 to 118. 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.

### 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 reporting of our full- and half-year results and quarterly production reports is achieved through the publication of reports and other communications including releases, presentations and group calls. The full- and half-year reporting is followed by investor meetings across a variety of locations where we meet institutional shareholders. We also regularly meet with existing and prospective shareholders. We regularly facilitate 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 a combination of the CEO, CFO, Head of Industrial Assets and Head of Investor Relations.

In addition, many major shareholders have meetings with the Chairman and appropriate other senior participants, including other Non-Executive Directors, the Company Secretary and the Head of Sustainability. The matters covered by meetings with the Chairman and Company Secretary include the work of the Board's Committees.

For individual shareholders, the AGM is the primary opportunity for direct interaction with the Board and management. The Chairman, along with the Chair of each committee, are available for questions at the AGM.

At our 2023 AGM, votes against the Board recommendation for two resolutions relating to our climate-related disclosures were in excess of 20%. In accordance with paragraph 4 of the Code and as part of our planned update to our Climate Action Transition Plan, the Company consulted with shareholders and announced the outcome of that consultation on 13 December 2023 – see page 32.

The Company's next AGM is due to be held on 29 May 2024. 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**

# Audit Committee report

**Liz Hewitt**
**Chair**

Other members
Martin Gilbert
Gill Marcus
David Wormsley

The Audit Committee met six times during the year. Each committee member attended all of the meetings during their period of appointment. All current Audit 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 Audit Committee has the skills and experience relevant to the sector. John Burton is the Secretary to the Committee.

The Audit Committee usually invites the CEO, CFO, General Counsel, Group Financial Controller, Chief Risk Officer, Head of Group Internal Audit and Assurance and the lead partner from the external auditor to attend each meeting. Other members of management and the external audit team may attend as and when required. Other Directors also usually attend its meetings.

Additionally, the Audit Committee holds closed sessions with the external auditors and the Head of Group Assurance without members of management being present at every scheduled meeting. The Audit Committee has adopted an approach which allows only certain limited non-audit services to be contracted with the external auditor.

## Responsibilities

The primary function of the Audit Committee is to assist the Board in fulfilling its responsibilities with regard to financial risk management and internal controls, financial reporting, and oversight of external and internal audit.

During the year, the Audit Committee's principal work included the following:

- reviewing the Group's internal financial controls and financial risk management systems;
- 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;
- 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;
- reviewing the global audit plan, scope and fees of the audit work to be undertaken by the external auditor;
- reviewing the annual Group Assurance plan;
- monitoring the progress made in remediating the internal control deficiencies noted by the external auditor (IT access controls and certain review controls over journal entries and complex valuation models). The Audit Committee regularly discusses these matters, the actions to remediate them and the progress being made with management and the external auditor; refer to point 3 below, Internal Controls Review – UK corporate reform readiness programme;
- reviewing and agreeing the preparation and scope of the year-end reporting process;
- considering applicable regulatory changes to reporting obligations;
- considering the scope and methodologies to determine the Company's going concern and longer-term viability statements;
- reviewing the full-year and half-year financial statements with management and the external auditor;
- evaluating the Group's procedures for ensuring that the Annual Report, taken as a whole, is fair, balanced and understandable;
- monitoring the independence of the external auditor and the operation of the Company's policy for the provision of non-audit services by the external auditor; and
- 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.

## Risk management and internal controls review process

The Audit Committee receives reports and presentations at each scheduled meeting on management of marketing and related risks (excluding operational and sustainability risks which are reviewed by the HSEC Committee and compliance risks which are reviewed by the ECC Committee) and the Board separately carried out an in-depth review of the identified principal and emerging risks and uncertainties and the Group's risk management framework as a whole which is revisited prior to finalisation of the Annual and Half-Year Reports.

The Board's internal controls review processes are outlined under the Risk management section from page 105.

## Significant issues

The Audit 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.

# Audit Committee report *continued*

During the year, the Audit Committee has focused in particular on these key matters reviewing carefully in relation to items 4 to 7 management's position and the challenge from the external auditor. In each case the Audit Committee was satisfied with the agreed position:

### 1. Audit plan review

The Audit Committee reviewed key developments and audit risks central to planning for the half-year review and annual audit. These included asset valuations, DRC matters, internal controls approach and observations, and ongoing government investigations.

The Audit Committee considered and agreed the materiality applied by the external auditor and the reporting threshold to the Audit Committee for unadjusted misstatements.

### 2. Significant accounting matters

The Audit Committee considered a number of current or prospective significant accounting matters including acquisitions and disposals of various assets during the period, various asset impairments as well as a number of key judgements and estimates.

### 3. Internal Controls Review – UK corporate reform readiness programme

In response to the corporate reform proposals in the UK, regarding an anticipated internal controls attestation regime, the Audit Committee is overseeing an intensive management review, supported by Ernst & Young, of the Group's internal controls and related financial assurance structures to ensure readiness in the event of such new regulations in the future.

### 4. Impairments

The Audit 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 Audit 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 Audit 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. In relation to coal, there continues to be particular focus around 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 complexity and uncertainty in accounting for income taxes, particularly the evaluation of tax exposures and recoverability of deferred tax assets. The Audit 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 continue to be a particular area 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 Audit Committee considered material continuing exposures, the robustness of processes followed to evaluate recoverability and whether the amounts recorded in the financial statements are reasonable.

### 7. Site visits

As part of the Board's programme of site visits, discussions are held with designated individuals, representing local accounting leadership, internal audit, external audit, compliance or human resources.

### 8. Other material issues

A full discussion of the VaR limits applied in the year is set out in the Risk management section on page 107.

The Audit Committee considered, and was satisfied with, the going concern and longer-term viability conclusions reached as set out on page 110.

## Internal and external audit

The Audit Committee monitored the internal audit component of the GIAA function as described under 'Group Internal Audit and Assurance' on page 106.

The Audit Committee focused on the critical role of GIAA and the progress made on the implementation of its new strategy following a revamping of the function, which has required a significant number of changes in approach and increased resources.

The Audit 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 Group complies with the provisions of the Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, which includes the requirement to re-tender the external audit periodically.

For 2023, fees paid to the external auditor were approximately $41 million. These included audit-related assurance services of $5 million and non-audit fees of $3 million as permitted by the FRC's Revised Ethical Standard; further details are contained in note 30 to the financial statements.

## Audit Committees and the External Audit: Minimum Standard

While not mandatory the Group is broadly compliant with Audit Committees and the External Audit: Minimum Standard published by the Financial Reporting Council in May 2023.

Finally, the work of the MIMF and FCPA Monitors has started and the Audit Committee will be considering any relevant changes they may recommend to the work of the Audit Committee.

**Liz Hewitt**
**Chair of the Audit Committee**

# Ethics, Compliance and Culture (ECC) Committee report

**Cynthia Carroll**
**Chair**

Other members
Peter Coates
Gill Marcus

The ECC Committee met four times during the year. Each committee member attended all of the meetings during their period of appointment. All other Directors are invited to attend the meetings.

Nicola Leigh (Deputy Company Secretary) is the Secretary of this committee.

## Responsibilities

The main responsibilities of the ECC Committee are:

- overseeing the implementation of the Group Ethics and Compliance programme including Group policies, standards, procedures, guidelines, systems and controls for the prevention of unethical business practices and misconduct;
- reviewing reports and the activities of relevant management committees: ESG and Business Approval Committees;
- assessing and monitoring culture to ensure alignment with the Company's Purpose and Values and ensuring appropriate levels of workforce engagement by the designated Directors; and
- monitoring the Group's stakeholder engagement.

## Main activities

During the year, the ECC Committee's activities included the following:

### Ethics and Compliance

- Provided oversight of the key elements of the Ethics and Compliance programme, including risk assessments, policy implementation, training and awareness, internal monitoring, 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 developments in relation to the independent compliance monitors appointed pursuant to the resolutions with the Department of Justice and the Group's preparation in this regard.

### Stakeholder engagement

- Reviewed our ESG engagement, including with investors, NGOs and multi-stakeholder organisations that invest or engage on ESG issues, and track the development of reporting on ESG-related topics.
- Considered the significant matters on which the Group has made political representations and our use of lobbyists and the conduct and positions of our member organisations during 2023 on material issues in accordance with our Political Engagement Policy.
- Considered regulatory developments in relation to responsible sourcing and the progress of the Group's programme in meeting the evolving requirements and identifying and addressing relevant risks in our supply chain.

### Workplace culture and practices

- Considered management of health-related concerns, policies and communications for employees with a focus on mental health and wellbeing and providing accurate health advice and support.
- Considered Group HR policies, standards and legislative compliance around the globe.
- Considered various public reports into workplace culture and sexual harassment, particularly within the mining industry, and with a particular focus on the recommendations contained within those reports. Continued to assess whether the Company has or is developing the appropriate measures to address concerns.
- Considered regulatory developments in relation to diversity and inclusion and the Group's proposed governance and action planning to meet regulatory guidance and good practice.
- Assessed employee attitudes toward the Group's culture of compliance through a series of focus groups across the world, the results of which were reported to the Committee alongside recommendations for enhancements and improvements to the Ethics and Compliance Programme.
- Reviewed the outcome of Behavioural Reviews for the Top 500 employees including adjustments to compensation.

### Workforce engagement

- As part of the ECC Committee's role in assessing and monitoring Group culture, individual Non-Executive Directors held a series of forums, mostly in-person, with a cross-section of employees in different parts of the business, representing different commodities and different levels of responsibility. Discussions were focused on topics such as diversity and inclusion, health and safety, climate change, ethics and compliance and Glencore's strategy, Purpose and Values. The feedback from employees was shared with the ECC Committee and notes provided to the Board.
- The Board considers having designated workforce engagement Directors as the most constructive method of workforce engagement and has chosen for all members of this committee to be such workforce engagement Directors. Each Director uses the forum of this committee to provide feedback to the Board on the concerns of the workforce and ensure that employees' voices are heard in the boardroom.

**Cynthia Carroll**
**Chair of the ECC Committee**

# Health, Safety, Environment & Communities (HSEC) Committee report

**Peter Coates**
**Chair**

Other members
Cynthia Carroll
Kalidas Madhavpeddi

The HSEC Committee met four times during the year. Each committee member attended all meetings during their period of appointment. Every scheduled meeting had a substantial agenda, reflecting the HSEC Committee's objective of monitoring the achievement by management of ongoing improvements in HSEC&HR performance.

John Burton is the Secretary of this committee.

## Responsibilities

The main responsibilities of the HSEC Committee are:

- ensuring that appropriate Group policies and standards are developed in line with our Values and Code of Conduct for the identification and management of current and emerging health, safety, environmental, social performance and human rights risks;
- ensuring that the policies and standards are effectively communicated throughout the Group and that appropriate processes and procedures are developed at an operational level to implement these policies and standards and assess their effectiveness through:
  - assessment of operational performance;
  - review of updated internal and external reports; and
  - independent audits and reviews of performance with regard to HSEC&HR 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&HR matters; and
- reviewing the outcome of investigations following fatalities and the recommended actions to improve safety and prevent recurrence.

## Main activities

- During the year, the HSEC Committee engaged in the following activities:
- HSEC&HR Strategy: approved the strategy which is a comprehensive update with a five-year time horizon. This involved the review of both internal and external targets.
- Policy and standards: approval of the updated Crisis and Incident Management Standard and updated Security Standard. Monitoring the implementation of the Group HSEC&HR standards.
- Health and Safety: overseeing the Group's fatality prevention programme including SafeWork, which is Glencore's approach to eliminating work-related fatalities. In 2021, a revised SafeWork was launched through a change project called 'SafeWork 2.0'. The Committee was updated on the progress of implementation and reviewed each fatality occurring with emphasis on reviewing the investigation outcomes and recommendations. There was also a focus on lessons to be learned across the Group; oversight of a revamping of leadership of fatality investigations including a training programme; and reviews of critical incidents and trends in TRIFR, LTIFR, HPRIs and other relevant statistics.
- Environment: reviewing the Group's progress and performance concerning emissions, energy, water and stewardship and other impacts.
- Social performance and human rights: reviewing material issues including security management, cultural heritage issues, investigations and complaints, monitoring the Group's strategy and reviewing serious incidents.
- Assurance: reviewing the work of HSEC&HR Audit component of the Group Internal Audit and Assurance function, including overview of key HSEC catastrophic audits such as tailings storage facilities, multi-disciplinary open cut and underground audits, metallurgical plants and concentrators. There was also a focus in 2023 on actions taken to implement the Voluntary Principles on Security and Human Rights, the Glencore Security Standard and alignment to the tailings management framework.
- Tailings storage facilities: overseeing the work on our tailings management framework and updated Tailings Storage Facility and Dam Management Standard which is aligned with the ICMM's Tailings Governance Framework position statement, the Global Industry Standard on Tailings Management (GISTM), the CDA's Dam Safety Guidelines and the ICOLD and the internal work on the Group's facilities, particularly with a 'Very High' or 'Extreme' Consequence Classification.
- External affairs: monitoring the Group's external HSEC reporting, continuing engagement on material issues and stakeholder and investor engagement. In April 2023, Glencore disclosed the results of our self-assessments to the ICMM Performance Expectations and in August we reported on our conformance to the GISTM for our TSFs with 'Very High' or 'Extreme' Consequence Classifications.

**Peter Coates**
**Chair of the HSEC Committee**

# Nomination Committee report

**Kalidas Madhavpeddi**
**Chair**

| Other members |
| --- |
| All other Non-Executive Directors |

The Nomination Committee met three times during the year and each committee member attended all of the meetings during their period of appointment.

John Burton is the Secretary of this committee.

## Role 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 Chair, and overseeing succession plans for senior management.

This involves:

- evaluating the balance of 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 rejuvenation 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; and
- considering diversity in appointments.

## Main activities

The Nomination Committee focused on the following main tasks during this year:

- Firstly, it considered the current composition of various Group senior leaders and the succession plans for them.
- Secondly, it considered business leadership development and talent management in the industrial business.
- Thirdly, it reviewed Committee compositions.

Also, prior to the notice of the 2023 AGM being compiled, the Nomination Committee considered the performance of each Director. It concluded that each Director was effective in their role and continued to demonstrate the commitment required to remain on the Board. Accordingly, it recommended to the Board that re-election resolutions be put for each continuing Director at the AGM.

Succession planning and the review of succession-related development actions is considered regularly by leadership and the Human Resources leaders. Specific focus is placed on measuring and increasing the diversity of the senior management group and the candidate pipeline. Our over-riding targets for diversity in senior leadership remains those targets suggested by the FTSE Women Leaders Review.

The Nomination Committee acknowledged the recommendations of the FTSE Women Leaders Review (formerly Hampton-Alexander Review) on gender and the Parker Review on ethnic diversity. Three Board members, out of a total of eight, are women. The Board's composition therefore misses the 40% recommendation of the FTSE 100 Women Leaders Review by 2.5 percentage points. It is part of the Nomination Committee's policy when making new Board appointments to consider the importance of diversity on the Board, including gender and ethnicity, which is considered in conjunction with experience and qualifications.

The Nomination Committee continues to encourage improvements in diversity within the Group's management.

**Kalidas Madhavpeddi**
**Chair of the Nomination Committee**

# Directors' remuneration report

For the year ended 31 December 2023

**Martin Gilbert**
**Chair**

| Other members |
|---|
| Kalidas Madhavpeddi |
| Cynthia Carroll |
| David Wormsley |

Dear Shareholder,

This report is split into three sections:

**1. This introduction;**

**2. The Directors' remuneration report (subject to an advisory vote at the 2024 AGM); and**

**3. The new Directors' Remuneration Policy (Remuneration Policy) (subject to a binding vote at the 2024 AGM)**

## 1. Introduction from the Remuneration Committee Chair

On behalf of the Board, I am pleased to present the Remuneration Committee report for the financial year ended 31 December 2023.

I stepped into the role of Remuneration Committee Chair in May 2023 and have spent much of my first year in the role leading a comprehensive review of the current remuneration arrangements in advance of the next scheduled binding Remuneration Policy vote at the 2024 AGM. The aim of the review was to identify necessary modifications to ensure the Remuneration Policy is strategically aligned and fit for purpose. I have received input from my fellow members of the Remuneration Committee and the wider Board, management, external advisers, shareholder advisory bodies and, of course, our fellow shareholders.

As covered in more detail below, we conducted an extensive shareholder consultation programme and the changes we are proposing for the Remuneration Policy take into account the feedback we received. We are grateful to shareholders for their time and feedback, which we have carefully considered in proposing an updated Remuneration Policy which we believe best supports the needs of the Company today and will drive value creation over the long term.

| Shareholder engagement 2023/24 – a summary | |
|---|---|
| Period of engagement | September 2023 – February 2024 |
| No. of shareholders | 34 shareholders representing approximately 68% of shares outstanding[1] |
| No. of shareholder advisory bodies | 2 |

1. As at 31 December 2023

The remainder of this letter provides a detailed overview of the Remuneration Policy review and other key areas of Remuneration Committee focus during the year.

## Remuneration Policy changes for 2024–2026

### Remuneration for the Executive Director (CEO)

During 2023, the Remuneration Committee spent a considerable amount of time evaluating different approaches to Executive Remuneration for the CEO ahead of putting the new Remuneration Policy to a binding resolution at the 2024 AGM. There are some important changes to which I would like to draw your attention.

Since 2021, Glencore has operated an annual bonus (with performance assessed based on a scorecard of financial and non-financial measures) and a Restricted Share Plan, which broadly reflect UK market practice. In addition, Glencore has incorporated best practices, including post-exit shareholding requirements and CEO pension alignment with the local Swiss workforce.

As a global producer and marketer of commodities, the Company's unique value proposition lies in its diversified model, spanning various geographies, products, and activities. This diversification is not just a hallmark of our identity but also a significant driver of complexity and volatility even beyond that of other large diversified miners. This demands exceptional leadership and a more dynamic and holistic approach to the assessment of performance that recognises the market realities and the macroeconomic conditions annually and over the long term. Our rationale is set out below:

- Firstly, Glencore's strategy is focused on long-term value creation. Success depends on capital discipline and risk management; effective execution of projects and production; investment in transition-enabling commodities that support the decarbonisation of energy usage and help meet the commodity demands for everyday life; and agile commercial responses to external circumstances in both the industrial and trading businesses. Executive remuneration arrangements should therefore reward sustainable long-term value creation aligned with the shareholder experience, rather than short-term, volatile financial outcomes.
- Secondly, rigid scorecards with fixed performance metrics and weightings reinforce a disproportionate and limited focus only on the selected measures. This does not effectively reward making the difficult operational and commercial decisions that are necessary in pursuit of long-term value maximisation.
- Lastly, the volatility in our commodity and energy markets is a 'new normal' rather than a temporary trend. Traditional measures of financial performance are

exposed to this volatility, and this can impact the ongoing relevance of these measures, especially if considered in isolation for performance assessment purposes. Traditional total shareholder return-based measures commonly used in long-term incentives risk rewarding share price volatility, which is not an all-encompassing measure of executive performance, especially for a cyclical commodity business. The use of rigid measures can therefore create unintended compensation results.

The Remuneration Committee proposes the adoption of a considerably simplified remuneration structure, comprising only salary and long-term incentives, that is fully aligned with our business model and the returns received by our long-term shareholders. Subject to shareholder approval, long-term incentives will be delivered in the form of shares that are (1) performance modified against in-year and multi-year expectations and subject to robust vesting underpins, and (2) require full share deferral throughout (and beyond) the CEO's career (Career Shares).

We recognise that the use of Career Shares is not common practice for UK companies. However, the Remuneration Committee believes that the introduction of a Career Shares Plan incorporating a holistic performance framework, together with a unique requirement to hold 100% of Career Shares awarded until two years post-employment, is the most appropriate approach to reward the CEO. Providing share ownership and requiring long-term ownership of these shares is not only important to align executive interests and personal accountability for performance over the long term, but also helps to retain the best talent in the industry. Furthermore, we were encouraged by the positive feedback received from our largest shareholders, many of whom welcomed the simplicity and long-term orientation of the plan design, as well as the meaningful alignment of CEO pay with the shareholder experience reinforced through the holding period, and this feedback has helped us to finalise our proposals, as follows.

Salary will be the only form of cash remuneration earned by the CEO each year under this proposed, simpler remuneration structure. In light of the proposed removal of the annual bonus and to partly offset the reduction in cash compensation, from 2024, salary will be increased from $1.854m to $2m and, if approved, the target Career Shares opportunity will be 350% of salary, which remains unchanged compared to the current Remuneration Policy's combined incentive target (an annual bonus target of 125% and restricted shares at 225%). The maximum incentive opportunity for the CEO will be 525% of salary. Taken together, this results in a maximum cap on remuneration of c.$12.5 million. Career Share awards are not guaranteed, and awards may be adjusted (including to zero) in certain circumstances, including significant and reputationally damaging situations, to ensure there are no rewards for failure. The CEO's in-post shareholding guideline will be increased from 500% to 525% of salary, in line with the maximum incentive opportunity.

Glencore's proposed Remuneration Policy, which will only apply to the CEO, can be found on pages 153 to 156.

The proposed Remuneration Policy will be put to shareholders for a binding vote at the AGM on 29 May 2024 and, if approved, shall remain valid for the three financial years following (2024, 2025, 2026).

## Remuneration for the Chairman and Non-Executive Directors

Fees for the Chairman and Non-Executive Directors are reviewed annually and are benchmarked against peer companies. Based on our latest review, no changes to the Chairman or Non-Executive Directors' base fees will be made for 2024.

## Performance incentive outcomes in 2023

I am pleased that the annual bonus outcomes for 2023 reflect the performance of the business and the significant contribution made by the CEO during his second full year in post, to position Glencore for growth and a sustainable future.

In line with the annual bonus scorecard which provides consideration for financial, safety, climate, and individual performance initiatives, the Remuneration Committee reviewed Glencore's financial and non-financial performance versus targets that were established for each measure (see page 145) to determine the appropriate level of bonus payout for 2023. A summary of the Remuneration Committee's performance assessment is below.

- Aided by healthy operational cash generation, after funding $5.6 billion of net capex and $10.1 billion of shareholder returns, the 2023 year-end Net debt outturn was contained to $4.9 billion vs. $0.1 billion in 2022.
- $10.1 billion of cash returns to shareholders (comprised of a $6.5 billion base and special distribution returned to shareholders and $3.6 billion of share buybacks), up from c.$7.5 billion in 2022.
- Continued to embed our safety systems and processes across all of our industrial assets to support our ambition to achieve zero work-related fatalities.
- The Total Recordable Injury Frequency Rate (TRIFR) and the Lost Time Injury Frequency Rate (LTIFR) have decreased by 3% and 10% respectively compared to 2022 and 11% and 13%, respectively versus the 3-year average.
- As of the end of 2023, reduced Scope 1 and 2 industrial emissions by 7.5% compared to 2022 (restated), in part reflecting Scope 1 and 2 abatement initiatives undertaken as part of our efforts to achieve our short- and medium-term targets.
- Reported against the Global Industry Standard on Tailings Management (GISTM) for our Tailings Storage Facilities (TSFs) with 'Very High' or 'Extreme' Consequence Classifications, meeting the deadline set by the ICMM.
- Glencore's financial flexibility, enabled by its low net debt position, allowed for promising acquisition opportunities (Alunorte, Mineracão Rio do Norte S.A.), while planning for potential material brownfield development in transition metals (MARA brownfield copper project, Polymet).
- Entered into an agreement to acquire a majority interest in Teck's steelmaking coal business, Elk Valley Resources (EVR) with its high-quality steelmaking coal that will complement our existing portfolio of world-class coal assets in Australia, South Africa and Colombia.
- Continued significant investment in our Ethics and Compliance programme and ongoing constructive engagement with the independent compliance monitors and their teams.

Based on the Remuneration Committee's assessment of 2023 performance delivered against the annual bonus framework, the formulaic outcome was 87% of the maximum opportunity.

As ever, the safety and wellbeing of both our workforce and communities where we operate is paramount and we remain focused on preventing and eliminating fatalities and injuries through the promotion of a proactive and visible safety culture. Significant parts of our industrial assets were able to continue to operate free from work-related fatalities in 2023 (copper, nickel, and oil departments), which demonstrates that the effective application of the SafeWork principles we established can lead to the elimination of work-related fatalities and injuries. Our safety ambition is zero fatalities and we hold ourselves to very high standards in pursuit of that ambition. Despite our focus on eliminating fatalities, we are saddened to report that we recorded the loss of four$^{\Delta}$ lives at our industrial assets in 2023. Any loss of life is unacceptable and an important reminder that there is more work to be done to continuously improve our fatality prevention standards globally across our industrial assets. Reflecting on Glencore's safety commitment, the Remuneration Committee again applied a 5% reduction to the bonus outcome, in line with the approach taken in 2022 and 2021, resulting in a bonus outcome of 83% of maximum. Further details of how the Remuneration Committee assessed the 2023 annual bonus scorecard for the CEO are provided in the Annual Report on Remuneration.

The Remuneration Committee also conducted a holistic assessment of the performance underpins for the Restricted Share awards, which includes consideration of shareholder distributions, overall Company performance and ESG performance. The first of the three outstanding cycles of awards is due to vest on 30 June 2024 and further details will be provided in next year's Annual Report.

## Wider workforce considerations

The Remuneration Committee is advised of pay and conditions around the Group and considers such information when considering executive pay. The Head of Human Resources and the Head of Reward also attend meetings by invitation and are able to share information about the wider workforce. In 2023, there was a continued focus on promoting employee engagement and facilitating direct communication between employees and Board members on a wide range of topics, including diversity and inclusion, safety, business and strategy, executive and wider workforce pay including living wage considerations, compliance, and our Purpose and Values.

## Conclusion

Ensuring that our remuneration approach, practices, and outcomes fully support our strategy remains an overarching priority. The Remuneration Committee's focus in 2024 will be to review the implementation of the new Remuneration Policy (if approved) and to continue ensuring that our approach to executive remuneration remains fair, responsible, and provides a dynamic framework that can accommodate the evolving demands of a changing business environment and the priorities of our business, shareholders, and other stakeholders. It is intended that any future Remuneration Policy review be focused on similar objectives.

I would like to take this opportunity to thank my fellow Remuneration Committee members for their contributions during the year and the shareholders and proxy agencies for their input and engagement during this Remuneration Policy review, to help shape the new Remuneration Policy presented in this report. During this consultation, we were pleased to be able to engage with so many of the Company's major shareholders. I welcome all shareholders' feedback on this report ahead of our AGM and we look forward to receiving your support for our new Remuneration Policy and Annual Report on Remuneration at our AGM on 29 May 2024.

Sincerely,

**Martin Gilbert**
**Chair of Remuneration Committee**

March 2024

## 2. Annual Report on Remuneration

The Annual Report on Remuneration will be put to an advisory shareholder vote at the AGM on 29 May 2024. The Remuneration Policy will be put to a binding shareholder vote at the AGM on 29 May 2024. Sections of the report are subject to audit and these have been flagged where applicable.

## Remuneration Committee

### Membership and experience of the Remuneration Committee

The members of the Remuneration Committee provide a useful balance of skills, experience and perspectives to provide the critical analysis required in carrying out the committee's function. Each Remuneration Committee member has had a long career in the management of large organisations and therefore provides considerable experience of remuneration analysis, design and implementation.

### 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 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 and the CEO;
- establish the remuneration package for the CEO including the scope of pension and benefits;
- determine the remuneration package for the Chairman, in consultation with the CEO;
- determine the policy for senior management remuneration;
- oversee schemes of performance-related remuneration (including share incentive plans), and determine awards for the CEO (as appropriate); and
- ensure that the contractual terms on termination for the CEO are fair and not excessive.

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 Director and executives with those of shareholders generally. This policy has consistently underpinned our approach to executive remuneration.

The Remuneration Committee considers corporate performance on ESG and governance issues when setting remuneration for the Executive Director. Additionally, the Remuneration Committee seeks to ensure that the incentive structure for the Group's senior management does not raise ESG or governance risks by inadvertently promoting and/or rewarding behaviours that are not aligned with the Group's Values, culture and policies.

### Remuneration Committee meetings in 2023

The Remuneration Committee formally met four times during the year and considered, amongst other matters, the remuneration packages applicable to the CEO and senior management, the content and approval of the Remuneration Report and the incentive targets and outcomes.

All Remuneration Committee members were considered independent on their appointment to the Board. Further details concerning independence of the Non-Executive Directors are contained on page 124.

The 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. Similarly, the Chairman is not involved in discussions regarding his own fees.

### Advisers to the Remuneration Committee

The Remuneration Committee received remuneration advice from Mercer UK Limited (Mercer), its independent external adviser. Mercer is a member of the Remuneration Consultants Group (the UK professional body for Remuneration Consultants) and adheres to its code of conduct. Mercer was selected by the Remuneration Committee after a formal tender process. The Remuneration Committee is satisfied that the advice provided is objective and independent.

The fees paid for advice in respect of 2023 were $213,932. The Mercer team does not have any connection with the Company or individual Directors.

The Head of Human Resources and Head of Reward also attend meetings at the invitation of the Remuneration Committee.

### AGM shareholder voting

The votes cast to approve the Directors' Remuneration Report, for the year ended 31 December 2022 at the AGM, held on 26 May 2023, were as follows.

| | Votes 'For' | Votes 'Against' | Votes 'Withheld'[1] |
|---|---|---|---|
| Directors' Remuneration Report | 95.72% | 4.28% | |
| | (9,008,100,449) | (403,148,542) | (119,027,673) |

1. A vote withheld is not counted in the calculation of the proportion of votes for and against the resolution.

## Remuneration at a glance

The main features of the Remuneration Policy that were approved by shareholders at the 2021 AGM and as applied in 2023 are summarised in the table below. The table also includes details of how the revised Remuneration Policy is intended to apply in 2024, if approved by shareholders at the 2024 AGM. Further details of the proposed Remuneration Policy can be found on pages 153 to 156.

| Element of remuneration | Purpose and link to strategy | Policy and operation | Application of the Remuneration Policy | |
|---|---|---|---|---|
| | | | 2023 Implementation | 2024 Proposed Policy Changes |
| **Paid over the financial year** | | | | |
| **Base salary** | To recruit, retain, and motivate individuals of a high calibre, and reflect the skills, experience, responsibilities, development, and contribution of the Executive Director | Reviewed annually with adjustments effective 1 January<br><br>Adjustments, if any, take into account those applied across the wider workforce; the Remuneration Committee retains discretion to award higher increases where appropriate to take into account market conditions, performance and/or development of the individual, a change in the responsibility and/or complexity of the role, new challenges or a new strategic direction for the Company | CEO: $1.854m | CEO: $2.0m (7.9% increase) |
| **Pension** | Provides retirement benefits (defined contribution scheme), in line with the Swiss legal limit and contribution levels in all-employee Swiss scheme | Any Executive Director's benefit will be aligned with the average percentage contribution or entitlement available to staff in the relevant market<br><br>An annual cap on the cost of provision of retirement benefits of $150k per Executive Director has been set | An annual cap on the cost of provision of retirement benefits of $150k per Executive Director has been set | No changes proposed |
| **Benefits** | Provides appropriate supporting non-monetary benefits aligned to local policy applicable to Swiss employees, including salary loss (long-term sickness) and accident/travel insurance, in line with benefits available to staff for the office in which an Executive Director works | A monetary limit of $100,000 p.a. for these benefits applies | A monetary limit of $100,000 p.a. for these benefits applies | No changes proposed |

# Directors' remuneration report *continued*

| Element of remuneration | Purpose and link to strategy | Policy and operation | Application of the Remuneration Policy FY 2023 | FY 2024 |
|---|---|---|---|---|
| **Paid/awarded in the year after the relevant financial year** | | | | |
| **Annual bonus (up to 2023)** | Supports delivery of short-term operational, financial, and strategic goals | Maximum opportunity: 250% of salary<br>Performance measures, targets and weightings are set at the start of the year<br>50% of annual bonus deferred in shares for three years | Unchanged from 2021 Remuneration Policy<br>Performance measures:<br>• Funds from Operations (30%)<br>• Net Debt (15%)<br>• Industrial capex (10%)<br>• Safety (15%)<br>• Progress towards $CO_2$ targets (15%)<br>• Personal objectives (15%) | Proposed removal to simplify remuneration approach and reinforce long-term alignment with shareholders |
| **Vesting at the end of three years subject to comprehensive underpins, with a post-vest holding period (no performance modifiers)** | | | | |
| **Restricted Share Plan** | Incentivises the creation of shareholder value over the long term | Maximum opportunity: 225% of salary<br>Vesting after three years subject to satisfactory performance assessed with a comprehensive underpin which is based on a holistic review of overall business and ESG performance over the vesting period | Unchanged from 2021 Remuneration Policy | Proposed removal |
| **Vesting at the end of three years subject to performance modified awards, comprehensive underpins, with a post-vest holding period** | | | | |
| **Career Shares Plan (first proposed award in 2025, subject to shareholder approval at the 2024 AGM)** | Incentivises the creation of shareholder value throughout and beyond the career of the Executive Director | Maximum incentive opportunity: 525% of salary; target opportunity 350% of salary<br>Annual awards determined with reference to performance dimensions, where financial, operational, and ESG performance, as well as strategy delivery, will be assessed at the time of the award<br>Vesting after three years subject to satisfactory shareholder distributions and ESG performance<br>Separate to the minimum shareholding requirements described below, shares will only be released (other than to meet tax obligations) on the later of five years from grant or two years post-employment | N/A | Proposed new single incentive plan to simplify remuneration approach and reinforce long-term alignment with shareholders<br>The first award will be made in 2025, subject to shareholder approval of the new Executive Director's policy in 2024 |

# Directors' remuneration report *continued*

| Element of remuneration | Purpose and link to strategy | Policy and operation | Application of the Remuneration Policy FY 2023 | FY 2024 |
|---|---|---|---|---|
| **Governance best practices** | | | | |
| **Minimum shareholding requirement** | Provides long-term alignment with shareholders | In-post (% of pre-tax salary): 500%, usually to be achieved within five years of Board appointment<br><br>Post-exit (% salary): the lower of the shareholding at departure or 500% of salary for a period of two years | Unchanged from 2021 Remuneration Policy | Increase of in-post and post-exit shareholding guideline from 500% to 525% of salary, in line with the proposed combined maximum incentive opportunity |
| **Malus and clawback** | Reinforces long-term alignment with shareholders | Provisions allow the Remuneration Committee to reduce or clawback awards in certain circumstances, such as material failures in the financial, operational, compliance, or ESG and HR performance of the Company and a failure to identify and/or report such failure(s); and any other circumstances that are deemed to have a significant impact on the reputation or financial prospects of the Company.<br><br>The Remuneration 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. | Unchanged from 2021 Remuneration Policy | No changes proposed. |
| **Service contracts** | Ensure compliance with contractual obligations | 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.<br><br>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. | Unchanged from 2021 Remuneration Policy | No changes proposed. |

## Implementation report

### Executive Director remuneration (audited)

The emoluments of the Executive Director for 2023 were as follows.

| Single figure table (US$'000) | Gary Nagle 2023 | 2022 |
|---|---|---|
| Salary | **1,854** | 1,800 |
| Benefits[1] | **15** | 18 |
| Pension | **121** | 42 |
| Other | **–** | – |
| **Total fixed remuneration** | **1,990** | 1,860 |
| Annual bonus | **3,843** | 4,211 |
| Long-term incentives | **–** | – |
| **Total variable remuneration** | **3,843** | 4,211 |
| **Total** | **5,833** | 6,071 |

1. Lunch card and unemployment insurance covered by employer, in line with all other Swiss-based employees.

The aggregate fees for all Non-Executive Directors for 2023 were $2,904,000 (2022: $2,897,000). The total emoluments of all Directors for 2023 (including pension contributions) were $8,737,000 (2022: $8,967,000).

## Incentive outcomes for 2023

### Annual bonus

For 2023, as in 2022, the annual bonus scorecard comprised 55% financial measures, 30% ESG (safety and climate), and 15% personal strategic objectives. As this was the final year for the application of the bonus scorecard (subject to shareholder approval of the proposed Remuneration Policy), the Remuneration Committee was keen to maintain the same framework with minimal year-on-year changes.

The financial targets were set based on a comprehensive annual business planning process to reflect challenging levels of performance across several operating scenarios and price assumptions, including historical performance delivered and inflationary pressures. The financial targets were also set with reference to Glencore's annual guidance ranges. The non-financial targets were developed by the Board in consultation with Mr Nagle.

Consistent with the 2022 bonus scorecard, the 2023 financial measures selected include Funds from operations (FFO), Net debt, and Capital expenditure (Capex). These financial measures are in line with the key metrics tracked by Glencore's four-year plan (2021 to 2024) developed as part of its longer-term viability assessment. FFO was selected to measure Glencore's ability to deliver margins and generate cash that may be returned to shareholders or further invested in the business for growth. Net debt was selected to evaluate the actions taken to strengthen continuously Glencore's balance sheet and capital structure. Capex was selected to evaluate Glencore's capital allocation and progress towards pursuing business reinvestment opportunities that support the net zero industrial emissions ambition. Collectively, these financial measures reinforce the importance of advancing multiple strategies and objectives in parallel to support the Company's long-term viability.

The non-financial measures selected include ESG (safety and climate measures), and individual objectives which, for 2023, consider individual contributions towards continued portfolio simplification; embedding a culture of ethics and compliance throughout Glencore; and developing and nurturing Glencore's next generation of leadership, including through the development of a diverse and inclusive culture.

These financial and non-financial measures were deliberately selected in consideration of their alignment with Glencore's strategic priorities, as discussed at the front of the Annual Report on pages 17 to 20 and as illustrated below.

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| Variable pay element | | Annual bonus | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Financial | | | ESG | | Personal objectives | | |
| Measure | | Funds from operations | Net debt | Capex | Safety | Progress towards $CO_2$ targets | Portfolio simplification | Compliance | People |
| Weighting | | 30% | 15% | 10% | 15% | 15% | 15% | | |
| Strategic priorities | Responsible and ethical production and supply | | | ✓ | ✓ | ✓ | | ✓ | ✓ |
| | Responsible portfolio management | ✓ | ✓ | ✓ | | ✓ | ✓ | ✓ | |
| | Responsible product use | ✓ | ✓ | | | ✓ | | | ✓ |

### Bonus scorecard – Financial measures

The table below sets out the 2023 performance delivered against the financial targets under the annual bonus scorecard which comprise a total weighting of 55%.

In 2023, actual FFO of $9.5 billion was delivered against the backdrop of challenging market conditions. However, 2023 FFO performance was materially impacted having absorbed the lag effect of 2022 final income tax settlements in Australia and Colombia of $2.7 billion. Taking account of the lag effect of these 2022 tax payments, adjusted FFO was $12.2 billion in 2023, which the Remuneration Committee believes is a fairer reflection of actual performance in 2023.

Glencore continued to prioritise delivering returns to shareholders and optimising the capital structure of the Company. As a result of these efforts, Glencore paid c.$10.1 billion of cash returns to shareholders, up from c.$7.5 billion in 2022. These returns comprised $6.5 billion base and special cash distributions to shareholders and $3.7 billion of share buybacks.

Glencore's financial flexibility, supported by its low Net debt position, allowed for the announced acquisition of a 77% interest in Elk Valley Resources (EVR) for a total cash consideration of $6.93 billion, as well as investments in additional growth opportunities and Scope 1 and Scope 2 abatement opportunities that can help us achieve our emissions reduction targets and ambition.

In 2023, we directed most of our capital expenditure, in large part funded through the earnings of our energy business, towards development of our transition-enabling commodities portfolio.

Further details are set out below.

| Financial measures | Weighting | Threshold | Target | Maximum | 2023 Actual performance | Percentage of maximum opportunity |
|---|---|---|---|---|---|---|
| Funds from operations | 30% | $10.7bn | $11.9bn | $13.1bn | $12.2bn[1] (2022: $28.9bn) | 63% |
| Net debt | 15% | $16bn | $13bn | $10bn | $4.9bn (2022: $0.1bn) | 100% |
| Industrial capex | 10% | $7.8bn | $7.1bn | $6.4bn | $6.1bn (2022: $4.8bn) | 100% |
| **Total Financial** | | | | | | **80%** |

1. FFO adjusted for 2022 final income tax settlements in H1 2023

## Bonus scorecard – non-financial measures

Non-financial performance categories include ESG (safety and climate) and individual initiatives that reflect short-term operational and strategic priorities of the business that are critical to our continued success and are assessed based on performance in line with our business plan and the contributions of the CEO. These measures comprise a total weighting of 45%. The table below sets out the performance delivered against these non-financial performance categories.

| Measure | 2023 achievements |
| --- | --- |
| **ESG measure**<br>Safety<br>**Weighting**<br>15%<br>**2023 outturn**<br>90% | • In 2023, the HSEC & Human Rights Strategy underwent a significant overhaul, which flows through to each of the individual industrial department’s strategic plans. The revised strategy reflects the maturity of the industrial assets’ safety performance, focusing on longer-term initiatives and commitments to deliver against three key priorities and objectives: Safety leadership; Fatality prevention (SafeWork 2.0); and Safety by design.<br>• We drove continuous improvement in Glencore’s fatality prevention and elimination programme through the implementation of the revised SafeWork project (SafeWork 2.0). We require an effective safety management system at each industrial asset to ensure the integrity of plant and equipment, structures, processes and protective systems, as well as the monitoring and review of critical controls.<br>• The Total Recordable Injury Frequency Rate (TRIFR) and the Lost Time Injury Frequency Rate (LTIFR) have decreased by 3% and 10% respectively compared to 2022 and 11% and 13% respectively versus the three-year average.<br>• Our primary goal is the elimination of any work-related fatalities and serious injuries in our industrial assets. We take a proactive, preventative approach towards health and safety, and we are committed to providing a safe workplace. However, despite our ongoing efforts, we recorded the loss of four$^{\Delta}$ lives at Glencore’s industrial assets in 2023 (two separate incidents in the ferroalloys department, one in the coal department and one in the zinc department). We believe that a consistent application of our SafeWork approach will drive a culture of safe operating discipline and get our people home safe.<br><br>Based on the assessment above, the Remuneration Committee determined that an outcome of 90% of the safety component is appropriate. This is in line with the 2022 outcome and reflects the positive progress made since last year in improving our safety record while also acknowledging that this is a complex process for a company of this size and global scale that requires time and that there is always room for improvement. |
| **ESG measure**<br>Climate: Progress towards 2026 and 2035 $CO_2$ reduction targets<br>**Weighting**<br>15%<br>**2023 outturn**<br>100% | Against a restated 2019 baseline, we have set ourselves the target of reducing our Scope 1, 2 and 3 industrial emissions in the short term by 15% by the end of 2026, and in the medium term by 50% by the end of 2035. Post-2035, our ambition is to achieve, subject to a supportive policy environment, net zero industrial emissions by the end of 2050.<br><br>• 2023 Scope 3 industrial emissions of 406 million tonnes $CO_2e$ represent a 115 million tonnes (22%) reduction on the restated 2019 baseline. This primarily reflected the closures of the La Jagua, Calenturitas, Hlagisa[1], Newlands and Liddell coal mines, with associated Scope 3 emissions reductions. The emissions reduction pathway is not linear, and year-over-year emissions may increase or decrease in the context of longer-term abatement.<br>• Implementation of Scope 1 and 2 emissions reduction initiatives including the purchase of International Renewable Energy Certificates (I-RECs) and power purchase agreements with I-RECs in Chile, sourcing of solar energy in Australia under Australia's Renewable Energy Target (RET) Scheme and energy efficiency improvements implemented at Aston Energy Refinery in South Africa.<br>• As of the end of 2023, reduced Scope 1 and 2 industrial emissions by 7.5% compared to 2022 (restated), supported by Scope 1 and 2 abatement initiatives undertaken as part of our efforts to achieve our short- and medium-term targets. Potential future abatement initiatives range from certified renewable power purchases and on-site renewable power generation, through to energy storage systems, operational efficiency initiatives, and electrification.<br>• Our Climate Change Risk Assessment Guideline was updated and changed to a Procedure in 2023 to drive internal consistency and to align with the latest global approaches to scenario analysis and our Enterprise Risk Management approach. The implementaiton of the new Procedure informed Glencore’s disclosure of climate change risks and opportunities aligned with TCFD requirements.<br><br>Based on the assessment above, the Remuneration Committee determined that an outcome of 100% of the climate component is appropriate. |

1. An independently managed joint venture in which we have a 23.12% equity interest

| Measure | 2023 achievements |
|---|---|
| **Individual targets**<br>Individual objectives, comprising:<br>• Portfolio simplification<br>• Compliance<br>• People<br>**Weighting**<br>15%<br>**2023 outturn**<br>100% | • Entered into a binding agreement with Teck for the acquisition of a 77% interest in Teck's Steelmaking Coal business, EVR, which unlocks the potential for a value accretive demerger of our combined coal and carbon steel materials business, subject to shareholder approval. This acquisition is expected to close no later than Q3 2024.<br>• Further invested in our transition metals portfolio through acquisition of equity stakes in Alunorte and Mineracao Rio do Norte S.A., as well as the equity we did not already own in the MARA brownfield copper project and Polymet, simplifying these structures and positioning the company for growth.<br>• Formed a 50:50 JV with Teck, establishing the New Range Copper Nickel venture in Minnesota.<br>• Concluded, along with the other Viterra shareholders, an agreement to merge Viterra with Bunge to create a premier diversified global agribusiness solutions company. The transaction will realise $1.0 billion in cash for Glencore and a further c.$3.1 billion in Bunge equity (based on Bunge stock price at the date of announcement), and is expected to close in mid-2024.<br>• Disposed of non-core assets and sought to align around large, long-life, low-cost resources in key copper producing regions.<br>• In 2023, we have reported 32% women in our senior leadership as part of FTSE Women Leaders Review. Globally, we have increased the overall proportion of female employees by one percentage point to 18%, slightly above the global industry average.<br>• Oversaw the dedication of substantial effort and resources to enable constructive engagement throughout 2023 with two independent compliance monitors mandated by our resolutions with the Department of Justice.<br>• Oversaw the global Compliance Summit in 2023 to reinforce the importance of compliance and acting with integrity; enhance understanding of Glencore's Compliance Programme; and encourage sharing of insights and experience from the regions to drive compliance.<br><br>Based on the assessment above, the Remuneration Committee determined that an outcome of 100% of the individual component is appropriate. |
| **Total non-financial** | 97% |

# Directors' remuneration report *continued*

## 2023 annual bonus outcomes for the CEO (audited)

The Remuneration Committee conducted a comprehensive assessment of the progress achieved against the financial and non-financial measures. Overall, 2023 was a year of continued momentum. An 80% payout was determined to be appropriate for the financial objectives and an overall payout of 97% was determined to be appropriate for the non-financial objectives based on the considerations noted above. The combined formulaic result from the scorecard assessment was 87%.

Although significant parts of our industrial assets (including the industrial copper, nickel, and oil commodity departments) were able to continue to operate free from work-related fatalities in 2023, regrettably there were four[Δ] occupational fatalities recorded. Safety is of paramount importance and any loss of life is unacceptable and an important reminder that there is still work to do to improve Glencore's safety across the business. The implementation of prevention strategies to promote a SafeWork culture remains a key priority. Reflecting on Glencore's safety commitment, the Remuneration Committee again applied discretion to adjust the formulaic bonus outcome by 5%, resulting in a final bonus outcome of 83% of maximum.

The following table sets out the outcome of the 2023 annual bonus for Mr Nagle.

| | Max opportunity (% of salary) | Performance measures | Weighting | Formulaic outturn (% of max) |
|---|---|---|---|---|
| Gary Nagle | 250% | Financial | 55% | 80% |
| | | Non-Financial | 45% | 97% |
| Total formulaic bonus outturn | | | 100% | 87% |
| Discretion applied | | | | 5% |
| 2023 adjusted annual bonus outturn (% of maximum opportunity) | | | | 83% |
| **2023 Outturn** | | | | **$3.84 million** |

## Bonus deferral

The Remuneration Policy states that 50% of any annual bonus plan outcome is deferred into shares for a period of up to three years unless otherwise determined by the Remuneration Committee. The following table sets out the number of shares that were awarded as a result of the 50% deferral.

| | Date of grant | Face value of award[1] (US$) | No. shares | Vesting date |
|---|---|---|---|---|
| Gary Nagle | 19 March 2024 | $1.9m | 334,101 | 18 March 2027 |

1. Based on a share price of $5.75 which is the Volume Weighted Average Price (VWAP) of December 2023.

## Restricted Share Plan awards vesting in 2023

There were no Restricted Share Plan awards due to vest during the year.

To provide insight into the performance orientation embedded in our Restricted Share Plan and to ensure that the performance underpins remain appropriate in the context of market developments and the Company's strategy, the Remuneration Committee conducted a review of the performance delivered to date versus the Restricted Share Plan underpins for outstanding awards.

The performance underpins are designed to mitigate the risk of payments for failure by enabling a reduction in vesting when: (1) shareholders do not receive the minimum distribution required under the Company's stated distribution policy; (2) absolute and relative shareholder performance over the vesting period is deemed unsatisfactory; or (3) progress against ESG initiatives, including the implementation of the Company's Ethics and Compliance programme and the Climate Action Transition Plan, is considered to be unsatisfactory. These performance underpins enable a more holistic consideration of performance to reward sustainable value creation and commercial effectiveness, rather than short-term share price volatility primarily driven by commodity price cycles that is characteristic of traditional total shareholder return-based measures commonly used in long-term incentive plans.

These performance underpins were also deliberately selected in consideration of their alignment with Glencore's strategic priorities, as illustrated below.

| Variable pay element | | Long-term incentive | | |
|---|---|---|---|---|
| Measure | | Distributions to shareholders | Company performance | ESG performance |
| Weighting | | N/A | | |
| Strategic priorities | Responsible and ethical production and supply | | ✓ | ✓ |
| | Responsible portfolio management | ✓ | | ✓ |
| | Responsible product use | | | ✓ |

Overall, the Remuneration Committee is pleased with the performance of the Company against the underpins set at the grant of the awards which remain appropriate. A summary of the main considerations is provided below. These considerations apply for the three awards of restricted shares currently outstanding for the CEO, the first of which is due to vest on 1 July 2024 and further details will be provided in next year's Annual Report.

# Directors' remuneration report *continued*

| Underpin | Performance considerations |
|---|---|
| **Distributions to shareholders** | • During 2023, we announced c.$6.5 billion of base and special cash distributions and $3.7 billion of share repurchases.<br>• For 2024, based on 2023 cash flows, we are recommending to shareholders a $0.13 per share ($1.6 billion) base distribution.<br>• Following the November 2023 announcement of our agreement to acquire a 77% interest in EVR, our capital structure and credit profile is now being managed towards a revised $5 billion Net debt cap. In this context, our capital returns allocation framework prioritises repayment of the acquisition debt to a level which would support the potential demerger construct. |
| **Company performance over the year** | • Strong returns to shareholders in 2023 despite the inflationary environment, geopolitical conflicts, and the negotiation and announcement of the EVR transaction, expected to complete in 2024. The Group achieved Adjusted EBITDA of $17.1 billion positioned as one of the top three years in the last decade, eclipsed only by 2021 and 2022. Net income before significant items was $6.7 billion, while Net income attributable to equity holders was $4.3 billion.<br>• For Marketing, 2023 Adjusted EBIT was $3.5 billion.<br>• For Industrial, 2023 Adjusted EBITDA was $13.2 billion.<br>• We continued to strengthen our balance sheet underpinned by a capital structure with optimal Net debt revised to $5 billion from $10 billion previously. Outturn Net debt was closely in line with the optimal level. By maintaining strong investment grade ratings (BBB+/Baa1), our financial flexibility enabled the announced acquisition of a 77% interest in EVR for a total cash consideration of $6.93 billion. This also enabled a continued focus on investing in major capital projects, including into transition metals, in line with and supporting the Company's overall strategy. |
| **ESG performance** | • **Environment and tailings:** Our strong environmental performance has continued with no major or catastrophic events. A comprehensive tailings management framework has been implemented with clear governance, accountabilities, systems, training, auditing, and annual reporting. Glencore published its first public disclosure against the Global Industry Standard for Tailings Management (GISTM) in August 2023, which details the actions taken in the year and our management of tailings facilities across the portfolio that are classified as Very High and Extreme Consequence.<br>• **Climate change**: We believe that the global energy transition will be non-linear through time and geography and we have set clear principles to inform our approach to a just and orderly transition. For the short to medium term, we set targets to reduce our Scope 1, 2, and 3 industrial emissions by 15% by 2026 and 50% by 2035 from a restated 2019 baseline. Over the past few years, we have implemented a wide range of emissions abatement initiatives and have identified more to support the achievement of our longer-term goals. We have strengthened our emissions disclosures to enable our stakeholders to better understand our performance. We have also continued our active engagement with our shareholders and interested stakeholders on climate change and our strategy.<br>• **Safety**: Our TRIFR and LTIFR performance has seen improvements versus the three-year rolling averages and the implementation of prevention strategies to promote a SafeWork culture remains a key priority. Although there were regrettably four$^{\Delta}$ occupational fatalities recorded in 2023, significant parts of our industrial assets (including copper, nickel, and oil departments) were able to continue to operate free from occupational fatalities in 2023. Considering the scale of Glencore's global operations, sustained long-term improvement in safety performance is a clear demonstration that the effective application of the SafeWork principles supports the elimination of work-related fatalities.<br>• **Governance**: From a governance perspective, we are committed to ensuring a strong culture of ethics and compliance across the Group. We have dedicated substantial resources over the last few years and during 2023 to build and implement a best-in-class Ethics and Compliance Programme, which encompasses different aspects such as risk assessments, policies, standards, procedures and guidelines, training and awareness, monitoring, providing safe channels to speak openly and raise concerns and investigations. |

# Directors' remuneration report *continued*

### 2023 Restricted Share Plan awards (audited)

During the year ended 31 December 2023, Mr Nagle received an award of restricted shares which may vest after a three-year period ending on 22 March 2026, subject to the achievement of three performance underpins as discussed above. The award is set out in the table below.

| | Grant (% of annual salary) | Face value of award[1] (US$'000) | No. shares[2] | Vesting date[3] | Holding period[4] |
|---|---|---|---|---|---|
| Gary Nagle | 225% | 4,050 | 608,622 | 22 March 2026 | Five years after grant or two years post-employment |

1. Face value of award based on the 225% award opportunity multiplied by the annual salary of $1.8 million.
2. Based on a share price of $6.65 which was the VWAP during December 2022.
3. Vesting subject to underpins described in the Restricted Share Plan awards vesting in 2023 section.
4. Whichever occurs latest.

### Statement of Directors' interests in shares (audited)

As at 31 December 2023, the Executive Director's interests in shares via incentives were as follows. Details of his beneficial shareholdings are shown in the Share ownership guidelines section below.

| | Outstanding scheme interests at 31 December 2023 | | | Vested scheme interests | | Total of all scheme interests as at 31 Dec 2023 |
|---|---|---|---|---|---|---|
| | Unvested scheme interests subject to performance[1] | Unvested scheme interests not subject to performance[2] | Total outstanding scheme interests | As at 31 Dec 2022 | As at 31 Dec 2023 | |
| Gary Nagle | 1,903,286 | 533,066 | 2,436,352 | – | – | 2,436,352 |

1. Includes awards under the Restricted Share Plan.
2. Excludes awards under the deferred bonus plan issued in 2024.

Between 1 January 2024 and the date of this 2023 Annual Report, the Executive and Non-Executive Directors' beneficial interests in the table above remained unchanged, except for the portion of the Executive Director's 2023 bonus deferred into shares, which was granted in 2023 as disclosed above.

| Plan | Date of award | Interests at 1 January 2023 | Interests awarded during the year | Interests vested during the year | Interests lapsed during the year | Interests outstanding at 31 December 2023 | Date at which award vests |
|---|---|---|---|---|---|---|---|
| **Gary Nagle** | | | | | | | |
| 21 LTIP | 1/7/21 | 461,108 | – | – | | 461,108 | 30/06/24 |
| 22 LTIP | 14/03/22 | 833,556 | – | – | – | 833,556 | 13/03/25 |
| 23 LTIP | 23/03/23 | – | 608,622 | – | – | 608,622 | 22/03/26 |
| 21 bonus deferred shares | 14/03/22 | 216,667 | – | – | – | 216,667 | 13/03/25 |
| 22 bonus deferred shares | 23/03/23 | – | 316,399 | – | – | 316,399 | 22/03/26 |
| **Total** | | **1,511,331** | **925,021** | **–** | **–** | **2,436,352** | |

## Share ownership guidelines

Glencore is founded on an ownership ethos and the Remuneration Committee therefore promotes the critical importance of aligning the interests of the CEO with those of shareholders. The aim is to encourage the build-up of a meaningful shareholding in the Company over time from purchases in the market and/or by retaining shares received through the Restricted Share Plan, pursuant to which vested shares cannot be sold until the later of five years from the date of award or two years post-departure.

In line with the current Remuneration Policy, the in-post shareholding requirement for the CEO is 500% of salary, pursuant to which the CEO is required to retain the lower of: (1) actual shareholding on stepping down from the Board and (2) such shares as then represent the policy level of 500% of salary for two 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.

Subject to shareholder approval of the proposed Remuneration Policy at the 2024 AGM, the in-post shareholding requirement for the CEO will be increased to 525% of salary. Please see 'Part 3 – Directors Remuneration Policy' for further details.

| Director | Beneficially owned shares as at 31 Dec 2023 | Shareholding requirement (as % of salary) | Current shareholding (as % of salary)[1] | Shareholding requirement met? |
|---|---|---|---|---|
| Gary Nagle | 2,000,000 | 500% | 647% | Yes |

1. The share price of £4.72 and the exchange rate of £1=US$1.27 as at 31 December 2023 have been used for the purpose of calculating the current shareholding as a percentage of salary. Unvested awards do not count towards the satisfaction of the shareholding guidelines.

## CEO pay ratio

The table below shows the ratio of CEO single figure remuneration for 2023 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 at 31 December 2023. As we are a global group, which is not headquartered in the UK and whose UK employees represent less than 1% of all our employees worldwide, we have decided to amend this comparison to all employees, using method A, which provides the most statistically accurate method of calculation for the purpose of this disclosure. 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 on the basis that this is a more meaningful comparison.

| Year | Method (A) | 25th percentile pay ratio | Median pay ratio | 75th percentile pay ratio |
|---|---|---|---|---|
| 2023 | A | $15,613<br>374:1 | $31,720<br>184:1 | $79,101<br>74:1 |
| 2022 | A | $12,893<br>471:1 | $25,059<br>242:1 | $68,250<br>89:1 |
| 2021 | A | $10,404<br>381:1 | $23,530<br>169:1 | $67,734<br>59:1 |
| 2020 | A | $8,525<br>177:1 | $21,212<br>71:1 | $65,025<br>23:1 |
| 2019 | A | $8,558<br>176:1 | $21,238<br>71:1 | $64,077<br>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. The changes relative to the Executive Director solely relate to the change of CEO and all the relevant information is included in this report. Minor adjustments relating to Non-Executive Directors' Committee fees are listed below. On this basis, it was considered unnecessary to include such data.

## Relative importance of remuneration spend

The table below illustrates the change in total remuneration, distributions paid and net profit from 2022 to 2023.

| | **2023 US$m** | 2022 US$m |
|---|---|---|
| Distributions and buybacks attributable to equity holders | **10,122** | 7,335 |
| Net income attributable to equity holders | **4,280** | 17,320 |
| Total remuneration | **5,969** | 6,319 |

The figures presented have been calculated on the following bases:

- Distributions and buybacks – distributions paid and shares bought back during the year
- Net income/(loss) attributable to equity holders – our reported net income/loss in respect of the financial year
- Total remuneration – represents total personnel costs as disclosed in note 24 to the financial statements which includes salaries, wages, social security, other personnel costs and share-based payments receivable by all employees of the Group

### Loss of office payments (audited)

No additional payments for loss of office were made.

### Payments to past Directors (audited)

No payments were made to past Directors.

### Fees retained for external non-executive directorships (audited)

Not applicable.

## Alignment between pay and performance

### Total shareholder return (TSR) performance

This graph shows the value to 31 December 2023, on a total shareholder return (TSR) basis, of £100 invested in Glencore plc on 31 December 2013 compared with the value of £100 invested in the FTSE 100 Index.

The Remuneration Committee believes that the FTSE 100 Index is an appropriate comparator as it is a broad equity index reflecting the performance of the largest UK-listed companies.

## Directors' remuneration report *continued*

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:


## History of CEO remuneration

| | | Single figure of total remuneration[1](US$'000) | Annual variable element award rates against maximum opportunity | Long-term incentive vesting rates against maximum opportunity |
|---|---|---|---|---|
| 2023 | Gary Nagle | 5,833 | 82.9% | n/a |
| 2022 | Gary Nagle | 6,071 | 93.6% | n/a |
| 2021 | Gary Nagle[2] | 3,208 | 93.6% | n/a |
| 2021 | Ivan Glasenberg[3] | 756 | – | – |
| 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 | – | – |

1. The figures in this table are reported in US dollars and have been translated to US dollars where applicable at the exchange rates used for the preparation of the financial statements in each relevant financial year. The value of benefits and pension provision in the single figure vary as a result of the application of exchange rates.
2. Mr Nagle was appointed Chief Executive Officer on 1 July 2021 and his 2021 remuneration was prorated accordingly in 2021.
3. Mr Glasenberg retired as Chief Executive Officer on 30 June 2021 and his salary was prorated accordingly in 2021.

## Non-Executive Director fees (audited)

The emoluments of the Non-Executive Directors for 2023 and 2022 were as follows:

| Name | **2023 Base fees US$'000** | 2022 Base fees US$'000 | **2023 Committee fees US$'000** | 2022 Committee fees US$'000 | **Total 2023 US$'000** | Total 2022 US$'000 |
|---|---|---|---|---|---|---|
| **Non-Executive Chairman** | | | | | | |
| Kalidas Madhavpeddi | **1,150** | 1,150 | **n/a** | n/a | **1,150** | 1,150 |
| **Non-Executive Directors** | | | | | | |
| Cynthia Carroll[1] | **135** | 135 | **133** | 115 | **268** | 250 |
| Peter Coates | **135** | 135 | **185** | 185 | **320** | 320 |
| Martin Gilbert[2] | **135** | 195 | **143** | 125 | **278** | 320 |
| Patrice Merrin[3] | **55** | 135 | **64** | 160 | **119** | 295 |
| Gill Marcus[4] | **200** | 140 | **108** | 130 | **308** | 270 |
| David Wormsley | **135** | 135 | **86** | 70 | **221** | 205 |
| Liz Hewitt[5] | **135** | 61 | **106** | 26 | **241** | 87 |

1. Ms Carroll stepped down as Chair of the Remuneration Committee and was appointed as Chair of the ECC Committee on 26 May 2023.
2. Mr Gilbert was the Senior Independent Director until 2 December 2022 and was appointed Chair of the Remuneration Committee on 26 May 2023.
3. Ms Merrin stepped down as a Non-Executive Director on 26 May 2023.
4. Ms Marcus was appointed as Senior Independent Director on 2 December 2022 and stepped down as Chair of the Audit Committee on 1 April 2023.
5. Ms Hewitt was appointed as a Non-Executive Director on 18 July 2022 and was appointed as Chair of the Audit Committee on 1 April 2023 and as a member of the Investigations Committee on 26 May 2023.

## Implementation of Remuneration Policy in 2024

This section provides details of how the proposed Remuneration Policy will be implemented for 2024, subject to shareholder approval at the 2024 AGM.

### Fixed remuneration

| | Base salary | Effective date | Increase % | Reason |
|---|---|---|---|---|
| Gary Nagle | $2m | 1 January 2024 | 7.9% | The Remuneration Committee proposes a salary increase to maintain international competitiveness and align with the size and complexity of Glencore's business. It recognises the market's expectation of restraining executive raises to the average increase of the broader workforce which was 4.2% for 2023. However, given the significant reduction in cash compensation resulting from the elimination of the cash bonus (see below), the Remuneration Committee believes a total increase of 7.9% is warranted. |

In line with the Remuneration Policy, Glencore's annual pension provision for the CEO is fully aligned with the Swiss requirements, local legal limits, and that of other employees based in Switzerland, where the CEO is located. For the CEO, the maximum employer contribution is up to 12.3% of salary (capped at c.$150k per annum) and the maximum co-contribution limit is up to 6.2% of salary.

### Performance-based remuneration

Under the new Remuneration Policy, 100% of incentive awards for the CEO will be delivered as Career Shares. The first award will be made in 2025 based on performance assessed in 2024. Therefore, the final Restricted Share award will be made in March 2024 and the CEO will not receive an annual bonus award in respect of 2024.

Career Shares cannot be sold for the duration of the CEO's employment and are also subject to a post-exit shareholding requirement of two years. This post-exit shareholding requirement is in excess of the minimum share ownership level required by the Remuneration Policy and is intended to ensure that all Career Shares awards are truly aligned with the long-term shareholder experience.

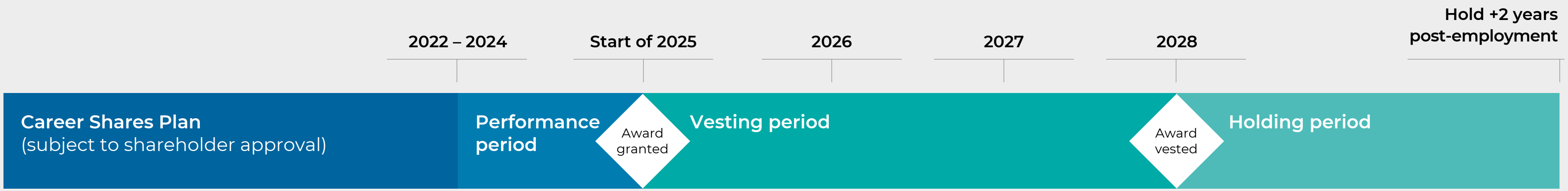
In line with the proposed Remuneration Policy, the maximum incentive opportunity is set at 525% of salary and is not guaranteed. The target award level is set at 350% of salary. Awards are based on performance and may be adjusted (including to zero) in certain circumstances, including significant and reputationally damaging situations, to ensure there are no rewards for failure. Please see the illustrative lifecycle of Career Shares awards on page 151 for further details.

Awards of Career Shares are subject to Group performance and strategy execution in line with the expectations of the Board and the market, to be assessed annually based on a performance framework that enables more nuanced and multi-faceted performance considerations. Financial and operational performance dimensions will be considered annually. ESG performance dimensions will be considered annually and relative to multi-year trending performance, as applicable. Performance will be holistically assessed, and specific performance dimensions may vary year-to-year to align with our evolving strategic priorities, competitive landscape, macroeconomic factors, and shareholder expectations. As further described below, the Board will assess these factors in combination and determine to what extent business and market expectations have been met under the CEO's leadership and the level of award of Career Shares that is warranted.

The number of shares that will be granted under the Career Shares Award will be determined by the applicable VWAP at the time of grant in 2025, with values based on the effective salary. Vesting of the awards remains subject to a comprehensive shareholder distribution and ESG underpin to reinforce our stewardship and commitment to sustainable shareholder value creation.

The diagram on page 151 outlines the illustrative lifecycle of Career Shares awards.

## Lifecycle of Career Shares Awards




# 3
unique and shareholder-friendly design features

## 1
### Career Shares Awards are performance modified at grant

The Board will holistically assess performance encompassing a broad mix of financial, operational and ESG dimensions.

Performance will be assessed to take into account multi-year trends, performance relative to the comprehensive business planning and market guidance in order to determine award level of Career Shares.

**Career Shares Award**
(0 – 525%)*

- Responsible production
- Responsible portfolio management
- Responsible product use

* In the event of catastrophic events, awards can be reduced to zero.

## 2
### Vesting is subject to comprehensive performance underpins

Comprehensive performance underpins (which were selected in line with Glencore’s strategic priorities) apply over the vesting period, designed to mitigate the risk of payments for failure by enabling a reduction in vesting when:

1. Shareholders do not receive the minimum distribution required under the Company’s stated distribution policy
2. Progress against ESG initiatives is deemed unsatisfactory
3. Overall business performance is deemed unsatisfactory

## 3
### CEO cannot realise any value from Career Shares until two years post-employment

The additional requirement to hold Career Shares for two years post-employment ensures that 100% of the awards are truly aligned with the long-term shareholder experience. The value of the awards will rise and fall in line with the prevailing share price when the restrictions lapse.

It also encourages ownership behaviours and discipline critical to our success:

- Long-term risk management
- Sustainable growth
- Succession planning

## Directors' remuneration report *continued*

Under the Career Shares Plan and subject to shareholder approval of the new Remuneration Policy, awards will be made in March 2025 with reference to a multi-year performance framework.

The Remuneration Committee intends to assess the following performance dimensions for the inaugural award of Career Shares as they align with our current strategic priorities and to give a clear line of sight into how achieving these goals drives Glencore's performance and the creation of sustainable shareholder value. These performance dimensions, which can be broadly categorised as financial, ESG, and strategic goals, will be assessed in the context of the overall performance trajectory (year-over-year and on a multi-year basis, where relevant), achievement of our budget or guidance (as applicable), and delivery against expectations of the Board and our shareholders. The performance assessment will also seek to recognise capital investments made and key actions taken to position the Company well for the future.

Awards of Career Shares will be determined with reference to the target opportunity of 350% of salary reflecting performance delivery against Board expectations, the overall business plan, and prevailing market conditions where applicable. Awards of Career Shares will be capped at the maximum proposed opportunity of 525% of salary reflecting strong overall performance assessed in the context of important strategic decisions taken to drive long-term performance and sustainability of the business. Details of the actual performance assessment, award value and shares granted will be disclosed in next year's Annual Report.

| Our strategic priorities | Our values | Holistic assessment of performance dimensions including: |
|---|---|---|
| **Responsible and ethical production and supply** | • Our Values are embedded in everything we do<br>• We are committed to operating ethically, responsibly, and to contributing to socio-economic development in countries where we operate<br>• Our commitment is delivered through for example our operational excellence, promotion of health and safety, acting ethically and advancing our environmental performance | • Adjusted EBITDA and FFO<br>• Production relative to market conditions and market inventories<br>• Commodity prices<br>• Safety metrics including FFR, TRIFR, LTIFR relative to previous year and rolling 3-year average<br>• Major projects relative to timeline and budget<br>• M&A aligned to our strategic priorities<br>• $CO_2$e industrial emissions reduction relative to target<br>• Capex relative to budget<br>• Corporate controls and the desired culture of compliance<br>• Distribution to shareholders |
| **Responsible portfolio management** | • We intend to prioritise investment in transition-enabling commodities that support the decarbonisation of energy usage and help meet the commodity demands of everyday life<br>• We will reduce our thermal coal production over time to meet our decarbonisation targets | |
| **Responsible product use** | • We will seek opportunities to increase the supply of transition-enabling commodities from our own industrial operations and through our extensive marketing activities<br>• We will participate in global efforts to improve abatement technologies and availability | |

### Non-Executive Director fees for 2024

No changes have been made to Non-Executive Director fees during 2023. 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. As a result, the fees payable for 2024 are as follows:

| | US$'000 |
|---|---|
| **Non-Executive Directors' base fees** | |
| Chairman | 1,150 |
| Senior Independent Director | 200 |
| Non-Executive Director | 135 |
| **Committee[1] fees:** | |
| **ECC** | |
| Chair | 60 |
| Member | 40 |
| **Remuneration** | |
| Chair | 55 |
| Member | 25 |
| **Audit** | |
| Chair | 70 |
| Member[2] | 40 |
| **Nomination[3]** | |
| Member | 20 |
| **HSEC** | |
| Chair | 125 |
| Member | 40 |
| **Investigations[3]** | |
| Member | 40 |

1. Fees do not apply to the Chairman when he is a chair or member of a Committee.
2. Due to a typographical error, the Audit Member fee was previously shown as $35,000 per annum. There has been no change since October 2021.
3. No chair fee applied as the Chairman chairs these Committees.

## 3. Directors' Remuneration Policy

The design of the new Remuneration Policy was the main area where the Remuneration Committee sought shareholder input during 2023.

As part of the Remuneration Policy review, the Remuneration Committee considered Glencore's position as one of the largest global, diversified, and vertically integrated natural resources companies in the world which produces and trades more than 60 commodities. Despite its UK listing, there are very few UK-listed companies that are similar to Glencore in scope and complexity. Therefore, in addition to Anglo American, BHP, BP, Rio Tinto and Shell (our UK-listed peer group), the Remuneration Committee felt that remuneration should reflect a more global context, including in comparison to those that are outside of the resources industry and/or based in North America to ensure that remuneration levels are not just locally but also globally competitive.

The Remuneration Committee's view is that the Remuneration Policy that is being submitted to shareholders for approval at the 2024 AGM reflects the balance of investor feedback received during the consultation and, in line with one of the Remuneration Committee's principal aims at the outset of the review, ensures that the approach to remuneration reinforces long-term alignment with the shareholder experience. Our intention is that this Remuneration Policy provides us with a fit-for-purpose executive pay framework for the next three years.

The Remuneration Policy as set out in this section of the report will take effect for all payments made to Executive Directors from the date of the 2024 AGM, subject to shareholder approval. UK legislation and related investor guidance encourages companies to disclose a cap within which each element of Remuneration Policy will operate. The Remuneration Policy for the Executive Directors only applies to Mr Nagle as he is the only Executive Director.

## Remuneration Policy table for Executive Directors

| Element of remuneration | Purpose and link to strategy | Policy and operation | Maximum opportunity | Performance measure(s) |
|---|---|---|---|---|
| **Base salary** | To recruit, retain, and motivate individuals of a high calibre, and reflect the skills, experience, responsibilities, and contribution of the CEO | Reviewed annually with increases effective 1 January; reflects the individual's role and contribution<br><br>Increases take account of those applied across the wider workforce<br><br>The Remuneration Committee retains discretion to award higher increases where appropriate to account for market conditions, performance and/or development of the individual, a change in the responsibility and/or complexity of the role, new challenges, or a new strategic direction for the Company<br><br>Base salary is paid monthly in cash | There is no set maximum to salary levels or increases. Salaries are reviewed annually with consideration for those applied across the Swiss workforce. Salary increases, if any, are effective 1 January | Not applicable. |
| **Pension** | To provide retirement benefits which reflect local market and wider workforce practices | Participation in the defined contribution scheme for all Swiss head office-based employees<br><br>Any Executive Director's benefit will be aligned with the average percentage contribution or entitlement available to staff in the relevant market | An annual cap on the cost of provision of retirement benefits of $150k per Executive Director has been set | Not applicable. |
| **Benefits** | To ensure broad competitiveness with local market practice | Current benefits include salary loss (long-term sickness) and accident/travel insurance<br><br>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 | The Company shall continue to provide benefits to Executive Directors at similar levels in line with local Swiss policy; where insurance cover is provided by the Company, that cover shall be maintained at a similar level and the Company shall pay the prevailing market rates for such cover<br><br>A monetary limit of $100,000 p.a. applies to benefits | Not applicable. |

# Directors' remuneration report *continued*

| Element of remuneration | Purpose and link to strategy | Policy and operation | Maximum opportunity | Performance measure(s) |
|---|---|---|---|---|
| **Career Shares Plan** | To incentivise the creation of shareholder value and the need to reward sustainable long-term performance | Annual awards are determined with reference to performance dimensions where ESG, operational and financial performance, as well as strategy delivery will be assessed at the time of the award. The majority of the assessment will be based on financial performance. Material adjustments may be made to the award (including to zero) in certain circumstances to ensure there are no rewards for failure<br><br>Vesting of the awards would be subject to an underpin applying over a three-year period. The underpin will be based on a holistic review of overall business performance including shareholder distributions, absolute and relative shareholder performance and progress against ESG initiatives in line with the previously approved Restricted Share Plan<br><br>Malus and clawback clauses apply as described below<br><br>Shares will only be released (other than to meet tax obligations) on the later of five years from grant and two years post employment | The maximum Career Shares award that can be made in any year is set at 525% of salary. The target opportunity in any year is set at 350% of salary | Career Shares are performance-modified on award, based on performance dimensions assessed by the Remuneration Committee and vesting is subject to comprehensive performance underpins |
| **Personal shareholding** | Provides long-term alignment with shareholders | Usually to be achieved within five years of Board appointment<br><br>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 525% of salary for two years after stepping down or until retirement, whichever is longer, (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 | In-post shareholding guideline equal to 525% of salary, in line with the proposed combined maximum incentive opportunity | Not applicable |

### Discretion and vesting subject to the underpin

In addition to the specific discretions set out in the Remuneration Policy table on the preceding page, the Remuneration Committee may exercise various discretions related to the operation of the proposed Remuneration Policy, subject to any applicable plan rules. In particular, these include, but are not limited to, the following:

- the participants of the Career Shares Plan;
- 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 proposed Remuneration 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
- the determination of the appropriate performance conditions, underpins, weightings and targets for the Career Shares Plan.

The holistic, qualitative judgement, which is applied as an underpin test before final vesting of Career Shares is confirmed, is an important aspect to ensure that vesting is not simply driven by a formula or the passage of time that may result in unexpected or unintended remuneration outcomes.

The exercise of any discretion will be fully disclosed and explained in the applicable statement of implementation of the Remuneration Policy.

#### Malus and clawback

Awards subject to the applicable plan rules governing the Career Shares Plan are subject to malus and clawback provisions that allow the Remuneration Committee to reduce or clawback awards and may be applied in certain circumstances, such as material failures in the financial, operational, compliance, or ESG performance of the Company and a failure to identify and/or report such failure(s); and any other circumstances that are deemed to have a significant impact on the reputation or financial prospects of the Company.

The Remuneration 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.

#### Service contracts

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.

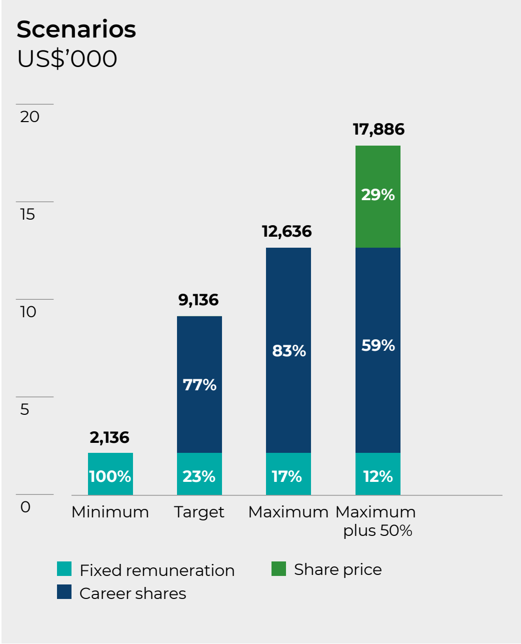
Under normal circumstances, the Company may terminate the employment of an Executive Director by making a payment in lieu of notice equivalent to basic salary only for the notice period at the rate current at the date of termination. In appropriate cases, the Executive Director can be dismissed without compensation.

### Potential rewards under various scenarios

The chart below is based on the following scenarios, in accordance with UK reporting regulations and based on the 2024 implementation of the proposed Remuneration Policy set out on page 150 in this report:

- Minimum: Mr Nagle's 2024 salary of $2m, Pension of $121k and 2023 benefits of $15k
- Target pay: as Minimum, plus Career Shares payable at target, based on target opportunity of 350% of salary
- Maximum pay: as Minimum, except Career Shares at maximum opportunity of 525% of salary
- Maximum plus: as Maximum pay, except the share price on the Career Shares is assumed to increase by 50%

Each element ignores the impact of distribution roll-up



## Policy table for Non-Executive Directors

Non-Executive Directors are not eligible to participate in any performance-based pay or pension arrangements. Details of the policy on fees paid to Non-Executive Directors are set out in the table below:

| Element of remuneration | Purpose and link to strategy | Policy and operation | Maximum opportunity | Performance measure(s) |
|---|---|---|---|---|
| **Fees** | Reflects time commitment, experience, global nature and size of the Company | 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<br><br>Fee levels are periodically reviewed by the Board (for Non-Executives) and the Remuneration 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<br><br>Non-Executive Directors and the Senior Independent Director receive a base fee<br><br>Additional fees are paid for chairing or membership of a Board committee<br><br>The Board Chairman receives a single inclusive fee<br><br>Reasonable business-related expenses are reimbursed (including any tax thereon)<br><br>Non-Executive Directors are not eligible for any other remuneration or benefits of any nature<br><br>The fees are reviewed periodically | Fees are paid monthly in cash<br><br>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 | Not applicable |

## Recruitment Remuneration Policy

### Executive Director appointment

The Company's Executive Director Recruitment Remuneration Policy aims to give the Remuneration 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.

In determining an appropriate remuneration package, the Remuneration Committee will take into consideration all relevant factors (including quantum, nature of remuneration, and the jurisdiction from and to which the candidate is recruited) to ensure that arrangements are at the same time fair to the individual and in the best interests of the Company and its stakeholders.

The starting point for the Remuneration Committee will be to review the particular circumstances of any appointment in line with developments in market practice and corporate governance by that point in time. We are cognisant that the proposed Remuneration Policy does not reflect typical market practice but we believe this is the most appropriate design to retain and motivate the current Executive Director for whom this Remuneration Policy applies.

For any future Executive Director appointments, the Remuneration Committee will review the remuneration package at that time by considering, among other factors, the proposed Remuneration Policy as well as the former Remuneration Policy (as approved at the 2021 AGM). However (consistent with the UK regulations) for a newly appointed Executive Director the Remuneration Committee is not constrained by the caps on fixed pay within the Remuneration Policy on a recruitment or at any subsequent annual review within the life of this Remuneration Policy as approved by shareholders. Nonetheless, the Remuneration Committee will not pay more than it considers to be necessary to support recruitment having regards to appropriate market rates and evolving best practice.

In cases of appointing a new Executive Director by way of internal promotion, the Remuneration Committee and Board will be consistent with the policy for external appointees detailed above (except in relation to buy-outs). Where an individual has contractual commitments made prior to their promotion to Executive Director level (and not in connection with their promotion to this level), the Company will continue to honour these arrangements (other than pension contribution) even if these are not provided for by the Remuneration Policy in force at the time of appointment (or when the arrangements were originally agreed).

For external and internal appointments, the Remuneration 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 Remuneration 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 or other remuneration from 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 Remuneration 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 Career Shares pay structure in the Group in order to secure a candidate.

All such awards for external appointments 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 Remuneration 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 Remuneration 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 Remuneration 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 Remuneration Committee considers that it is necessary to secure the recruitment and where the forfeiture risk is considered to be low.

For the avoidance of doubt, where recruitment-related awards are intended to replace existing awards held by a candidate at an existing employer, the maximum amounts for incentive pay as stated in the general policies will not apply to such awards. The Remuneration 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. In exceptional circumstances, the Remuneration Committee may use the exemption permitted within the Listing Rules. 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 Remuneration 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.

### Non-Executive Director appointment

A new Non-Executive Director would be recruited on the terms explained on page 157 in respect of the main Remuneration 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 Remuneration 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 Remuneration Committee may choose to apply under the discretions available to it under the terms of the incentive arrangements. The potential treatments on termination under these plans are summarised below.

| Incentives | Good leaver | Bad leaver |
|---|---|---|
| **Definition** | • If a leaver is deemed to be a 'good leaver'; i.e. leaving through serious ill health or death, as a result of change in control, or otherwise at the discretion of the Remuneration Committee | • If a leaver is deemed to be a 'bad leaver'; typically, voluntary resignation or leaving for disciplinary reasons |
| **Career Shares Plan** | • Will receive a pro-rated award vesting at the normal vesting date (if applicable, subject to the application of the underpin at the normal measurement date)<br>• The Remuneration Committee retains the discretion to disapply pro-rating and to accelerate the vesting of the awards however it does not expect to use this other than in exceptional circumstances | • All unvested awards would 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 Remuneration 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 Remuneration Committee will aim to ensure that any payments made are, in its view, appropriate having regard to prevailing best practice guidelines. The Remuneration 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.

## Directors' service contracts

### Executive Director's contract

The table below outlines the key features of the service contract for Mr Nagle, the only person who served as an Executive Director during 2023.

A copy of the service contract of Mr Nagle is available for inspection at the Company's registered office as noted on page 298 or as otherwise indicated in the Notice of 2024 AGM.

| Provision | Service contract terms |
|---|---|
| Notice period | 12 months' notice by either party |
| Contract date | 1 July 2021 |
| 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 will be considered as part of a wider review of Directors' interests/potential conflicts.

## Non-Executive Directors' letter 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 298.

## Engagement with shareholders

As explained, on page 134 of this report, the Company engaged extensively with shareholders as part of the development of this Remuneration Policy. The Remuneration 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 Remuneration Committee is advised of pay and conditions around the Group and considers such information when considering executive pay.

## 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 Remuneration Committee; no Executive Director is involved in the determination of his or her own remuneration arrangements or attends the meetings where this is discussed.

The Remuneration 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. Remuneration Committee members bring their own judgement to consideration of all matters.

## UK Corporate Governance Code considerations

The Remuneration Committee has considered the factors set out in provision 40 of the Corporate Governance Code as part of its review of the Remuneration Policy. In our view, the proposed Remuneration 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. The Remuneration Committee believes that the simplified structure contributes significantly to clarity. |
| **Simplicity:** remuneration structures should avoid complexity and their rationale and operation should be easy to understand. | Our remuneration structure comprises fixed and variable remuneration. The new Remuneration Policy utilises a single integrated incentive in the form of Career Shares which provide a simple and transparent mechanism for aligning Executive Director and shareholder interests while steering away from the complexities of traditional separate short- and long-term incentives. |
| **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. | There are suitable mechanisms for the Remuneration Committee to reduce award levels for Career Shares, and all awards are subject to malus and clawback provisions. Career Shares reduce the risk of unintended remuneration outcomes associated with complex performance conditions typical of other forms of long-term incentive. The comprehensive Career Shares Plan underpins also mitigate the risk of payments for failure while the requirement to retain the awards until retirement ensures a very long-term alignment to shareholders. |
| **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. | Career Shares have reward values that are less volatile than conventional PSPs (removing the risk of potentially unintended outcomes). Maximum award levels and discretions are set out in the Remuneration Policy tables including scenario charts showing the potential outcomes. |
| **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 pay represents a significant majority of the total remuneration opportunity and is entirely delivered in shares which must be retained for two years post-employment, in line with the provisions of the Career Shares Plan. The Remuneration Committee considers performance holistically as part of the underpin each year to ensure that there is a clear link to strategy. Discretion is available to the Remuneration 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 Career Shares will clearly align the Executive Director's interests with those of shareholders by ensuring a focus on delivering against strategy including a strong focus on shareholder returns and ESG performance. |

## Approval

This report in its entirety has been approved by the Remuneration Committee and the Board of Directors and signed on its behalf by:

**Martin Gilbert**
**Chair of the Remuneration Committee**

20 March 2024

# Directors' report

**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 2023. 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.

A total capital distribution of $0.52 per share was paid in two instalments in 2023, comprising $0.44 in respect of the 2022 financial year and US$0.08 in respect of cash generation in the first half of 2023 in excess of the Group's target leverage position. The Board is recommending to shareholders an aggregate capital distribution of $0.13 per share in respect of the 2023 financial year as further detailed on page 83.

## 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 26 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 27 and 28 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, social performance and human rights (HSEC&HR)

An overview of HSEC&HR performance is provided in the Sustainability section of the Strategic Report. The work of the HSEC Committee is contained in the Corporate Governance Report.

## Greenhouse gas emissions

Information on the Group's industrial emissions is included on page 50.

## 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 to governments 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 a range of Group Policies and Standards that focus on fair treatment and diversity and inclusion. Glencore endeavours to protect its people from any form of unlawful discrimination including on the basis of gender, race, ethnicity, disability, religion, or beliefs. We seek to provide equal opportunities for career development and promotion as well as appropriate training opportunities.

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 are designed to support and protect the interests of employees in a number of ways such as requiring open, fair and respectful communication, commitment to respect human rights, fair and equitable conditions of employment and, above all, a safe working environment.

Employee communication is mainly provided through 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. Glencore uses a range of methods to conduct employee consultation, including Group-wide surveys and focus groups. The type of consultation undertaken is tailored such that it is appropriate for the location of the office or industrial asset – see the Our people section on pages 75 to 77.

## 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' and officers' liability insurance.

## Directors and officers

The names of the Company's Directors and officers who were in office at the end of 2023, together with their biographical details and other information, are shown on pages 120 to 122.

## Directors' interests

Details of interests in the ordinary shares of the Company of those Directors who held office as at 31 December 2023 are given below:

| Name | Number of Glencore shares | Percentage of Total Voting Rights |
|---|---|---|
| **Executive Director** | | |
| Gary Nagle | 2,000,000 | 0.01 |
| **Non-Executive Directors** | | |
| Cynthia Carroll | – | – |
| Peter Coates | 1,665,150 | 0.01 |
| Martin Gilbert | 50,000 | 0.00 |
| Liz Hewitt | 11,000 | 0.00 |
| Kalidas Madhavpeddi | – | – |
| Gill Marcus | – | – |
| David Wormsley | – | – |

* A breakdown of Mr Nagle's unvested interest in the Company's ordinary shares is available in the Directors' Remuneration Report on page 147.

## Share capital and shareholder rights

As at 29 February 2024, the issued ordinary share capital of the Company was $135,500,000 represented by 13,550,000,000 ordinary shares of $0.01 each, of which 1,349,288,041 shares are held in treasury and 47,301,141 shares are held by Group employee benefit trusts.

## Major interests in shares

Taking into account the information available to Glencore as at 29 February 2024, 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 | Number of Glencore shares | Percentage of Total Voting Rights |
|---|---|---|
| Ivan Glasenberg | 1,211,957,850 | 9.93 |
| Qatar Holding LLC | 1,046,550,951 | 8.57 |
| BlackRock, Inc. | 889,638,286 | 7.29 |
| The Capital Group Companies, Inc. | 643,190,076 | 5.19* |
| GQG Partners, LLC | 504,330,746 | 4.13 |

* Reportable position of The Capital Group Companies, Inc. as published by the London Stock Exchange on August 8, 2023. The approximate percentage of voting rights was calculated in relation to the share capital at the time of the relevant disclosure notification. It therefore does not reflect changes to this percentage resulting from changes in the number of outstanding shares following the date of the disclosure notification.

## 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 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:

1. 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
2. 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 Inside Information and Securities Dealing Policy and PDMR Securities Dealing Procedure 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

In February 2023 and August 2023, the Company announced buyback programmes of up to \$1.5 billion and up to \$1.2 billion. These programmes completed on 12 July 2023 and 12 January 2024. Pursuant to them the Company purchased 480,589,549 of its own ordinary shares. Relevant authorities to purchase own shares were approved by the shareholders on 28 April 2022 and 26 May 2023. The Directors will seek a similar authority at the Company's AGM on 29 May 2024.

## 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 27 and 28 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 78.

The results of the Group, principally pertaining to its Industrial activities, are exposed to fluctuations in both commodity prices and currency exchange rates whereas the performance of Marketing activities is primarily physical volume- and arbitrage-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 capital commitments, 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 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 page 110 in the Risk management section.

The Directors have considered the prospects of the Company over the long term under a range of possible scenarios, as set out on pages 24 to 25. The long-term view incorporated, but was not limited to, the 2050 date associated with the Company's net zero ambition. The scenarios offer a reasonable basis to conclude that the Company's business model is resilient to potential uncertainties, its prospects are good and that it will be able to meet its financial liabilities in full.

The Directors further considered the Company's four-year business plan, which they believe is an appropriate review period having regard to the Company's business model, strategy, principal risks and uncertainties, sources of funding and liquidity. Based on the results of the related analysis, the Directors have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the four-year period of this assessment.

## Auditor

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

3. so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
4. 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 by the United Kingdom, 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; and
- 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**

20 March 2023

## 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 9 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 19 to the financial statements |
| 9.8.4(13) | Waivers of future dividends | See note 19 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 by the United Kingdom, 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; and
- 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 2023 were approved on the date below by the Board of Directors.

Signed on behalf of the Board

**Kalidas Madhavpeddi**
**Chairman**

**Gary Nagle**
**Chief Executive Officer**

20 March 2024

# Independent Auditor's Report to the Members of Glencore Plc

## Report on the audit of the financial statements

### 1. 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 2023 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards and International Financial Reporting Standards ("IFRSs") 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 36.

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom adopted international accounting standards and IFRSs as issued by the IASB.

### 2. 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 30 to the financial statements. We confirm that we have complied with the FRC's Ethical Standard in providing non-audit services to the Group.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### 3. Summary of our audit approach

| | |
|---|---|
| Key audit matters | The key audit matters that we identified in the current year were:<br><br>• Impairments and impairment reversals of non-current assets;<br>• Government investigations and related claims;<br>• Potential impact of climate change on the valuation of fossil fuel non-current assets;<br>• Revenue recognition - valuation of level 3 financial instruments; and<br>• Valuation of deferred tax assets and uncertain tax positions.<br><br>Our assessment of the Group's key audit matters is largely consistent with those identified in 2022 except for removing the classification of trading contracts and arrangements which contain a financing element given reduced impact on the audit. |
| Materiality | The materiality that we used for the Group financial statements in the current year was \$600 million (2022: \$700 million), which was determined on the basis of a 3-year average adjusted profit before tax benchmark and a net assets benchmark, consistent with the prior year. |
| Scoping | We focused our Group audit scope primarily on 22 components, representing the Group's most material marketing operations and industrial assets. These 22 components accounted for 78% of the Group's net assets, 93% of the Group's revenue and 90% of the Group's adjusted EBITDA (refer to segment information in note 2 to the financial statements). |
| Significant changes in our approach | Apart from the change in the key audit matter as explained above, there were no significant changes to our audit approach when compared to 2022. |

# Independent Auditor's Report to the Members of Glencore Plc *continued*

## 4. 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.

In evaluating the directors' assessment of the Group's ability to continue to adopt the going concern basis of accounting:

- 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 risk we considered to have the greatest impact is the supply, demand and prices of commodities over the forecast period.
- We assessed 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 assessed the directors' reverse stress scenario and the directors' conclusion that such a scenario is remote.
- We assessed whether the investigations resolutions and 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.

## 5. 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.

# Independent Auditor's Report to the Members of Glencore Plc *continued*

## 5.1 Impairments and impairment reversals 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 property, plant and equipment ("PPE"), intangible assets, non-current advances and loans, and investments in associates and joint ventures, which amounted in total to $54,755 million at 31 December 2023 (2022: $58,711 million). When an impairment or impairment reversal indicator exists in respect of the Group's material non-current assets and investments, management completes an impairment review.

In assessing the recoverability of non-current assets, management makes significant assumptions about factors such as:

- expected future prices of commodities (particularly coal, oil, copper, cobalt, zinc, ferroalloys and nickel), oil refining margins, foreign exchange rates, production levels, operating costs and discount rates;
- future mining and tax legislation, and 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 the valuation of fossil fuel non-current assets" key audit matter below); and
- geological and other operational factors that could affect an asset's performance over time.

For non-current advances and loans, the Group is also exposed to credit and performance risk related to non-performance by the counterparty, particularly in markets demonstrating significant price volatility with limited liquidity and terminal markets, where suppliers may be incentivised to default on delivery and customers may be unwilling to take contracted deliveries or be unable to pay. Assessing counterparty performance, solvency and liquidity risks can be highly subjective.

As disclosed in note 7, pre-tax impairments totalling $2,103 million were recorded in PPE and intangible assets (2022: $1,984 million) and $156 million in advances and loans (2022: $389 million).

The outcome of impairment or impairment reversal assessments can vary significantly if different assumptions are applied as further described in the sensitivity disclosures made by the Group within "Key sources of estimation uncertainty" in notes 1 and 7, as well as the Audit Committee Report on page 129.

We considered the potential risk of fraud from management bias given the significant estimation uncertainty and subjectivity in certain judgements and assumptions in the Group's impairment and impairment reversal assessments.

How the scope of our audit responded to the key audit matter

In response to the key audit matter noted above we performed the following:

**General procedures**

- We considered management's assessment of impairment risk and its assessment of the indicators of impairment or impairment reversal, which included understanding the inherent subjectivity and complexity of key assumptions, as well as relevant internal controls over management's impairment and impairment reversal assessment process.
- We performed an independent assessment of impairment and impairment reversal indicators considering the current economic environment, including the impacts of the higher interest rate environment and volatility in commodity pricing.
- We updated our assessment of management's determination of relevant cash-generating units ("CGUs") by reference to the requirements of accounting standards and our understanding of the nature of the Group's mining operations and the extent to which active markets are considered to exist for intermediary products.
- For non-current advances and loans (see note 12), 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 credit and performance risk monitoring processes.

**Challenge of key model assumptions and overall reasonableness of impairment or impairment reversal assessment**

- We challenged the significant assumptions used and the evidence on which these assumptions were based. We considered the risk of management bias in macroeconomic forecast assumptions and estimates with the support of our valuations specialists by analysing management's inputs against third party forecast data, challenging and recalculating management's approach and methodology to determine discount rates, and reconciliations to latest internal budget information.
- Where indicators of impairment or impairment reversal were identified, we performed detailed testing of management's impairment calculations and where appropriate, based on our risk assessment, alongside our Deloitte valuation and mining specialists we assessed the appropriateness of management's model inputs and assumptions and the basis for technical mining, operational and financial inputs (e.g. price, discount rate, reserve and resource estimation, production parameters, grade and recovery rates, resource conversion rates, and operating and capital costs). Production and cost assumptions were analysed against historical performance as well as approved budgets and life of mine ("LOM") plans, where applicable, and minable tonnes assumptions were assessed against reserves and resources estimates.
- We assessed the competence, capability and objectivity of the Group's internal experts responsible for preparing the reserves and resources statements.
- We assessed the appropriateness of key asset-specific assumptions and the judgements taken in applying these assumptions within the impairment models, such as the incorporation of price-specific discounts or premiums, changes in tax legislation or other legal or regulatory assumptions (e.g., rehabilitation provisions).
- We evaluated the appropriateness of the carrying values of each CGU in scope for an impairment review.

## Independent Auditor's Report to the Members of Glencore Plc *continued*

- We performed a stand back assessment and evaluated management's impairment or impairment reversal assessment for any evidence of management bias in assumptions and judgements applied. We challenged management's assessment of recoverability of advances and loans by reviewing a sample of supporting agreements and obtaining evidence of current performance, historical patterns of trading and settlement, correspondence with third parties and any other information we are aware of that may influence a third party's ability to perform.
- We evaluated the adequacy of impairment related disclosures in the financial statements, including the key assumptions used and the completeness and accuracy of sensitivities disclosed.
- For climate related impairment risks, please refer to our key audit matter under 5.3 below.

Key observations

Based on the results of our assessment of management's methodology for impairment and impairment reversal testing and modelling, we concluded that the methodology applied complies with accounting standards, and that management's assessment of impairment indicators and impairment reversals was appropriate.

We concluded that key assumptions to which impairment or impairment reversal outcomes were sensitive were reasonable in comparison to historical actuals achieved, relevant evidence and/or our specialists' judgements.

Based on the results of our testing, we concluded that the recoverable amounts for the CGUs tested were reasonable. We considered management's disclosures on impairment or impairment reversal sensitivities to key assumptions and found them to be appropriate and in compliance with the requirements of IFRS.

Although we observed improvements in a number of relevant controls over impairment and impairment reversals, similar to the prior year, we found that the level of management review and documentation retained relating to certain judgements and key assumptions in complex models requires improvement and we considered this in our audit response.

We concluded that the Group's impairment charge in relation to non-current loans and advances was appropriate.

### 5.2 Government investigations and related claims

Description of key audit matter

The Group remains subject to investigations by the Office of the Attorney General of Switzerland and the Dutch Public Prosecutor's Office as disclosed in notes 23 and 32 to the financial statements. Claims on behalf of current and former shareholders have been issued against the Group in the United Kingdom ("UK Claims") subsequent to the Government investigations which were resolved in the United States, United Kingdom and Brazil in 2022 (refer note 32). The Group may be the subject of further legal claims brought by other parties in connection with the Government Investigations. The Board's consideration of these matters is set out in the Corporate Governance Report on page 119 and the Group's commentary on the Laws and enforcement principal risk is set out in the Strategic Report on page 117.

The Investigations Committee of the Board is overseeing the Group's response to these matters. The Group has engaged external legal counsel and forensic experts ("the Advisors") to assist the Group in responding to the various investigations and claims, 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.

In accordance with the accounting criteria set out under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the judgement of the Investigations Committee (guided by the General Counsel and the Group's external legal counsel) is required in determining the probability of whether a present obligation exists at 31 December 2023 for the ongoing Swiss and Dutch investigations, the UK claims and potential further claims by other authorities or other parties in connection with these matters, including collective, group or representative actions.

With respect to the Swiss and Dutch investigations, the UK Claims and any potential additional investigations or claims, the Investigations Committee concluded that, taking all available evidence into account, it is not probable that a present obligation existed at the end of the reporting period. 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 or claims and any change in the investigations' scope is not possible to predict or estimate. Consequently, no liability has been recognised in the consolidated statement of financial position at 31 December 2023, nor has any estimate of the contingent liability been disclosed, in relation to these matters.

We identified the following key audit risks:

- the risk that the related disclosure made by the Group on the nature, timing and associated uncertainties relating to the provision as required by IAS 37 is inadequate; and
- the risk that the judgement on the probability that a present obligation did not exist for the Swiss or Dutch investigations, the UK Claims or potential additional investigations or claims is inappropriate, or the disclosure of these investigations as contingent liabilities may not be adequate.

# Independent Auditor's Report to the Members of Glencore Plc *continued*

How the scope of our audit responded to the key audit matter

In response to the key audit matter noted above, we performed the following:

**General procedures**
- We gained an understanding of the Investigations Committee's and General Counsel's process and internal controls 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 reviewed written legal assessments from the external legal counsel and evaluated whether they appropriately support the Group's conclusions.
- We assessed the competence, capability and objectivity of the external legal counsel and advisors used by the Group.
- We considered whether the external legal counsel's scope and outcomes were sufficient to inform the Investigations Committee's assessment and representation of whether a probable present obligation exists, and the adequacy of the provision made at 31 December 2023.
- We reviewed the internal meeting minutes of the Investigations Committee.
- We obtained an understanding of the stage of each investigation and process being followed by each regulatory and enforcement authority in reaching resolution with Glencore from the General Counsel and gave direct challenge to and sought confirmation from external legal counsel on each matter.
- We extended our enquiries procedures outlined below to after the balance sheet date to evaluate whether developments in these matters were indicative of a present obligation at 31 December 2023.

**Appropriateness of contingent liability assessment and relevant disclosures in relation to the ongoing Swiss and Dutch investigations, and potential additional follow-on investigations or claims**
- We enquired of the General Counsel and obtained direct written and verbal confirmation from Swiss and Dutch external legal counsel as to the current stage of the Swiss and Dutch investigations respectively, and their assessment of the probability of a present obligation existing at the reporting date.
- Having regard to potential additional follow-on investigations or claims, we enquired of the General Counsel and obtained written assessment from external legal counsel on the potential for additional follow-on investigations or claims, and their assessment of the probability of a present obligation existing at the reporting date.
- We enquired of the Investigations Committee, the General Counsel and the Group's external legal counsel as to their awareness of known or likely non-compliance with laws and regulations from the Swiss and Dutch investigations to date which could indicate the existence of a present obligation at 31 December 2023, and whether any such non-compliance could result in a potential material outflow (penalty or fine).
- 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 these investigations and any change in their scope is not possible to predict or estimate.

**Appropriateness of contingent liability assessment and relevant disclosures in relation to the UK Claims and potential further legal claims**
- We reviewed the claims filed in the UK High Court.
- We obtained an understanding from Glencore's General Counsel on its response to these claims.
- We reviewed a legal assessment from Glencore's external UK legal counsel of the claims, setting out the legal process and legal requirements that claimants need to adhere to in order to be successful.
- We evaluated management's overall conclusion that these claims meet the IAS 37 definition of a contingent liability.

Key observations

Based on the results of our procedures, we concluded that:

- the accounting treatment and financial statement disclosures relating to the investigations by regulatory and enforcement authorities and the related follow-on claims in notes 23 and 32 and the key judgement disclosures in note 1 are appropriate and in accordance with the requirements of IAS 37 and IAS 1.

## Independent Auditor’s Report to the Members of Glencore Plc *continued*

### 5.3 Potential impact of climate change on non-current assets

| Description of key audit matter |
|---|

As described on pages 17 to 20 of the Annual Report, climate change can affect Glencore’s business through currently enacted and prospective regulations to reduce carbon emissions and ultimately limit extreme climate events. This may impact the Group through increased costs through carbon pricing mechanisms, potentially reduced access to capital and changes in energy prices amongst others.

In the Group’s TCFD report on pages 29 to 61, the Group details the steps taken during the year to identify and implement emission reduction opportunities and to make progress in the seven priority areas identified in the Group’s climate strategy.

As set out in note 1, Glencore’s exposure to assets that produce fossil fuels relate mainly to its coal mining operations in Australia, South Africa and Colombia and its Astron oil refining asset in South Africa. The Group also has goodwill related to its coal marketing CGU. All of these assets are long term in nature and, other than goodwill which is not amortised, the average useful life of fossil fuel assets is 7.5 years (2022: 6.5 years). There are also rehabilitation liabilities linked to the coal and oil producing assets totalling $3,291 million ($4,419 million undiscounted) (2022: $2,708 million, $3,717 million undiscounted). At 31 December 2023, the carrying values of fossil fuel producing assets and linked rehabilitation liabilities make up 28% of total non-current assets and 9% of total non-current liabilities respectively (2022: 28% and 8% respectively).

In note 1 to the financial statements, the Group identifies the accounting measurement and disclosure impacts of assets and liabilities that are most impacted by climate change and Glencore’s climate commitments, including:

- estimation of the carrying value of certain assets exposed to climate change risk impacted by demand and supply for the Group’s commodities, related commodity pricing and carbon pricing;
- estimation of the remaining useful economic life of assets for depreciation and amortisation purposes; and
- estimation of timing of rehabilitation and decommissioning closure activities.

To assess the possible impact of climate change on the Group’s coal portfolio, the Group has developed a number of downside sensitivities based on various scenarios published by the International Energy Agency (“IEA”), including a net zero emissions by 2050 scenario (“NZE”). In addition to the above, the Group has also run downside sensitivities against a Complete Displacement Scenario. The impact of these sensitivities has been disclosed in note 1. These sensitivities illustrate the combined effect of assuming weaker short term and long-term thermal coal demand and commodity prices than management has assumed in its base case.

IFRS requires the Group’s financial reporting to be based, amongst other things, on the Group’s best estimate of assumptions that are reasonable and supportable as at the date of reporting. Those assumptions may not align with the ways in which the global economy, society and government policies will need to change to meet the targets set out in the IEA’s NZE scenario or the Group’s stated ambitions.

We identified a key audit matter relating to the financial impacts of climate change on the Group and the impact on key judgements and estimates within the financial statements, and assessing the consistency of reporting in the Strategic and Corporate Governance reports on pages 1 – 164, with the financial impacts in the financial statements. Our audit focused on the following areas in particular:

- Glencore’s coal pricing assumptions used (which differ from the IEA’s pricing assumptions under the respective scenarios) to assess its coal non-current assets for indicators of impairment or impairment reversals and, where such indicators existed, the valuation of the coal non-current assets;
- Glencore’s refining margin assumptions used to assess the Astron refinery for indicators of impairment reversal and its valuation;
- The appropriateness of Glencore’s useful life assessment of fossil fuel producing assets based on anticipated demand for coal and oil in the medium to long term;
- The appropriateness of Glencore’s judgement that carbon costs will likely be passed on to the consumer (refer note 1 for details);
- The valuation of goodwill relating to its coal marketing cash generating unit which is based on an earnings multiple approach of 10x (12x in 2022) (refer note 10);
- The appropriateness of the timing of rehabilitation cash flows at operations that produce fossil fuels; and
- The consistency between Glencore’s announced climate related targets and net zero 2050 ambition and the above areas.

# Independent Auditor's Report to the Members of Glencore Plc *continued*

How the scope of our audit responded to the key audit matter

In response to the key audit matter noted above we performed the following:

**Coal pricing**
- As the availability of long-term coal price forecasts and demand and supply market data (particularly for the Group's coal produced outside of Australia) is extremely limited, we engaged valuation experts to analyse historical price correlations between the three primary coal benchmark prices: Newcastle (the Australian coal benchmark) which has the largest number of external broker forecasts, API 4 (the South African coal benchmark) and API 2 (the North West Europe coal benchmark which is relevant to the sale of the Group's Colombian coal). This assessment was used to extrapolate a forward curve against which we challenged the Group's forecasted price assumptions.
- We compared Glencore's long-term coal price assumptions to forecasts provided by external brokers and the IEA's Stated Policies Scenario ("STEPS") and Announced Pledges Scenario ("APS") noting that some adjustments were required to the IEA's data to ensure comparability, for example, appropriate freight adjustments.
- We considered management's updated illustrative impairment sensitivities in note 1 and challenged whether these presented contradictory evidence to management's conclusion that there were no impairment indicators relating to the Coal Australia and Cerrejon cash generating units.

**Asset useful lives**
- We evaluated Glencore's coal production profile against the IEA scenarios and evaluated the consistency of management's internal modelling with its external climate reporting.
- With the support of South African refinery specialists, we challenged the useful life and refining margins of the Astron oil refinery by evaluating a third party expert report commissioned by management (that covered the period up to 2050), as well as data on oil demand expectations provided by the IEA up to 2050. We also considered factors such as the refinery's geographical location and competitive landscape in our assessment.
- We challenged management's assessment of useful lives and the basis used to depreciate/amortise physical and intangible assets.
- We assessed whether any assets' useful lives exceeded management's modelled life of mine/asset of the operation.

**Carbon costs**
- We confirmed with management that their judgement that future increases in carbon costs will be passed through to end customers has not changed from the prior year.
- We challenged management's logic on carbon pricing being passed onto the customer based on the outcome of our independent sensitivity analysis and observations.
- We benchmarked management's judgement against peer entities.
- We reviewed external reports (IEA and others) for market expectations on the impact of carbon pricing.

**Marketing coal goodwill**
- We evaluated the appropriateness of Glencore's use of a price-to-earnings multiple to determine a market based fair value estimate in light of an expectation that coal volumes traded are expected to decrease over time and therefore so too would earnings.
- We determined an independent range of price-to-earnings multiples based on companies with coal trading, coal production or coal logistics exposure to evaluate the appropriateness of the earnings multiple used by management.

**Rehabilitation provisions**
- We updated our understanding of the current and, where relevant proposed, legislative requirements in the jurisdictions of the Group's fossil fuel operations with respect to rehabilitation. We considered the impact on the timing of rehabilitation and related provisions.
- We challenged the timing of planned rehabilitation activities of Glencore's fossil fuel operations and whether modelled cash flows aligned to the company's announced climate change commitments and ambition.
- We re-performed the calculation of management's sensitivity analysis which is set out in note 1 which quantifies the impact on rehabilitation provisions of a 3- and 5-year acceleration in the timing of rehabilitation of fossil fuel producing assets.

**Consistency between Glencore's announced targets and accounting policies**
- We used Deloitte climate and sustainability specialists to challenge the Group's climate change narrative and related disclosures.
- 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.
- We considered whether the Group's sensitivity and estimation uncertainty disclosures were appropriate in the context of climate change risks and uncertainties.

Key observations

With respect to Glencore's base case assessment of coal pricing assumptions, we found Glencore's LT Newcastle pricing assumptions to be above broker ranges, and the API 4 and API 2 prices were at the upper end of our acceptable range. When comparing Glencore's assumptions to the IEA's data points, we found their assumptions to be higher than the IEA's STEPS forecast. Aligning Glencore's base case commodity pricing assumptions within our acceptable range did not result in impairment. We concluded that Glencore's forecast refining margin assumptions are reasonable.

We agree with the sensitivity disclosed in note 1 that the recoverable value of the Coal South Africa CGU which was not impaired at 31 December 2023 is sensitive to reasonably possible changes in management's assumptions, in particular, coal prices. As disclosed in Glencore's illustrative climate related sensitivities in note 1, there remains a risk over the longer term of material impairment should forecast fossil fuel prices reduce significantly and trend faster towards the IEA's APS and NZE scenarios.

With respect to the illustrative climate related sensitivities provided in note 1, we observed that the sensitivities reflected the combined effect of adopting the IEA's long-term price assumptions based on the various IEA climate scenarios, together with the effect of adopting December 2023 spot prices as a starting point for short term price assumptions. The short-term price assumptions in these sensitivities do not reflect the benefit of the short-term pricing environment at the balance sheet date which is significantly higher than the price assumptions referenced in the IEA's report. Accordingly we are satisfied that the sensitivities do not contradict the directors' assessment that an impairment is not reasonably possible within the next financial year.

We consider management's position on the 'pass through' of increases in carbon pricing to end customers to be reasonable and concur that it is appropriate that this judgement is disclosed as a critical accounting judgement in note 1.

We concluded that the assumed timing of anticipated restoration, rehabilitation and decommissioning cash flows associated with Glencore's fossil fuel related assets was reasonable. We found the sensitivity disclosures in note 1 to be appropriate.

We found no material inconsistencies between management's coal and oil impairment modelling, rehabilitation forecasts or asset useful lives as set out in note 1 and its stated response to climate change as described in the Strategic Report.

We concluded that management's assumptions of the impacts of climate change in estimating the valuation of the Group's fossil fuel non-current assets were reasonable.

### 5.4 Revenue recognition - valuation of level 3 financial instruments

Description of key audit matter

As explained in note 1, revenue and costs of goods sold include unrealised gains and losses on commodity transactions which meet the definition of derivatives or are classified as financial instruments recorded at fair value through profit or loss. Of these instruments, as set out in note 29, $1,233 million of financial assets (2022: $3,461 million) and $485 million of financial liabilities (2022: $530 million) were classified as level 3 valuations as established by the hierarchy set out in IFRS 13 Fair Value Measurement because the valuation is dependent on one or more unobservable inputs.

Determination of fair values can be a complex and subjective area, requiring significant estimates, particularly where valuations are classified as level 3 as they use unobservable inputs (e.g. price differentials, medium and long-term LNG pricing assumptions, credit risk assessments, market volatility and forecast operational estimates). Given the significant amount of judgements, sensitivity of assumptions and the absolute value associated with certain level 3 positions, we have identified a significant risk in respect of the valuation of level 3 financial instruments.

Given long-term LNG prices are not observable in active markets, as disclosed in note 1, the price assumptions used in the valuation of the Group's long dated LNG physical forward contracts is a key source of estimation uncertainty. As explained in note 29, as at 31 December 2023, the Group's physical forward level 3 assets and liabilities relating to LNG contracts were $760 million (2022: $2,552 million) and $Nil (2022: $19 million) respectively.

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.
- We obtained an understanding of relevant controls surrounding the completeness and accuracy of trade capture and revenue and, for certain controls we tested their operating effectiveness. Our audit approach was largely substantive in nature and included agreeing key terms on unrealised trades back to contracts and other supporting evidence on a sample basis.
- We tested general IT controls over major technology applications and critical interfaces involving revenue recognition and the completeness and accuracy of trade capture.
- 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 source documents to the trade book system.
- We obtained an understanding of certain relevant internal controls over management's fair value measurement processes and, where appropriate, we tested their operating effectiveness. Our audit approach for testing the valuation of unrealised trades was largely substantive in nature and included performing independent valuations of the forward physical and paper trades on a sample basis.
- We used our financial instrument specialists with experience in commodity trading to test management's significant unobservable inputs used in Level 3 measurements in the fair value hierarchy as set out in notes 28 and 29 to the financial statements. This work included assessing management's valuation assumptions against independent price quotes, recent transactions, and/or other relevant documentation. For the long-term LNG contracts we assessed management's modelling techniques used to estimate unobservable inputs through the extrapolation of directly observable inputs.

Key observations

Based on the results of our testing, 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. As improvements in controls were either in progress or implemented during the year, we adopted a largely fully substantive audit approach in relation to the deal capture and valuation risks.

### 5.5 Valuation of deferred tax assets and uncertain tax positions

Description of key audit matter

The global tax environment is complex, particularly with respect to cross border transactions, and the interpretation and application of tax legislation in certain jurisdictions in which the Group operates can be unclear and unpredictable.

There is therefore complexity and uncertainty in respect of the calculation of income taxes. In particular, the recognition and valuation of deferred tax assets and assessing liabilities and contingent liabilities in respect of uncertain tax positions can involve significant management judgement. The Group applies accounting interpretation IFRIC 23 Uncertainty over Income Tax Treatments and IAS 12 Income Taxes.

As disclosed in notes 1 and 8:

- Management has updated its assessment of uncertain tax positions and the recognition and recoverability of deferred tax assets. In recognising a liability for uncertain tax positions, 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 2023, the Group has provided $1,425 million (2022: $1,486 million) for uncertain tax positions.
- At 31 December 2023 the Group has recorded deferred tax assets of $1,390 million (2022: $1,837 million) and deferred tax liabilities of $2,970 million (2022: $3,651 million).

The most significant estimation uncertainty relates to the Democratic Republic of Congo ("DRC"):

- In 2018 the DRC 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. Uncertainties in the application and interpretation of the 2018 Mining Code, specifically in respect of the Super Profits Tax, remain.
- Since 2020, tax authorities in the DRC have regularly challenged the Group's income tax and indirect tax filings and have raised direct tax and customs related assessments against the Group. A number of these assessments are unresolved. The Group is currently responding to the challenges and assessments raised.

Further estimation uncertainty arises from the challenges of forecasting future taxable profits in various jurisdictions given the inherent volatility of trading results impacting the valuation of deferred tax assets.

As a result, we have identified a risk of material misstatement of the liability and related disclosures for uncertain tax positions and the recognition and valuation of deferred tax assets due to the significant estimation uncertainty and subjectivity in certain judgements and key assumptions applied by management. This was also a key risk area for the Audit Committee; refer to page 130.

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 regard to the requirements of IFRIC 23.
- 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 life of asset plans.
- We assessed the adequacy of disclosures in the financial statements in relation to liabilities for uncertain tax positions and deferred tax assets, 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 working with Deloitte local tax specialists to assess the probability and extent of outflows from challenges or expected challenges from tax authorities.
  - We challenged the adequacy of associated liabilities and disclosures having regard to IFRIC 23 and IAS 12 guidance, as applicable.
  - We challenged management's position regarding the continuing recognition of a deferred tax asset in the DRC given the ongoing uncertainties arising from the 2018 Mining Code (specifically the application of Super Profits Tax) and ongoing challenges received from the DRC tax authorities on open tax years.
  - We assessed the adequacy of disclosures in the financial statements in relation to the DRC tax matters and the respective estimation uncertainty disclosures provided.

Key observations

Based on our audit work on the Group's tax liabilities and deferred tax assets recorded at 31 December 2023, we concur that the recorded liabilities for uncertain tax positions and deferred tax assets and related disclosures are appropriate.

## 6. 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.

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.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

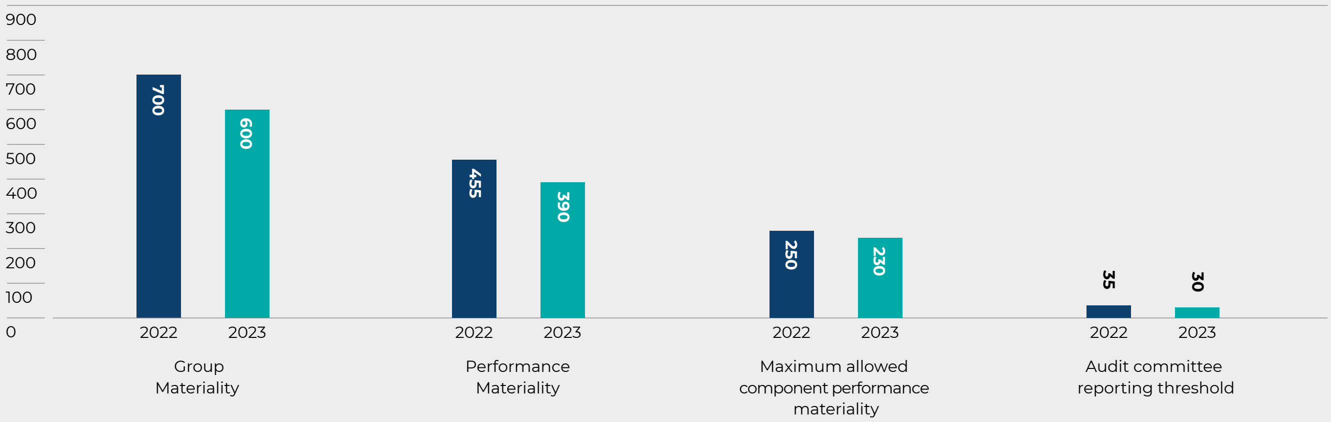
### Group materiality and performance materiality

Group materiality: $600 million (2022: $700 million)

Group performance materiality: $390 million (2022: $455 million)

The decrease in materiality is driven by lower adjusted profit before tax and net assets compared to the prior year.

**Group materiality and performance materiality**
(US$ million)




### Basis for determining materiality and performance materiality

We continue to determine materiality by reference to three-year average adjusted profit before tax and net assets. Based on our professional judgement, we determined materiality to be $600 million which is:

- 4.2% of three-year average adjusted profit before tax (2022: 5.6%)
- 1.6% of net assets as at 31 December 2023 (2022: 1.5%).

**Performance materiality**
Group performance materiality for the 2023 audit has been set at $390 million being 65% of Group materiality (2022: $455 million being 65% of Group materiality). Component audit procedures are scoped by reference to the component materiality (see ranges applied below).

**Component materiality**
Due to the diversified nature of the Group's operations, we have historically applied a maximum allowed component materiality such that our component level procedures are set at a level that is commensurate with the contributions of each component. The maximum permitted materiality for individual components which were of a significant size to the Group was $230 million (2022: $250 million). The materiality applied to individual components ranged from $63 million to $230 million.

### Rationale for the benchmark applied

**Three-year average adjusted profit before tax**
Using a three-year average continues to be an effective approach for audits of companies in the mining industry given a single year's profits are highly exposed to cyclical commodity price fluctuations. The average profit before tax benchmark is also normalised for 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 (such as impairment charges). The absence of normalisation would result in a volatile materiality that may be unrepresentative of the scale of the Group's operations.

# Independent Auditor's Report to the Members of Glencore Plc *continued*

**Net assets**
Incorporating a net assets metric into our approach to estimating materiality ensures our approach gives due consideration to the scale of the Group's business and the strength of the Group's balance sheet which is important to investors. In addition, as an emerging risk, the impact of climate change is not necessarily captured in a mining company's 12-month performance and hence the use of an additional balance sheet benchmark for estimating materiality is beneficial.

**Range approach to determining materiality**
We consider a range approach to be appropriate to capture the upper and lower bounds of a reasonable materiality level that takes into consideration both the benchmarks above. We selected a point within that range that, in our professional judgement, appropriately reflects the sensitivity of the users of the financial statements to Glencore's current year performance and financial position.

The selected Group materiality of $600 million equates to 8.8% of current year adjusted pre-tax profit without the effect of averaging (2022: 2.9%).

### Error reporting threshold
We agreed with the Audit Committee that we would report individual audit differences in excess of $30 million (2022: $35 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.

## 7. An overview of the scope of our audit

### 7.1 The impact of climate change on our audit
Climate change impacts Glencore's business in a number of ways as set out in the Strategic report on pages 17 – 20 of the Annual Report and Note 1 on pages 190 – 194 of the financial statements.

In planning our audit, the financial impacts on the Group of climate change and the transition to a low carbon economy were considered where these factors have the potential to directly or indirectly impact key judgements and estimates and related assumptions within the financial statements. We worked with our internal environmental specialists in considering potential climate change risk factors. Our risk assessment was based on:

- enquiries of senior management to understand the potential impact of climate change risk including physical risks to producing assets, the potential changes to the macro-economic environment and the potential for the transition to a low carbon environment to occur quicker than anticipated;
- reading and considering Glencore's climate change report and position papers;
- considering, together with each of our component teams, immediate and possible longer-term impacts of climate change in each of the Group's main jurisdictions; and
- reading and considering external publications by recognised authorities on climate change such as the IEA's World Energy Outlook amongst others.

The principal audit risk that we have identified for our audit is that coal forecast assumptions (particularly coal price assumptions and the expected economic lives of these assets) used in impairment testing may not appropriately reflect anticipated changes in supply and demand due to climate change and the energy transition.

Our response to this principal audit risk and other climate risks that we considered relevant to the audit is summarised in the Key Audit Matter 5.3 "Potential impact of climate change on the valuation of fossil fuel non-current assets" above.

### 7.2 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, adjusted EBITDA, and non-current assets), production output and qualitative criteria, such as being a significant development project or exhibiting particular risk factors. Based on our assessment, the scope of our audit comprised 22 components (2022: 24 components), representing the Group's most material marketing operations and industrial assets.

Our Group audit used the work of 14 component audit teams (2022: 16 component audit teams) in 12 countries (2022: 14 countries).

The following audit scoping was applied:

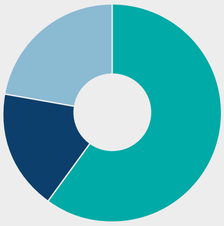
- 10 components (2022: 10 components) were subject to a full scope audit, and
- 12 components (2022: 14 components) were in scope for an audit of specified account balances where the extent of our testing was based on our assessment of the risk of material misstatement of certain specific financial statement balances and of the materiality of the Group's operations at those locations.

These 22 components account for 78% of the Group's net assets (2022: 77%), 91% of the Group's revenue (2022: 90%) and 90% of the Group's adjusted EBITDA (2022: 82%).

At the parent entity level, we tested the consolidation process and carried out analytical procedures to confirm our conclusion that there was no significant risk of material misstatement in the aggregated financial information of the remaining components not subject to audit or an audit of specified account balances.

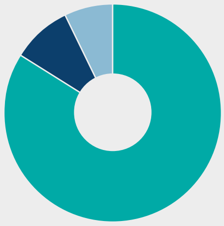
## Independent Auditor's Report to the Members of Glencore Plc *continued*

**Net Assets**



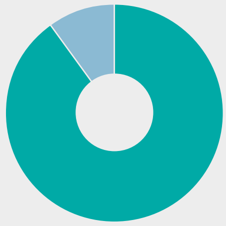
- Full audit scope 60%
- Specific account balances 18%
- Review and analytical procedures 22%

**Revenue**



- Full audit scope 84%
- Specific account balances 9%
- Review and analytical procedures 7%

**Adjusted EBITDA**



- Full audit scope 90%
- Specific account balances 0%
- Review and analytical procedures 10%

### 7.3 Working with other auditors

Detailed audit instructions were sent to the auditors of each in-scope component. 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 certain audit procedures to be performed and the information to be reported back to the Group audit team, and other matters relevant to the audit.

For all in-scope components, the Group audit team was involved in the audit work performed by component auditors through a combination of providing referral instructions, regular interaction with component teams during the year using video conferencing tools, physical onsite visits for certain components, review and challenge of related component inter-office reporting, their audit files and of findings from their work, and attendance of component audit closing video conference calls.

### 7.4 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. The IT systems which are primarily managed from the centralised IT function in Switzerland were tested by IT specialists who were part of the Group engagement team. Other IT systems were tested by component IT specialists to determine whether controls within these IT systems could be relied upon. 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. Where centrally managed IT systems were impacted, mitigating controls were identified and/or additional procedures were performed in order to adopt a control reliance approach. However, certain component teams were unable to adopt a controls-based audit approach in the current year and accordingly, these teams extended the scope of their audit procedures in response to the identified control deficiencies.

As discussed in the "Revenue recognition – valuation of level 3 financial instruments" key audit matter above, as improvements in controls in the Group's marketing businesses were either in progress or implemented during the year, we adopted a fully substantive audit approach in relation to testing deal capture and valuation of financial instruments. Industrial activities are generally decentralised and thus the design of controls and testing approach varied between components.

As described in the "Impairment and impairment reversals of non-current assets" key audit matter above, although we observed improvements in a number of relevant controls over impairment, similar to the prior year, we found that the level of review and documentation retained relating to certain judgements and key assumptions in complex models requires improvement. This observation was also noted in other areas of the audit where complex models are prepared.

The Audit Committee has discussed these internal control deficiencies, and management's actions to remediate them on page 129. 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 in section 11 below.

## 8. 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.

## 9. 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.

## 10. 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.

## 11. 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.

### 11.1 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 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;
- results of our enquiries of senior management, internal audit, members of the legal, risk and compliance functions, and the Audit and Investigations Committees about their own identification and assessment of the risks of irregularities, including those that are specific to the Group's sector;
- any matters we identified having obtained and reviewed the Group's documentation of their 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 specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

## Independent Auditor's Report to the Members of Glencore Plc *continued*

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:

- the use of agents and intermediaries in certain higher risk jurisdictions, and other higher risk transaction types;
- the testing of impairment of non-current assets within the scope of IAS 36 Impairment of Non-current Assets;
- the use of supply chain finance arrangements and their classifications and disclosure within trade creditors;
- key sources of estimation uncertainty in the recognition and measurement of deferred tax assets and uncertain tax positions; and
- valuation of level 3 unrealised forward physical contracts.

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 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.

### 11.2 Audit response to risks identified

As a result of performing the above, we identified "Impairments and impairment reversals of non-current assets", "Government investigations", "Revenue recognition – valuation of level 3 financial instruments" and "Valuation of deferred tax assets and uncertain tax positions" 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 the specific procedures we performed in response to those key audit matters.

In addition, our procedures to respond to risks identified included the following:

- inquiring of management, the Audit Committee, the Investigations Committee, General Counsel and the Group's external legal counsel concerning actual and potential litigation and claims;
- inquiring 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 business relationships with agents and intermediaries in certain high-risk jurisdictions and the rationale for appointment;
- scrutinising higher risk expense accounts for evidence of improper payments in high risk jurisdictions;
- performing audit procedures to identify and investigate potentially suspicious payments to government officials, agents and intermediaries; this was done by adding search parameters to our journal entry testing for key words relevant to potentially fraudulent payments;
- working with our Deloitte forensic specialists to assist in the design of certain audit procedures in response to the risk of fraud;
- challenging management's key judgements and assumptions for determining the recoverable amounts and credit adjustments for trade advances and provisions for uncertain tax positions;
- using analytical tools to identify unrealised forward physical positions of increased audit interest and challenging the method and inputs to those valuations;
- testing management's identification of transactions that may have supply chain financing features, and challenging the nature of such supply chain financing arrangements and whether they qualify for separate disclosure or classification as debt;
- 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 all component audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

# Independent Auditor's Report to the Members of Glencore Plc *continued*

## Report on other legal and regulatory requirements

### 12. 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.

### 13. 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 163);
- 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 page 110);
- the directors' statement on fair, balanced and understandable (set out on page 164);
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks (set out on page 128);
- the section of the annual report that describes the review of effectiveness of risk management and internal control systems (set out on pages 105-118); and
- the section describing the work of the audit committee (set out on pages 129-130).

### 14. 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 respect of these matters.

### 15. Other matters which we are required to address

**15.1 Auditor tenure**

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. Following a competitive tender process run by the Audit Committee in 2021, we were reappointed as auditor of Glencore plc for the year ended 31 December 2022 and subsequent years. The period of total uninterrupted engagement including previous renewals and reappointments of the firm as auditor of Glencore plc is 13 years, covering the years ending 31 December 2011 to 31 December 2023. The lead audit partner has rotated three times during this period, with the most recent rotation being after the 2022 audit.

**15.2 Consistency of the audit report with the additional report to the Audit Committee**

Our audit opinion is consistent with the additional reporting to the audit committee we are required to provide in accordance with ISAs (UK).

### 16. 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.

As required by the Financial Conduct Authority (FCA) Disclosure Guidance and Transparency Rule (DTR) 4.1.15R – DTR 4.1.18R, these financial statements form part of the Electronic Format Annual Financial Report filed on the National Storage Mechanism of the FCA in accordance with DTR 4.1.15R – DTR 4.1.18R. This auditor's report provides no assurance over whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R. We have provided assurance on whether the Electronic Format Annual Financial Report has been prepared in compliance with DTR 4.1.15R – DTR 4.1.18R and will publicly report separately to the members on this.

R J Topley

**Robert Topley FCA**
**for and on behalf of Deloitte LLP**
**Recognised Auditor**
London, United Kingdom
20 March 2024

# Consolidated statement of income

For the year ended 31 December 2023

| US$ million | Notes | **2023** | 2022 |
|---|---|---|---|
| Revenue | 3 | 217,829 | 255,984 |
| Cost of goods sold[1] | | (207,046) | (228,467) |
| Net expected credit losses[1] | 12/14 | 21 | (256) |
| Selling and administrative expenses | | (2,105) | (2,430) |
| Share of income from associates and joint ventures | 11 | 1,337 | 2,300 |
| Gain on acquisitions and disposals of non-current assets | 4 | 850 | 1,287 |
| Other income | 5 | 176 | 365 |
| Other expense | 5 | (1,267) | (1,276) |
| Impairments of non-current assets | 7 | (2,264) | (3,285) |
| Impairments of financial assets | 7 | (220) | (52) |
| Dividend income | 11 | 6 | 45 |
| Interest income | 6 | 615 | 435 |
| Interest expense | 6 | (2,515) | (1,771) |
| **Income before income taxes** | | **5,417** | **22,879** |
| Income tax expense | 8 | (2,207) | (6,368) |
| **Income for the year** | | **3,210** | **16,511** |
| | | | |
| **Attributable to:** | | | |
| Non-controlling interests | | (1,070) | (809) |
| Equity holders of the Parent | | 4,280 | 17,320 |
| | | | |
| **Earnings per share:** | | | |
| Basic (US$) | 18 | 0.34 | 1.33 |
| Diluted (US$) | 18 | 0.34 | 1.32 |

1 In the current period, net expected credit losses on financial assets at amortised cost have been disaggregated from cost of goods sold. The prior period balances have been restated to conform with current period presentation.

All amounts presented are derived from continuing operations. The accompanying notes are an integral part of the consolidated financial statements.

# Consolidated statement of comprehensive income

For the year ended 31 December 2023

| US$ million | Notes | 2023 | 2022 |
|---|---|---|---|
| Income for the year | | 3,210 | 16,511 |
| | | | |
| **Other comprehensive loss** | | | |
| Items not to be reclassified to the statement of income in subsequent periods: | | | |
| Defined benefit plan remeasurements | 24 | (14) | 298 |
| Tax charge on defined benefit plan remeasurements | | (19) | (67) |
| Fair value loss on equity investments accounted for at fair value through other comprehensive income | 11 | (94) | (1,124) |
| Tax credit on equity investments accounted for at fair value through other comprehensive income | | – | 2 |
| (Loss)/gain due to changes in credit risk on financial liabilities accounted for at fair value through profit and loss | | (12) | 2 |
| **Net items not to be reclassified to the statement of income in subsequent periods** | | **(139)** | **(889)** |
| Items that have been or may be reclassified to the statement of income in subsequent periods: | | | |
| Exchange loss on translation of foreign operations | | (190) | (307) |
| Items recycled to the statement of income[1] | 5/26 | (3) | 481 |
| Gain/(loss) on cash flow hedges | | 203 | (38) |
| Tax credit on loss on cash flow hedges | | 2 | 2 |
| Cash flow hedges reclassified to the statement of income | | (151) | 65 |
| Tax charge on cash flow hedges reclassified to the statement of income | | – | (2) |
| Share of other comprehensive income/(loss) from associates and joint ventures | 11 | 16 | (100) |
| **Net items that have been or may be reclassified to the statement of income in subsequent periods** | | **(123)** | **101** |
| **Other comprehensive loss** | | **(262)** | **(788)** |
| **Total comprehensive income** | | **2,948** | **15,723** |
| | | | |
| **Attributable to:** | | | |
| Non-controlling interests | | (1,092) | (824) |
| Equity holders of the Parent | | 4,040 | 16,547 |

1 Comprises foreign exchange translation losses recycled upon disposal of subsidiaries ($3 million)(2022: $50 million)(see notes 17 and 26) and restructuring of intragroup debt ($Nil)(2022: $431 million)(see note 5).

All amounts presented are derived from continuing operations. The accompanying notes are an integral part of the consolidated financial statements.

# Consolidated statement of financial position

As at 31 December 2023

| US$ million | Notes | 2023 | 2022 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 9 | 39,233 | 39,564 |
| Intangible assets | 10 | 6,002 | 6,160 |
| Investments in associates and joint ventures | 11 | 8,823 | 11,878 |
| Other investments | 11 | 513 | 456 |
| Advances and loans | 12 | 2,876 | 2,654 |
| Other financial assets | 28 | 367 | 206 |
| Inventories | 13 | 623 | 605 |
| Deferred tax assets | 8 | 1,390 | 1,837 |
| | | **59,827** | **63,360** |
| **Current assets** | | | |
| Inventories | 13 | 31,569 | 33,460 |
| Accounts receivable | 14 | 18,385 | 24,565 |
| Other financial assets | 28 | 5,187 | 6,109 |
| Income tax receivable | 8 | 1,229 | 401 |
| Prepaid expenses | | 317 | 325 |
| Cash and cash equivalents | 15 | 1,925 | 1,923 |
| | | **58,612** | **66,783** |
| Assets held for sale | 16 | 5,430 | 2,440 |
| | | **64,042** | **69,223** |
| **Total assets** | | **123,869** | **132,583** |
| | | | |
| **Equity and liabilities** | | | |
| **Capital and reserves – attributable to equity holders** | | | |
| Share capital | 17 | 136 | 141 |
| Reserves and retained earnings | | 43,444 | 49,269 |
| | | **43,580** | **49,410** |
| Non-controlling interests | 34 | (5,343) | (4,191) |
| **Total equity** | | **38,237** | **45,219** |
| | | | |
| **Non-current liabilities** | | | |
| Borrowings | 21 | 21,275 | 18,851 |
| Deferred income | 22 | 1,294 | 1,547 |
| Deferred tax liabilities | 8 | 2,970 | 3,651 |
| Other financial liabilities | 28 | 1,710 | 2,055 |
| Provisions | 23 | 8,105 | 7,163 |
| Post-retirement and other employee benefits | 24 | 800 | 677 |
| | | **36,154** | **33,944** |
| **Current liabilities** | | | |
| Borrowings | 21 | 10,966 | 9,926 |
| Accounts payable | 25 | 29,289 | 29,726 |
| Deferred income | 22 | 1,044 | 1,060 |
| Provisions | 23 | 1,108 | 1,425 |
| Other financial liabilities | 28 | 3,671 | 4,882 |
| Income tax payable | 8 | 1,850 | 4,660 |
| | | **47,928** | **51,679** |
| Liabilities held for sale | 16 | 1,550 | 1,741 |
| | | **49,478** | **53,420** |
| **Total equity and liabilities** | | **123,869** | **132,583** |

The accompanying notes are an integral part of the consolidated financial statements.

# Consolidated statement of cash flows

For the year ended 31 December 2023

| US$ million | Notes | 2023 | 2022 |
|---|---|---|---|
| **Operating activities** | | | |
| Income before income taxes | | 5,417 | 22,879 |
| **Adjustments for:** | | | |
| Depreciation and amortisation | | 5,981 | 6,987 |
| Share of income from associates and joint ventures | 11 | (1,337) | (2,300) |
| Deferred income and other non-current provisions | | (77) | 65 |
| Gain on acquisitions and disposals of non-current assets | 4 | (850) | (1,287) |
| Unrealised mark-to-market movements on other investments | 5 | 103 | 106 |
| Impairments | 7 | 2,484 | 3,337 |
| Other non-cash items – net[1] | | 1,496 | 1,792 |
| Interest expense – net | 6 | 1,900 | 1,336 |
| **Cash generated by operating activities before working capital changes, interest and tax** | | **15,117** | **32,915** |
| **Working capital changes** | | | |
| Decrease/(increase) in accounts receivable[2] | | 7,544 | (4,942) |
| Decrease/(increase) in inventories | | 1,978 | (5,035) |
| Decrease in accounts payable[3] | | (5,770) | (3,292) |
| **Total working capital changes** | | **3,752** | **(13,269)** |
| Income taxes paid | | (6,503) | (4,881) |
| Interest received | | 552 | 234 |
| Interest paid | | (1,882) | (1,340) |
| **Net cash generated by operating activities** | | **11,036** | **13,659** |
| **Investing activities** | | | |
| Increase in long-term advances and loans | 12 | – | (200) |
| Net cash (used)/received in acquisition of subsidiaries | 26 | (494) | 321 |
| Net cash received from disposal of subsidiaries | 26 | 838 | 455 |
| Purchase of investments | | (946) | (476) |
| Proceeds from sale of investments | | 56 | 604 |
| Purchase of property, plant and equipment | | (4,484) | (4,177) |
| Proceeds from sale of property, plant and equipment | | 147 | 63 |
| Dividends received from associates and joint ventures | 11 | 1,328 | 1,691 |
| **Net cash used by investing activities** | | **(3,555)** | **(1,719)** |

1 See reconciliation below.
2 Includes movements in other financial assets, prepaid expenses and other long-term advances and loans.
3 Includes movements in other financial liabilities, provisions and deferred income.

Other non-cash items comprise the following:

| US$ million | Notes | 2023 | 2022 |
|---|---|---|---|
| Net foreign exchange (gains)/losses | 5 | (46) | 349 |
| Closed sites rehabilitation provisioning | 5 | 503 | 370 |
| Share based and deferred remuneration costs | 20 | 742 | 1,134 |
| Other | | 297 | (61) |
| **Total** | | **1,496** | **1,792** |

All amounts presented are derived from continuing operations. The accompanying notes are an integral part of the consolidated financial statements.

# Consolidated statement of cash flows *continued*

For the year ended 31 December 2023

| US$ million | Notes | 2023 | 2022 |
|---|---|---|---|
| **Financing activities**[1] | | | |
| Proceeds from issuance of capital market notes[2] | | 3,474 | – |
| Repayment of capital market notes | | (3,159) | (2,850) |
| Repurchase of capital market notes | | – | (103) |
| Proceeds from/(repayment of) revolving credit facility | | 1,289 | (2,563) |
| Proceeds from other non-current borrowings | | – | 430 |
| Repayment of other non-current borrowings | | (314) | (73) |
| Repayment of lease liabilities | | (616) | (577) |
| Margin receipts/(payments) in respect of financing-related hedging activities | | 897 | (1,824) |
| Proceeds from current borrowings | | 430 | 3,306 |
| Proceeds from/(repayment of) US commercial papers | | 711 | (1,407) |
| Net proceeds paid on acquisition of non-controlling interests in subsidiaries | | (68) | – |
| Return of capital/distributions to non-controlling interests | | (8) | (442) |
| Purchase of own shares | 17 | (3,672) | (2,503) |
| Disposal of own shares[3] | | – | 238 |
| Distributions paid to equity holders of the Parent | 19 | (6,450) | (4,832) |
| **Net cash used by financing activities** | | **(7,486)** | **(13,200)** |
| Decrease in cash and cash equivalents | | (5) | (1,260) |
| Effect of foreign exchange rate changes | | (6) | (50) |
| Cash and cash equivalents, beginning of year | | 1,998 | 3,308 |
| **Cash and cash equivalents, end of year** | | **1,987** | **1,998** |
| Cash and cash equivalents reported in the statement of financial position | 15 | 1,925 | 1,923 |
| Cash and cash equivalents attributable to assets held for sale | 16 | 62 | 75 |

1 Refer to note 21 for reconciliation of movement in borrowings.
2 Amount net of issuance costs relating to capital market notes of $26 million (2022: $Nil).
3 Comprises primarily cash received from the exercise of share-based option awards assumed in previous business combinations. There are no outstanding options as at 31 December 2023 and 2022.

All amounts presented are derived from continuing operations. The accompanying notes are an integral part of the consolidated financial statements.

# Consolidated statement of changes in equity

for the year ended 31 December 2023

| | Retained earnings | Share premium | Other reserves (Note 17) | Own shares (Note 17) | Total reserves and retained earnings | Share capital | Total equity attributable to equity holders | Non-controlling interests (Note 34) | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **1 January 2022** | **7,914** | **43,679** | **(5,931)** | **(5,877)** | **39,785** | **146** | **39,931** | **(3,014)** | **36,917** |
| Income for the year | 17,320 | – | – | – | 17,320 | – | 17,320 | (809) | 16,511 |
| Other comprehensive income/(loss) | 129 | – | (902) | – | (773) | – | (773) | (15) | (788) |
| **Total comprehensive income** | **17,449** | **–** | **(902)** | **–** | **16,547** | **–** | **16,547** | **(824)** | **15,723** |
| Own share disposal (see note 17) | (81) | – | – | 430 | 349 | – | 349 | – | 349 |
| Own share purchases (see note 17) | – | – | – | (2,549) | (2,549) | – | (2,549) | – | (2,549) |
| Equity-settled share-based expenses (see note 20) | (32) | – | – | – | (32) | – | (32) | – | (32) |
| Change in ownership interest in subsidiaries (see note 34) | – | – | (3) | – | (3) | – | (3) | 115 | 112 |
| Acquisition/disposal of business (see note 26) | – | – | – | – | – | – | – | (28) | (28) |
| Reclassifications | (4) | – | 3 | – | (1) | – | (1) | 2 | 1 |
| Cancellation of shares (see note 20) | – | (2,130) | – | 2,135 | 5 | (5) | – | – | – |
| Distributions paid (see note 19) | – | (4,832) | – | – | (4,832) | – | (4,832) | (442) | (5,274) |
| **31 December 2022** | **25,246** | **36,717** | **(6,833)** | **(5,861)** | **49,269** | **141** | **49,410** | **(4,191)** | **45,219** |

| | Retained earnings | Share premium | Other reserves (Note 17) | Own shares (Note 17) | Total reserves and retained earnings | Share capital | Total equity attributable to equity holders | Non-controlling interests (Note 34) | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **1 January 2023** | **25,246** | **36,717** | **(6,833)** | **(5,861)** | **49,269** | **141** | **49,410** | **(4,191)** | **45,219** |
| Income for the year | 4,280 | – | – | – | 4,280 | – | 4,280 | (1,070) | 3,210 |
| Other comprehensive loss | (17) | – | (223) | – | (240) | – | (240) | (22) | (262) |
| **Total comprehensive income** | **4,263** | **–** | **(223)** | **–** | **4,040** | **–** | **4,040** | **(1,092)** | **2,948** |
| Own share disposal (see note 17) | (39) | – | – | 130 | 91 | – | 91 | – | 91 |
| Own share purchases (see note 17) | – | – | – | (3,672) | (3,672) | – | (3,672) | – | (3,672) |
| Equity-settled share-based expenses (see note 20) | 137 | – | – | – | 137 | – | 137 | – | 137 |
| Change in ownership interest in subsidiaries (see note 34) | – | – | 24 | – | 24 | – | 24 | (60) | (36) |
| Acquisition/disposal of business (see note 26) | – | – | – | – | – | – | – | 20 | 20 |
| Reclassifications | – | – | – | – | – | – | – | (12) | (12) |
| Cancellation of shares (see note 20) | – | (1,898) | – | 1,903 | 5 | (5) | – | – | – |
| Distributions paid (see note 19) | – | (6,450) | – | – | (6,450) | – | (6,450) | (8) | (6,458) |
| **31 December 2023** | **29,607** | **28,369** | **(7,032)** | **(7,500)** | **43,444** | **136** | **43,580** | **(5,343)** | **38,237** |

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, 13 Castle Street, St Helier 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 a Directors' resolution on 20 March 2024.

### Statement of compliance

The consolidated financial statements have been prepared in accordance with the recognition and measurement criteria of:

- United Kingdom adopted international accounting standards; and
- International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

### Climate change-related considerations

The Group remains committed to its industrial emissions (Scope 1, 2 and 3) reduction targets, relative to a restated 2019 baseline, of 15% by the end of 2026, 25% by the end of 2030 and 50% by the end of 2035, and has an ambition to achieve, subject to a supportive policy environment, net zero industrial emissions by 2050. The Group is committed to reaching the 2026, 2030 and 2035 targets without reliance on coordinated changes in government policies. We recognise that to achieve our 2050 net zero ambition there is a need for significant global technological evolution and advancement, and coordinated and supportive 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, most of which are not within our direct control or ability to materially influence but are critical to our ability to achieve our net zero emissions ambition by the end of 2050. Our long-term ambition is therefore subject to such a supportive policy environment and, for that reason, we have expressed it as an ambition rather than a target, which is more appropriate for activities and actions deemed within our direct control.

The accounting-related measurement and disclosure items that are most impacted by our commitments, and climate change risk more generally, relate to those areas of the financial statements that are prepared under the historical cost convention and are subject to estimation uncertainties in the medium to long term. Climate change impacts can also introduce more volatility in assets and liabilities carried at fair value. Future changes to the Group's climate change strategy or realisation of global decarbonisation ambitions quicker than currently anticipated may impact some of the Group's significant judgements and key estimates and result in material changes to financial results and the carrying values of certain assets and liabilities in future reporting periods. The Group's current climate change strategy is reflected in the Group's significant judgements and key estimates, and therefore the Financial Statements, as follows:

**(i) Property, plant and equipment and Intangible assets – estimation of the remaining useful economic life of assets for depreciation and amortisation purposes**

Property, plant and equipment and intangible assets are depreciated / amortised to estimated residual values over the estimated useful lives of the specific assets concerned, or the estimated remaining life of the associated mine, field or lease, using a straight-line or a units of production over recoverable reserves method. The estimated useful lives of our specific assets and / or operations (and therefore the rate of depreciation / amortisation) aligns with our climate change commitments and ambition. Property, plant and equipment and intangible assets policies are further covered below and within impairment and impairment reversal estimation uncertainties, together with key estimates and sensitivities pertaining to a reasonably possible change in the realisation of global decarbonisation ambitions, which could also change the useful economic lives of the related assets.

**(ii) Restoration, rehabilitation and decommissioning provisions – estimation of the timing of closure and rehabilitation activities**

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. Many of these rehabilitation and decommissioning events are expected to take place when the underlying commercial reserves are extracted and the operations move into closure mode. Our current estimates of the timing of these closure activities align with the trajectory of our industrial emissions reduction targets and ambition.

Sensitivities pertaining to a reasonably possible change in the realisation of global decarbonisation ambitions (i.e. the timing of the restoration, rehabilitation and decommissioning costs) of our fossil fuel-related obligations are outlined below in the key estimation uncertainty - restoration, rehabilitation and decommissioning costs.

# Notes to the financial statements *continued*

## 1. Accounting policies continued

**(iii) Property, plant and equipment and Intangible assets (including the carrying value of goodwill in our coal marketing CGU) – estimation of the valuation of assets and potential impairment charges or reversals**
The Group acknowledges that there is a wide range of possible energy transition scenarios, including those aligned with the Paris Agreement goals, that would indicate different outcomes for individual commodities. The decarbonisation transition could result in increasing or decreasing demand for the Group's various commodities, due to policy, regulatory (including carbon pricing mechanisms), legal, technological, market or societal responses to climate change. On the negative side, these may result in some or all of a cash-generating unit's reserves becoming uneconomic to extract and / or our coal marketing CGU no longer being able to generate returns and realise the benefits of its associated goodwill balance.

We use carbon price scenarios to assess the potential impacts on commodity-specific operating cost curves and related supply / demand outcomes, arising from existing and future potential carbon pricing regulation. A key component of this analysis is to understand the potential development of a range of underlying cost curve structures over time and to consider, identify and make reasonable judgements, on the extent to which costs are likely to be passed onto the end consumer. Our analysis shows that under the IEA's NZE2050 scenario, marginal supply costs would increase by at least 10% to potentially over 60%, for the range of our most relevant and material commodities. We expect the rising cost of carbon will increase operating costs, increasing the cost of production, which, in turn, would ordinarily be passed on to consumers. In fact, first and second quartile (below average) emission intensity producers, where we see the weighted average of our portfolio residing, are likely to see margin expansion.

Notwithstanding the above, for coal and other fossil fuels, should global decarbonisation ambitions materialise along an Announced Pledges scenario or other more ambitious net zero scenario, essentially an accelerated displacement of coal and other fossil fuels as an energy source, the potential impact on the current carrying value of these cash-generating units is outlined below in the key estimation uncertainty – impairments and impairment reversals (Sensitivity to demand for fossil fuels). It should be noted that, under accelerated emission reduction scenarios, we would expect to see positive valuation developments within our industrial production portfolio exposed to the metals currently required to deliver such rapid decarbonisation scenarios, including copper, nickel and cobalt.

## 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**
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 26 for a summary of the acquisitions of subsidiaries completed during 2023 and 2022.

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:

# Notes to the financial statements *continued*

## 1. Accounting policies continued

(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 are accounted for as joint ventures. The investment in Viterra has been classified as an asset held for sale as at 31 December 2023 (see note 16). 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 11 for a summary of these joint arrangements.

**(ii) Classification of transactions which contain a financing element (notes 21, 22 and 25)**
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 90 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 where 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 up to 90 days. As a result, the entire cash flow is presented as operating in the statement of cash flows with a corresponding trade payable in the statement of financial position. As at 31 December 2023, trade payables include $6,860 million (2022: $7,504 million) of such liabilities arising from supplier financing arrangements, the weighted average of which extended settlement of the original payable to 77 days (2022: 67 days) after physical supply and are due for settlement 24 days (2022: 35 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. Should the substance of the transaction be determined to be financing in nature, it is presented as short-term borrowings and the resulting cash movements presented as financing in the statement of cash flows.

**(iii) Classification of physical liquefied natural gas (LNG) purchase and sale contracts (notes 28 and 29)**
Judgement is required to determine the appropriate classification of physical LNG purchase and sale contracts as being measured within the scope of IFRS 9 at fair value through profit and loss or as executory contracts. This requires an assessment of whether the contracts to buy or sell LNG (a non-financial item) can be settled net in cash or with another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, and whether there is a past practice of net settling similar contracts. Those physical LNG contracts that can be net settled are considered to be derivatives, measured at fair value through profit or loss (see notes 28 and 29). Contracts that do not meet the definition of derivatives are considered own-use contracts and are to be accounted for as executory contracts. Differing conclusions around classification of these contracts, may materially impact their presentation as financial assets or liabilities and any fair value adjustments recognised through profit and loss. As at 31 December 2023, the net fair value of physical LNG contracts on the statement of financial position is $760 million (2022: $2,533 million), comprising a $760 million forward physical asset and a $Nil forward physical liability (2022: $2,552 million forward physical asset and $19 million forward physical liability). No physical LNG forward contracts were accounted for as executory contracts.

**(iv) Investigations by regulatory and enforcement authorities and claims against the Company in connection with the investigations – Critical judgement in relation to whether a present obligation exists (note 32).**

# Notes to the financial statements *continued*

## 1. Accounting policies continued

**(v) Impact of carbon pricing**
In determining accounting estimates such as the recoverable amount of non-current assets, the Group has assumed that future increases in carbon costs will be reflected in commodity prices and therefore passed onto the end consumer - refer to climate change-related considerations above. No material change to the Group's related accounting estimates is expected within the next financial year as a result of this judgement.

## 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 8)**
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 financial position within the next financial year, specifically the deferred tax asset and uncertain tax position of the Group's DRC operations as outlined in note 8. 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 (note 7)**
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 low-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 (including their alignment with our emissions reduction targets and long-term ambition), 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), legally enacted carbon taxes, 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 or the service potential of the asset or CGU has otherwise increased from the time of the previous impairment) with the impact recorded in the statement of income.

As referred to 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 or impairment reversal were identified for various CGUs, including those due to changes in the underlying commodity price environment most influencing the respective operation. The Group assessed the recoverable amounts of these CGUs and as at 31 December 2023, except for those CGUs disclosed in note 7, the estimated recoverable amounts exceeded the carrying values. For certain CGUs where no impairment was recognised, should there be a significant deterioration or improvement in the key assumptions, a material impairment or reversal 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 shown below. In providing sensitivity analysis (and particularly on commodity price assumptions), a 10% change, representing a typical deviation parameter common in the industry, has generally been provided. Where a higher or lower percentage is reasonably possible on an operational assumption, this has been clearly identified.

# Notes to the financial statements *continued*

## 1. Accounting policies continued

| US$ million | Capital employed[1] | Discount rate[2] | Short-to long-term price assumptions | Potential impairments/(reversal of impairments) resulting from changes in key assumptions: Decrease/(increase) in price of 10%[3] | | Increase/(decrease) in discount rate of 1% | |
|---|---|---|---|---|---|---|---|
| **Cash-generating unit** | | | | | | | |
| Mt Isa zinc | 656 | 11.8% | Zn: 2,476 - 2,700 | 382 | (345) | 60 | (67) |
| KCC copper/cobalt | 3,773 | 15.8% | Cu: 8,196 - 8,500 | 931 | – | 183 | – |
| | | | Co[4]: 20,668 - 37,203 | 304 | – | | |
| Coal South Africa | 1,845 | 10.1% | API4: $118/t flat | 505 | – | 79 | – |

1 Capital employed includes property, plant and equipment, non-current inventory, less rehabilitation provisions and net deferred tax liabilities.
2 Discount rates expressed on a real terms, post-tax basis.
3 Across the curve.
4 Cobalt hydroxide price.

***Climate change (additional illustrative disclosures)***

The disclosures in note 7 related to sensitivities to key assumptions for CGUs that have been impaired in the period, together with the above disclosures related to CGUs with limited headroom, consider the effects of reasonably possible changes in key assumptions for the next financial year.

All other sensitivities below are reasonably possible changes in assumptions beyond the next financial year, and are therefore not considered to be key sources of estimation uncertainty at the reporting date.

*Energy fossil fuels industrial operations*

Our base case price assessment takes into account the short-, medium- and longer-term seaborne thermal coal demand outlook. Achieving our net zero ambition by the end of 2050 assumes significant global technological evolution and advancement, and coordinated and supportive 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, most of which are not within our direct control or ability to materially influence. In particular, economic and regulatory incentivisation of such shift, whether through carbon pricing and / or incentives to drive accelerated uptake of lower-carbon and decarbonisation technologies, could result in different financial results on the same tonnage profile.

Our assessment applies a value in use methodology. Glencore is not progressing thermal coal greenfield investments. However, we plan to continue to progress selective brownfield coal extensions or expansions at existing mines as included in our life of mine plans, while continuing to be a responsible steward of these assets, as we progress the phase-down of our global coal portfolio. We assume that through the remaining life of mines, there will continue to be a market for thermal coal at a real Newcastle FOB export price of $128/tonne (6,000 NAR), South African FOB export price of $118/tonne and Colombian FOB price of $105/tonne, which represents our best current estimate of long-term pricing based on our view of projected likely supply and demand fundamentals and the industry cost structure.

Notwithstanding these assumptions, we present illustrative impairments arising under alternate price scenarios. The review and refresh of Glencore's Climate Action Transition Plan (CATP) in 2023 was informed by the latest IEA scenarios as published in their annual World Energy Outlook. In particular, the 2023 price sensitivities are informed by the IEA's latest World Energy Outlook 2023 (WEO 2023) climate scenarios, described below:

- IEA's Stated Policies Scenario (SPS) (WEO 2023 prices) – a pathway based on full implementation of current policy frameworks;
- IEA's Announced Pledges Scenario (APS) (WEO 2023 prices) – a pathway based on implementation on time and in full of governments' announced policy pledges including commitments made in updated Nationally Determined Contributions;
- IEA's Net Zero Emissions by 2050 Scenario (NZE) (WEO 2023 prices) – a pathway for the global energy sector to achieve net zero emissions by 2050.

In addition, for illustrative purposes, we have shown a Complete Displacement Scenario (CDS) – reflecting the impact of fossil fuels being immediately displaced as an energy source and the resulting immediate fall in commodity prices to zero.

# Notes to the financial statements *continued*

## 1. Accounting policies continued

Our life of mine planning reflects operating cash flows which are consistent with achieving our emissions reduction targets and progression towards our 2050 net zero emissions ambition. Overall our industrial portfolio's production is heavily weighted towards the earlier part of these time frames. Based on the life of mine plan and remaining production as at 31 December 2023, we have illustrated this by showing the year in which 50% and 80% of saleable coal would be expected to be extracted under our current plans, being 2030 and 2037, respectively. If and while there is demand for coal, and it is economic to do so, we plan to continue to operate our mines to the end of their economic life and in accordance with our climate commitments.

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 low 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 SPS, APS and NZE sensitivity prices adopted are those included in the documentation to WEO 2023, 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. Furthermore, in determining the Colombian FOB price, we have used a weighting of the IEA Japan and IEA European prices to take into account that Colombian coal sold from Cerrejón is likely to be delivered to a combination of different markets in the future as coal demand in Europe declines.

The IEA assumes, in each scenario, additional decarbonisation measures leading to declining fossil fuel prices by the years 2030 and 2050, anchored in each case in a 2022 baseline. For the purpose of our climate change sensitivities below, we have assumed linear progression of prices between these points, except that since the 2022 baseline reflects particularly high energy prices, which is no longer the case in 2023, we substituted spot December 2023 pricing for calendar 2024, as shown, with linear progression thereafter to the IEA's 2030 price point. Our base case reflects higher longer-term prices than in each of the IEA's climate scenarios reflecting our assessment of the supply and demand outlook and the industry cost structure.

# Notes to the financial statements *continued*

## 1. Accounting policies continued

| | Cash-generating unit | | | | |
|---|---|---|---|---|---|
| US$ million | Thermal Australia | South Africa | Cerrejón | Total thermal coal | Oil E&P |
| Base case assumptions in life of mine plan: | | | | | |
| – LOM saleable tonnes (Glencore consolidated) (million tonnes)/ (million bbls) | 930 | 290 | 240 | | 11 |
| – projected year when 50% LOM tonnage / reserves depleted | 2031 | 2032 | 2028 | 2030 | 2025 |
| – projected year when 80% LOM tonnage / reserves depleted | 2038 | 2040 | 2031 | 2037 | 2026 |
| – long-term price (Newcastle FOB / API4 FOB / Col FOB) ($/t) / (Brent oil price) ($/bbl) (real terms) | 128 | 118 | 105 | | 65 |
| – discount rate applied (ranges represent opencut / underground) | 8.9-9.5% | 10.1% | 10.9% | | 11.1% |
| Benchmark prices over LOM in selected scenarios ($/t, $/bbl): | 2024 - '30 - '50 | 2024 - '30 - '50 | 2024 - '30 - '50 | | 2024 - '30 |
| – IEA SPS | 149 - 94 - 70 | 96 - 86 - 63 | 92 - 77 - 67 | | 102 - 92 |
| – IEA APS | 149 - 73 - 50 | 96 - 67 - 43 | 92 - 78 - 49 | | 100 - 80 |
| – IEA NZE | 149 - 57 - 36 | 96 - 50 - 28 | 92 - 65 - 38 | | 91 - 45 |
| – CDS | n.a. | n.a. | n.a. | | n.a. |
| Carrying value of non-current capital employed as at 31 December 2023 | 6,857 | 1,845 | 1,117 | 9,819 | 122 |
| Impairment arising in selected scenarios: | | | | | |
| – IEA SPS | 1,000 | 1,300 | – | 2,300 | – |
| – IEA APS | 4,300 | 1,800 | 300 | 6,400 | – |
| – IEA NZE | 6,857 | 1,845 | 1,117 | 9,819 | 37 |
| – CDS[1] | 8,274 | 1,995 | 2,227 | 12,496 | 208 |
| Breakdown of non-current capital employed as at 31 December 2023: | | | | | |
| Property, plant and equipment and intangible assets | 8,781 | 2,571 | 2,351 | 13,703 | 223 |
| Investments in associates and other investments | 504 | 25 | – | 529 | – |
| Deferred tax liabilities | (1,011) | (601) | (124) | (1,736) | (15) |
| Non-current provisions | (1,234) | (244) | (1,110) | (2,588) | (86) |
| Other non-current net assets/(liabilities) | (183) | 94 | – | (89) | – |

1 In this scenario, we assume the impairment of non-current assets (net of deferred tax) while non-current liabilities, including rehabilitation, would be retained on balance sheet.

The prior year disclosure illustrated impairments only in the NZE scenario (for Australia and South Africa) and the APS (for South Africa only). Since shorter-term prices in the various scenarios have moved downwards, we now illustrate impairments under each of the IEA scenarios.

# Notes to the financial statements *continued*

## 1. Accounting policies continued

*Other fossil fuel-related capital employed NPV sensitivities*

| US$ million | Cash-generating unit<br>Steelmaking coal | Astron Energy | Coal marketing goodwill |
|---|---|---|---|
| Base case assumptions in life of asset plan: | | | |
| – LOA saleable tonnes (millions) / Refinery steady-state capacity ('000 bbls) | 81 | 100k bopd | n.a. |
| – projected year when 50% LOA reserves depleted | 2028 | n.a. | n.a. |
| – projected year when 80% LOA reserves depleted | 2033 | n.a. | n.a. |
| – long-term price (hard coking coal) ($/t) (real terms) / Refining margin $/bbl | 241 | 10.9 - 13.7 | n.a. |
| – discount rate applied (ranges represent opencut / underground) | 8.9-9.5% | 8.7% | n.a. |
| – price to earnings multiple | | | 10x |
| Percentage decrease to long-term pricing/PE multiples: | | | |
| – 25% price / $1/bbl refining margin / 2x PE (20%) decrease | 181 | n.a. | 8x |
| – 30% price / $2/bbl refining margin / 4x PE (40%) decrease | 169 | n.a. | 6x |
| Carrying value of non-current capital employed as at 31 December 2023 | 1,574 | 1,056 | 1,674 |
| Impairment arising in selected scenarios: | | | |
| – 25% price decrease across the curve / $1/bbl refining margin / 2x PE (20%) decrease | 500 | 230 | – |
| – 30% price decrease across the curve / $2/bbl refining margin / 4x PE (40%) decrease | 780 | 460 | – |
| Breakdown of non-current capital employed as at 31 December 2023: | | | |
| Property, plant and equipment and intangible assets | 1,907 | 1,100 | 1,674 |
| Investments in associates and other investments | 4 | 2 | |
| Deferred tax liabilities | (70) | (18) | |
| Non-current provisions | (267) | (4) | |
| Other non-current net assets | – | (24) | |

***Climate change – property, plant and equipment and intangible assets – estimation of the remaining useful economic life of assets for depreciation and amortisation purposes***

Property, plant and equipment and intangible assets are depreciated / amortised to estimated residual values over the estimated useful lives of the specific assets concerned, or the estimated remaining life of the associated mine, field or lease, using a straight-line or a units of production over recoverable reserves method. The estimated useful lives of our specific assets and / or operations (and therefore the rate of depreciation / amortisation) aligns with, and reflects, our emissions reduction commitments and ambition. The current carrying value of our property, plant and equipment and intangible assets related to our fossil fuels operations is $16,941 million, and the depreciation / amortisation related to these balances recognised in 2023 was $2,313 million, implying an average accounting-determined useful life of 7.5 years.

**(iii) Restoration, rehabilitation and decommissioning costs (note 23)**

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 events occur are inherently uncertain and could materially change over time.

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.

# Notes to the financial statements *continued*

## 1. Accounting policies continued

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 financial year could arise from changes in risk-free rates. The aggregate effect of changes within the next financial year as a result of revisions to cost and timing assumptions is not expected to be material.

***Climate change sensitivities***
As noted above, while it is not a reasonably possible change we expect over the next financial year, global ambitions seeking to drive quicker decarbonisation, could result in the timing of restoration, rehabilitation and decommissioning costs related to our coal and oil closure obligations being accelerated. As at 31 December 2023, the non-current rehabilitation provision related to our coal and oil operations is $4,419 million (undiscounted) and $3,291 million (current carrying value). The weighted average maturity is 13 years. To illustrate the effect of quicker decarbonisation, a three-year and five-year weighted average acceleration, with no changes to the total undiscounted cash flows, would result in an increase to the provision of $173 million and $271 million, respectively.

**(iv) Valuation of Level 3 derivatives related to LNG contracts (note 29)**

## Adoption of new and revised standards

The following clarification revisions to existing accounting pronouncements became effective as of 1 January 2023 and have been adopted by the Group.

**(i) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – effective for year ends beginning on or after 1 January 2023**
The amendments specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations, and clarify that the initial recognition exception does not apply to transactions where both an asset and a liability are recognised in a single transaction. Accordingly, deferred tax is required to be recognised on such transactions.

**(ii) Definition of Accounting Estimates (Amendments to IAS 8) – effective for year ends beginning on or after 1 January 2023**
The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies.

**(iii) Materiality of Accounting Policy Disclosure (Amendments to IAS 1) – effective for year ends beginning on or after 1 January 2023**
The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

**(iv) IFRS 17 – Insurance Contracts and amendments to IFRS 17 – effective for year ends beginning on or after 1 January 2023**
IFRS 17 replaces IFRS 4 'Insurance Contracts' and provides a new general model for accounting for contracts where the issuer accepts significant insurance risk from another party and agrees to compensate that party if future uncertain events adversely affect them.

These amendments did not have a material impact on the Group.

**(v) International Tax Reform – Pillar Two Model Rules – effective for year ends beginning on or after 1 January 2023**
IAS 12 - Income Taxes was amended and requires entities during the period between the legislation being enacted or substantively enacted and the legislation becoming effective to disclose known or reasonable estimable information to their exposure to Pillar Two income taxes.

Glencore is within the scope of the Organisation for Economic Co-operation and Development (OECD) Pillar Two model rules. The Group operates in several jurisdictions where Pillar Two legislation has been enacted, or substantively enacted. In Switzerland, the jurisdiction in which the ultimate parent company is tax-resident, a gradual implementation of Pillar Two is taking place with the introduction of a Qualified Domestic Top-up Tax effective from 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. Glencore applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12.

Under the legislation, the Group is liable to pay a top-up tax for the difference between its Global Anti-Base Erosion (GloBE) effective tax rate per jurisdiction and the 15% minimum rate. The Group operates in some jurisdictions with a nominal tax rate below 15%, however, Glencore might not be exposed to paying a material amount of Pillar Two income taxes due to the application of specific modifiers envisaged in the Pillar Two legislation. Glencore is in the process of assessing its exposure to the Pillar Two legislation. Due to the complexities in applying the legislation and calculating GloBE effective tax rates, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimatable, although it is not expected to be significant.

# Notes to the financial statements *continued*

## 1. Accounting policies continued

## Revised standards not yet effective
At the date of the authorisation of these consolidated financial statements, the following revised IFRSs, which are applicable to Glencore, were issued but not yet effective:

**(i) Classification of Liabilities as current or non-current (Amendments to IAS 1) – effective for year ends beginning on or after 1 January 2024**
The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

**(ii) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) – effective for year ends beginning on or after 1 January 2024**
The amendments require an entity to provide additional disclosures about its supplier finance arrangements which enable users of financial statements to assess how supplier finance arrangements affect an entity's liabilities and cash flows and to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

**(iii) Lack of Foreign Currency Exchangeability (Amendments to IAS 21) – effective for year ends beginning on or after 1 January 2025**
The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

No significant changes to presentation or disclosures within these financial statements are expected following the adoption of these amendments.

## Basis of preparation
The consolidated 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 consolidated 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 2023 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 capital commitments, 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 facilities and monitoring of debt maturities. Further information on Glencore's objectives, policies and processes for managing its capital and financial risks is detailed in note 27.

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.

# Notes to the financial statements *continued*

## 1. Accounting policies continued

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.

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.

# Notes to the financial statements *continued*

## 1. Accounting policies continued

### 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.

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.

# Notes to the financial statements *continued*

**1. Accounting policies** continued

## 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 purchase 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. 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.

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.

Interest income is recognised using the effective interest method for debt instruments measured at amortised cost and at FVTOCI. For financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For credit-impaired financial assets, interest income is calculated on the net carrying amount of the financial asset.

Dividend income is recognised when the right to receive payment is established, typically when the shareholder's entitlement to the dividend is confirmed.

## Foreign currency translation

Glencore's reporting currency and the functional currency of the majority of its operations is the US 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. Non-monetary items measured in terms of historical cost are translated using the exchange rate at the date of the transaction. The resulting exchange differences are recorded in the consolidated statement of income.

# Notes to the financial statements *continued*

## 1. Accounting policies continued

**(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 US dollar are translated into US 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 partial disposal of the net investment in an entity, which includes repayments of capital and loans. On such partial disposals, when the Group's percentage of equity ownerships do not change, the 'absolute' approach is applied. Under this approach, the amounts held in the foreign currency translation reserve are reclassified to income or expense based on the proportionate share of total cumulative translation differences recognised in the net investment.

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.

### Employee and retirement benefits
Wages, salaries, bonuses, social security contributions, paid annual and sick leave are accrued in the period in which the associated services are rendered by the employees of the Group.

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.

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 surplus 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.

# Notes to the financial statements *continued*

## 1. Accounting policies continued

### 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.

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. Where the amount of tax payable or recoverable is uncertain, due to local tax authority challenges or uncertainty regarding the appropriate treatment, judgement is required to assess the range of possible outcomes. In accordance with IFRIC 23, if it is not probable that the treatment will be accepted, the Group accounts for uncertain tax provisions for all matters worldwide based on the Group's judgement of the most likely amount of the liability or recovery, or where there is a wide range of possible outcomes, using the probability-weighted average approach. Generally, uncertain tax treatments are assessed on an individual basis, except where they are expected to be settled collectively. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled is recognised in the statement of income in the period in which the change occurs. This requires application of judgement as to the possible outcome, which can change over time depending on facts and circumstances.

# Notes to the financial statements *continued*

## 1. Accounting policies continued

## 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 – 20 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 recognised in the statement of income. 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.

**(iii) 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.

# Notes to the financial statements *continued*

## 1. Accounting policies continued

**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 incurred to access 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 12 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; or
- 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.

# Notes to the financial statements *continued*

## 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. Capitalised costs are charged to the consolidated statement of income over the life of the operation through depreciation of the asset together with 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.

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 units of production (UOP) and/or straight-line basis as follows:

| | |
|---|---|
| Port allocation rights | UOP |
| 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 designates investments that are not held for trading as at fair value through other comprehensive income (FVTOCI). 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 (FVTPL).

### 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.

# Notes to the financial statements *continued*

## 1. Accounting policies continued

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.

For those assets which were impaired in prior periods, if their recoverable amount exceeds their carrying amount, and the change in their recoverable amount is not solely due to the passage of time, 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 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 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 utilised within the normal operating cycle.

### Physical advances and prepayments

The Group periodically enters into physical advances and prepayment agreements with certain suppliers and customers. Where such advances and prepayments are separable from contracts to buy or sell commodities and are primarily settled in cash or another financial asset, they are initially recorded at the amount of the cash paid or received and are subsequently classified and measured as financial assets or financial liabilities at amortised cost.

Certain physically settled advances and prepayments which are not separable from contracts to buy or sell commodities and do not meet the own-use exemption criteria are considered prepaid commodity forward contracts and are accounted for as financial instruments measured at fair value through profit and loss.

When physically settled advances and prepayments which are not separable from contracts to buy or sell commodities meet the own-use exemption criteria, they are classified as non-financial assets or non-financial liabilities. These are initially recorded at the amount of the cash paid or received and are subsequently reduced by the relevant value of the contractual volumes of physical deliveries made.

To conform with current period presentation, certain prior period amounts which are accounted for as financial instruments were reclassified from 'Non-financial assets' to 'Financial assets at amortised cost' and 'Financial assets at fair value through profit and loss' (see notes 12 and 14), from 'Prepayments' to 'Prepayments at fair value through profit and loss' (see note 22), and from 'Non-financial liabilities' to 'Financial liabilities at fair value through profit and loss' (see note 25).

# Notes to the financial statements *continued*

## 1. Accounting policies continued

### 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. Contractual maturities of such financial assets and financial liabilities may be longer than one year. However, in the normal course of trading activities, derivative financial instruments are often settled before their maturity date, and therefore classified as current assets or current liabilities.

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) were designated in their entirety as at FVTPL. Derivatives are carried at FVTPL.

Where a group of financial assets and financial liabilities recognised at fair value is managed and reported to key management personnel on the basis of its net exposure to either market risks or credit risk, fair value of that group of financial assets and financial liabilities is measured on the basis of the net price that would be received to sell the long position and to transfer the short position for a particular risk exposure of the specific financial asset or liability being measured. When the group of financial assets and/or financial liabilities is not presented on a net basis in the statement of financial position, any portfolio-level adjustments are allocated to the individual instruments that make up the group on an appropriate basis.

**(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 are 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, such 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-month expected credit loss, which comprises the expected lifetime loss from the instrument taking into account the probability of a default occurring 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.

# Notes to the financial statements *continued*

## 1. Accounting policies continued

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.

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.

### Financial guarantee contracts

Financial guarantee contracts are accounted for in accordance with IFRS 9 as financial liabilities. After initial recognition, any such contracts are subsequently measured at the higher of the amount of the provision for expected credit losses and the amount initially recognised less any income recognised in accordance with the principles of IFRS 15.

# Notes to the financial statements *continued*

## 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 (historical 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 amounts represent Group-related income and expenses (including share of Viterra earnings and certain variable bonus charges). Statement of financial position amounts represent Group-related balances. In June 2023, Glencore and its fellow shareholders in Viterra Limited concluded an agreement with Bunge Limited, to merge Bunge and Viterra in a cash and stock transaction. As a result, the carrying amount of the 49.9% investment in Viterra as at 31 December 2023 is classified as held for sale (see note 16) and, while having this classification, Glencore no longer accounts for its share of Viterra's income. However, for segmental reporting purposes, and for internal reporting, Viterra continues to be accounted for as an equity accounted associate.

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 2 with the exception of the Antamina copper/zinc mine, the Collahuasi joint venture and Volcan. Under IAS 28 and IFRS 11, Glencore's investment in the Antamina copper/zinc mine (34% owned at 31 December 2023 and 31 December 2022) is considered to be an associate as it is not subject to joint control and the Collahuasi copper mine (44% owned at 31 December 2023 and 31 December 2022) 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 (at 31 December 2023 and 31 December 2022) 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.

In Q4 2022, Glencore commenced a process to dispose of its 23.3% economic interest in Volcan, which is ongoing. As a result, the carrying amounts of Volcan assets and liabilities as at 31 December 2023 and 31 December 2022 are classified as held for sale (see note 16). For segmental reporting purposes, Volcan continues to be accounted for as an equity accounted associate.

# 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.

| **2023**<br>US$ million | Marketing activities | Industrial activities | Inter-segment eliminations | Total |
|---|---|---|---|---|
| **Revenue** | | | | |
| Metals and minerals | 69,293 | 35,556 | (22,808) | 82,041 |
| Energy products | 117,415 | 24,858 | (3,933) | 138,340 |
| Corporate and other | – | 7 | – | 7 |
| **Revenue – segmental** | **186,708** | **60,421** | **(26,741)** | **220,388** |
| Proportionate adjustment – revenue[1] | – | (2,559) | – | (2,559) |
| **Revenue – reported measure** | **186,708** | **57,862** | **(26,741)** | **217,829** |
| | | | | |
| **Metals and minerals** | | | | |
| Adjusted EBITDA | 1,774 | 5,445 | – | 7,219 |
| Depreciation and amortisation | (60) | (3,165) | – | (3,225) |
| Proportionate adjustment – depreciation[1] | – | (729) | – | (729) |
| **Adjusted EBIT** | **1,714** | **1,551** | **–** | **3,265** |
| **Energy products** | | | | |
| Adjusted EBITDA | 2,098 | 8,452 | – | 10,550 |
| Depreciation and amortisation | (390) | (2,320) | – | (2,710) |
| **Adjusted EBIT** | **1,708** | **6,132** | **–** | **7,840** |
| **Corporate and other** | | | | |
| Adjusted EBITDA[2] | 28 | (695) | – | (667) |
| Depreciation and amortisation | – | (46) | – | (46) |
| **Adjusted EBIT** | **28** | **(741)** | **–** | **(713)** |
| **Total Adjusted EBITDA** | **3,900** | **13,202** | **–** | **17,102** |
| Total depreciation and amortisation | (450) | (5,531) | – | (5,981) |
| Total depreciation Proportionate adjustment | – | (729) | – | (729) |
| **Total Adjusted EBIT** | **3,450** | **6,942** | **–** | **10,392** |
| | | | | |
| Share of associates' significant items[1,3] | | | | (90) |
| Viterra share in earnings post-held for sale classification[2] | | | | (186) |
| Movement in unrealised inter-segment profit elimination adjustments[4] | | | | 258 |
| Gain on acquisitions and disposals of non-current assets | | | | 850 |
| Other expense – net | | | | (1,091) |
| Impairments | | | | (2,484) |
| Interest expense – net | | | | (1,900) |
| Income tax expense | | | | (2,207) |
| Proportionate adjustment – net finance, impairment and income tax expense[1] | | | | (332) |
| **Income for the year** | | | | **3,210** |

1 Refer to segment information on previous page and APMs section for definition.
2 Marketing activities include $321 million of Glencore's equity accounted share of Viterra, of which $186 million relates to the period following the held for sale classification as at 30 June 2023. In June 2023, Glencore and its fellow shareholders in Viterra Limited, concluded an agreement with Bunge Limited to merge Bunge and Viterra in a cash and stock transaction. As a result, the carrying amount of the 49.9% investment in Viterra as at 31 December 2023 is classified as held for sale (see note 16) and, while having this classification, Glencore no longer accounts for its share of Viterra's income. However, for segmental reporting purposes, and for internal reporting, Viterra continues to be accounted for as an equity accounted associate.
3 Share of associates' significant items comprise Glencore's share of significant charges relating to impairments and other items booked directly by various associates.
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

| **2022** US$ million | Marketing activities | Industrial activities | Inter-segment eliminations | **Total** |
|---|---|---|---|---|
| **Revenue** | | | | |
| Metals and minerals | 77,382 | 38,993 | (25,499) | 90,876 |
| Energy products | 137,720 | 39,333 | (9,256) | 167,797 |
| Corporate and other | – | 6 | – | 6 |
| **Revenue – segmental** | **215,102** | **78,332** | **(34,755)** | **258,679** |
| Proportionate adjustment – revenue[1] | – | (2,695) | – | (2,695) |
| **Revenue – reported measure** | **215,102** | **75,637** | **(34,755)** | **255,984** |
| | | | | |
| **Metals and minerals** | | | | |
| Adjusted EBITDA | 1,694 | 9,274 | – | 10,968 |
| Depreciation and amortisation | (54) | (3,776) | – | (3,830) |
| Proportionate adjustment – depreciation[1] | – | (416) | – | (416) |
| **Adjusted EBIT** | **1,640** | **5,082** | **–** | **6,722** |
| **Energy products** | | | | |
| Adjusted EBITDA | 5,558 | 18,590 | – | 24,148 |
| Depreciation and amortisation | (359) | (2,740) | – | (3,099) |
| **Adjusted EBIT** | **5,199** | **15,850** | **–** | **21,049** |
| **Corporate and other** | | | | |
| Adjusted EBITDA[2] | (457) | (599) | – | (1,056) |
| Depreciation and amortisation | – | (58) | – | (58) |
| **Adjusted EBIT** | **(457)** | **(657)** | **–** | **(1,114)** |
| **Total Adjusted EBITDA** | **6,795** | **27,265** | **–** | **34,060** |
| Total depreciation and amortisation | (413) | (6,574) | – | (6,987) |
| Total depreciation Proportionate adjustment | – | (416) | – | (416) |
| **Total Adjusted EBIT** | **6,382** | **20,275** | **–** | **26,657** |
| | | | | |
| Share of associates' significant items[1,3] | | | | (9) |
| Movement in unrealised inter-segment profit elimination adjustments[4] | | | | 1,176 |
| Gain on acquisitions and disposals of non-current assets | | | | 1,287 |
| Other expense – net | | | | (911) |
| Impairments | | | | (3,337) |
| Interest expense – net | | | | (1,336) |
| Income tax expense | | | | (6,368) |
| Proportionate adjustment – net finance, impairment and income tax expense[1] | | | | (648) |
| **Income for the year** | | | | **16,511** |

1 Refer to segment information above and APMs section for definition.
2 Marketing activities include $494 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.
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

| **2023**<br>US$ million | Marketing activities | Industrial activities | Corporate and other | **Total** |
|---|---|---|---|---|
| Current assets | 38,010 | 18,677 | – | 56,687 |
| Current liabilities | (28,603) | (8,359) | – | (36,962) |
| **Allocatable current capital employed** | **9,407** | **10,318** | **–** | **19,725** |
| Property, plant and equipment | 987 | 38,246 | – | 39,233 |
| Intangible assets | 5,144 | 858 | – | 6,002 |
| Investments in associates and other investments | 699 | 8,637 | – | 9,336 |
| Non-current advances and loans | 1,818 | 1,058 | – | 2,876 |
| Inventories | – | 623 | – | 623 |
| **Allocatable non-current capital employed** | **8,648** | **49,422** | **–** | **58,070** |
| Other assets[1] | | | 9,112 | 9,112 |
| Other liabilities[2] | | | (48,670) | (48,670) |
| **Total net assets** | **18,055** | **59,740** | **(39,558)** | **38,237** |
| | | | | |
| **Capital expenditure** | | | | |
| Metals and minerals | 95 | 4,492 | – | 4,587 |
| Energy products | 508 | 1,521 | – | 2,029 |
| Corporate and other | – | 61 | – | 61 |
| **Capital expenditure – segmental** | **603** | **6,074** | **–** | **6,677** |
| Proportionate adjustment – capital expenditure[3] | – | (1,291) | – | (1,291) |
| **Capital expenditure – reported measure[4]** | **603** | **4,783** | **–** | **5,386** |

| **2022**<br>US$ million | Marketing activities | Industrial activities | Corporate and other | **Total** |
|---|---|---|---|---|
| Current assets | 47,534 | 17,326 | – | 64,860 |
| Current liabilities | (32,495) | (9,258) | – | (41,753) |
| **Allocatable current capital employed** | **15,039** | **8,068** | **–** | **23,107** |
| Property, plant and equipment | 920 | 38,644 | – | 39,564 |
| Intangible assets | 5,142 | 1,018 | – | 6,160 |
| Investments in associates and other investments | 4,509 | 7,825 | – | 12,334 |
| Non-current advances and loans | 1,666 | 988 | – | 2,654 |
| Inventories | – | 605 | – | 605 |
| **Allocatable non-current capital employed** | **12,237** | **49,080** | **–** | **61,317** |
| Other assets[1] | | | 6,406 | 6,406 |
| Other liabilities[2] | | | (45,611) | (45,611) |
| **Total net assets** | **27,276** | **57,148** | **(39,205)** | **45,219** |
| | | | | |
| **Capital expenditure** | | | | |
| Metals and minerals | 60 | 3,597 | – | 3,657 |
| Energy products | 239 | 1,172 | – | 1,411 |
| Corporate and other | – | 38 | – | 38 |
| **Capital expenditure – segmental** | **299** | **4,807** | **–** | **5,106** |
| Proportionate adjustment – capital expenditure[3] | – | (461) | – | (461) |
| **Capital expenditure – reported measure[4]** | **299** | **4,346** | **–** | **4,645** |

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 post-retirement and other employee benefits, non-current financial liabilities and liabilities held for sale.
3 Refer to APMs section for definition.
4 Includes $821 million (2022: $425 million), comprising $485 million (2022: $219 million) in Marketing activities and $336 million (2022: $206 million) in Industrial activities, of 'right-of-use assets' capitalised in accordance with IFRS 16 – Leases.

# Notes to the financial statements *continued*

## 2. Segment information continued

### Geographical information

| US$ million | 2023 | 2022 |
|---|---|---|
| **Revenue from third parties**[1] | | |
| The Americas | 42,495 | 44,354 |
| Europe | 64,129 | 87,662 |
| Asia | 95,459 | 104,861 |
| Africa | 11,570 | 13,238 |
| Oceania | 4,176 | 5,869 |
| | **217,829** | **255,984** |
| **Non-current assets**[2] | | |
| The Americas | 19,627 | 17,183 |
| Europe | 7,465 | 11,297 |
| Asia | 3,481 | 3,966 |
| Africa | 10,068 | 11,300 |
| Oceania | 14,040 | 14,461 |
| | **54,681** | **58,207** |

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 $13,733 million (2022: $14,164 million), in Peru of $5,340 million (2022: $5,519 million) and the DRC of $5,158 million (2022: $6,074 million).

## 3. Revenue

| US$ million | 2023 | 2022 |
|---|---|---|
| Sale of commodities | 214,286 | 252,356 |
| Freight, storage and other services | 3,543 | 3,628 |
| **Total** | **217,829** | **255,984** |

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 $1,773 million negative (2022: $78 million positive) of mark-to-market related adjustments on provisionally priced sales arrangements, recognised within our Marketing segment. 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).

# Notes to the financial statements *continued*

## 4. Gain on acquisitions and disposals of non-current assets

| US$ million | Notes | 2023 | 2022 |
|---|---|---|---|
| Gain on sale of Cobar | 26 | 585 | – |
| Gain on revaluation of MARA | 26 | 224 | – |
| Gain on revaluation of Noranda Income Fund | 26 | 18 | – |
| Gain on bargain purchase of Cerrejón | 26 | – | 1,029 |
| Gain on sale of Ernest Henry | 26 | – | 512 |
| Loss on sale of Bolivia Zinc | 26 | – | (104) |
| Loss on sale of E&P Chad | 26 | – | (34) |
| Gain on sale of BaseCore | 11 | – | 131 |
| Loss on sale of Los Quenuales | 26 | – | (180) |
| Loss on sale of Access World | 26 | – | (23) |
| Net gain on sale of other investments/operations | | 3 | 71 |
| Gain/(loss) on disposal of property, plant and equipment | | 20 | (115) |
| **Total** | | **850** | **1,287** |

### 2023

#### Disposal of Cobar
In June 2023, Glencore completed the disposal of its interest in the CSA mine, a copper mine in New South Wales, Australia, resulting in a gain on sale of $585 million (see note 26).

#### Acquisition of MARA
In September 2023, Glencore completed the acquisition of the remaining 56.25% interest in the MARA project, a copper and gold brownfield project located in the Caramarca province, Argentina, resulting in a gain on acquisition of $224 million, following the revaluation of Glencore's previously recognised interest (see note 26).

#### Acquisition of Noranda Income Fund
In March 2023, Glencore completed the acquisition of the remaining 75% interest in Noranda Income Fund, an electrolytic zinc processing facility and ancillary assets located in Salaberry-de-Valleyfield, Quebec, that it did not previously own, resulting in a gain on acquisition of $18 million, following the revaluation of Glencore's previously recognised interest (see note 26).

### 2022

#### Acquisition of Cerrejón
In January 2022, Glencore completed the acquisition of the remaining 66.67% interest in Cerrejón, a coal mine in Colombia, resulting in a bargain purchase gain of $1,029 million (see note 26).

#### Disposal of Ernest Henry
In January 2022, Glencore completed the disposal of its interest in Ernest Henry Mining Pty Ltd, a copper-gold mine in Queensland, Australia, resulting in a gain on sale of $512 million (see note 26).

#### Disposal of Bolivia Zinc
In March 2022, Glencore completed the disposal of its interest in the Bolivia Zinc assets (Sinchi Wayra and Illapa), resulting in a loss on sale of $104 million (see note 26).

#### Disposal of E&P Chad
In June 2022, Glencore completed the disposal of its Chad upstream oil operations, resulting in a loss on sale of $34 million (see note 26).

#### Disposal of BaseCore
In July 2022, BaseCore Metals (a Glencore joint venture) completed the disposal of a royalty package to Sandstrom Gold Ltd, resulting in an overall gain on sale to Glencore of $131 million (see note 11).

#### Disposal of Los Quenuales
In December 2022, Glencore completed the disposal of its Los Quenuales zinc, lead, silver operations in Peru, facilitated by the earlier settlement of an underlying silver streaming arrangement, resulting in a loss on sale of $180 million (see note 26).

#### Disposal of Access World
In December 2022, Glencore completed the disposal of its interest in the Access World Group, a global commodities storage and logistics group, resulting in a loss on sale of $23 million (see note 26).

# Notes to the financial statements *continued*

## 5. Other income/(expense)

| US$ million | Notes | **2023** | 2022 |
|---|---|---|---|
| Net foreign exchange gains | | 46 | – |
| Gain on energy contracts | | – | 264 |
| Other income | | 130 | 101 |
| **Total other income** | | **176** | **365** |
| Net foreign exchange losses | | – | (349) |
| Net loss in mark-to-market valuations | | (103) | (106) |
| Loss on energy contracts | | (94) | – |
| Legal and regulatory proceedings | | (168) | (302) |
| Closed sites rehabilitation provisioning | | (503) | (370) |
| Closure and severance costs | | (40) | – |
| Other expenses | | (359) | (149) |
| **Total other expenses** | | **(1,267)** | **(1,276)** |
| **Net other expenses** | | **(1,091)** | **(911)** |

Together with foreign exchange movements and mark-to-market valuations, other net income / (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 foreign exchange gains/losses

2022 net foreign exchange losses included realised foreign currency losses of $431 million (see page 181) recognised on the restructuring and partial repayment of ZAR-denominated intragroup debt and return of capital that were part of the Group's net investment in its South African operations. These repayments are considered a partial disposal of a net investment in a subsidiary, and thus a proportionate share of the total accumulated foreign exchange losses recognised in the net investment were recycled to the statement of income upon these repayments.

### Net loss in mark-to-market valuations

Primarily relates to movements on interests in investments and loans (see notes 11 and 14), the ARM Coal non-discretionary dividend obligation (see note 29) and deferred consideration related to Mototolo stake sale in 2018 (see notes 12 and 14), all carried at fair value.

### Loss/gain on energy contracts

2023 loss of $94 million relates to mark-to-market movements on long-term physically settled electricity contracts entered into by our European metallurgical operations, and the 2022 gain of $264 million relates to the settlement of certain physically settled electricity contracts, following the significant appreciation in European traded power prices in the summer of 2022.

### Legal and regulatory proceedings

$168 million (2022: $302 million) relating to various legal matters and related costs (legal, expert and compliance), including in respect of the government investigations (see notes 23 and 31) and monitorships ($57 million).

### Closed sites rehabilitation provisioning

Comprises movements in restoration, rehabilitation and decommissioning estimates related to sites that are no longer operational (see note 23).

### Closure and severance costs

Closure and severance-related costs were primarily incurred at operations in Australia.

# Notes to the financial statements *continued*

## 6. Interest income/(expense)

| US$ million | Notes | 2023 | 2022 |
|---|---|---|---|
| Bank deposits and other financial assets | | 604 | 290 |
| Interest income and accretion on certain advances repayable with product | 12 | – | 133 |
| Loans to associates | | 11 | 12 |
| **Interest income** | | **615** | **435** |
| | | | |
| **Interest expense for financial liabilities not classified at FVTPL** | | | |
| Capital market notes | | (1,334) | (869) |
| Revolving credit facilities | | (195) | (118) |
| Lease liabilities | 9 | (117) | (88) |
| Other bank loans | | (346) | (225) |
| Less: capitalised interest | 9 | 51 | 31 |
| Other interest | | (262) | (178) |
| | | (2,203) | (1,447) |
| **Other interest expense** | | | |
| Post-retirement employee benefits | 24 | (21) | (19) |
| Deferred income | 22 | (89) | (97) |
| Restoration and rehabilitation | 23 | (122) | (155) |
| Other provisions | 23 | (43) | (36) |
| Other accretion interest | | (37) | (17) |
| | | (312) | (324) |
| **Interest expense** | | **(2,515)** | **(1,771)** |

## 7. Impairments

| US$ million | Notes | 2023 | 2022 |
|---|---|---|---|
| **Impairments of non-current assets** | | | |
| Property, plant and equipment and intangible assets | 9/10 | (2,103) | (1,984) |
| Investments | 11 | – | (167) |
| Advances repayable with products | 12/14 | (156) | (389) |
| VAT receivable – non-current | | – | (632) |
| Inventory and other | | (5) | (113) |
| | | **(2,264)** | **(3,285)** |
| **Impairments of financial assets** | | | |
| Advances and loans – current and non-current | 12/14 | (220) | (52) |
| | | **(220)** | **(52)** |
| **Total impairments**[1] | | **(2,484)** | **(3,337)** |

1 Impairments recognised during the year are allocated to Glencore's operating segments as follows: Marketing activities \$393 million (2022: \$515 million) and Industrial activities \$2,091 million (2022: \$2,822 million).

As part of a regular portfolio review, Glencore carries out an assessment of whether there are indicators of cash-generating unit (CGU) or asset impairments 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). The FVLCD 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 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 8.7% – 15.8% (2022: 7.4% – 14.9%). 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 used 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.

# Notes to the financial statements *continued*

## 7. Impairments continued

As a result of the regular impairment assessment, the following significant impairment charges were recognised:

## 2023

### Property, plant and equipment and intangible assets

During 2023, many central bank interest rates continued to increase, often leading to higher equity risk and certain country risk premiums and ultimately an environment of generally higher discount rates. These macro factors, together with a particularly subdued cobalt hydroxide short-to medium-term pricing outlook and various operational challenges, resulted in a number of impairments related to metals and minerals CGUs in our Industrial activities segment. The valuations are most sensitive to commodity price and discount rate assumptions and a deterioration/improvement in these assumptions could result in additional impairments/reversal of impairments, as set out below.

| US$ million | 2023 impairment/ (reversal of impairment) pre tax | post tax | Capital employed[1] | Discount rate[2] | Short-to long-term price assumption | Impairments/(reversal of impairments) resulting from changes in key assumptions: Decrease/(increase) in price of 10%[3] | | Increase/(decrease) in discount rate of 1% | |
|---|---|---|---|---|---|---|---|---|---|
| **Cash-generating unit** | | | | | | | | | |
| Mutanda copper/cobalt | 1,045 | 762 | 1,432 | 15.0% | Cu: 8,196 - 8,500 | 261 | (254) | 133 | (148) |
| | | | | | Co[4]: 20,668 - 37,203 | 307 | (292) | | |
| McArthur River zinc | 211 | 118 | 758 | 10.6% | Zn: 2,476 - 2,700 | 364 | (332) | 70 | (79) |
| Kazzinc Smelting zinc | 156 | 134 | 1,265 | 13.3% | Zn: 2,476 - 2,700 | 160 | (134) | 109 | (123) |
| Kazzinc - Zhairem zinc | 77 | 62 | 522 | 13.3% | Zn: 2,476 - 2,700 | 125 | (126) | 16 | (18) |
| Volcan zinc[5] | 375 | 340 | 1,086 | | | – | – | – | – |
| Nordenham Zinc[5] | 231 | 191 | – | 9.2% | Zn: 2,476 - 2,700 | – | – | – | – |
| Astron oil | (190) | (138) | 1,056 | 8.7% | Margin $/bbl: 10.9 - 13.7 | 243 | (48) | 88 | (48) |
| Various other | 198 | 147 | – | | | – | – | – | – |
| | **2,103** | **1,616** | **6,119** | | | **1,460** | **(1,186)** | **416** | **(416)** |

1 Estimated recoverable capital employed, post impairment. Capital employed includes property, plant and equipment, non-current inventory, less rehabilitation provisions and net deferred tax liabilities.
2 Discount rates expressed on a real terms, post-tax basis.
3 Across the curve.
4 Cobalt hydroxide price
5 The estimated recoverable value of Nordenham is estimated to be de minimis. In respect of Volcan, the recoverable value reflects indicative third-party offers. No reasonably possible change in assumptions would materially impact this value, hence no sensitivity analysis is presented.

- $1,045 million, Mutanda CGU. On account of significantly increased global production, the cobalt hydroxide market moved further into oversupply during 2023. In response, Mutanda has made certain market-related adjustments to its short-to medium-term production plans, which, in addition to the Group revising cobalt price assumptions lower over this period, has significantly impacted Mutanda's expected overall returns.
- $211 million, McArthur River CGU. Lower modelled saleable production volumes due to revised processing recovery assumptions and a higher assessed discount rate of 10.6% (2022: 8.7%) were the primary drivers of the impairment.
- $156 million, Kazzinc Smelting CGU. In addition to the above-noted macro inputs, the Kazzinc Smelting CGU was incrementally impacted by cost inflation on both capital and operational expenditures as it continues to manage logistical and supply chain challenges stemming from the Russia/Ukraine war.
- $77 million, Kazzinc Zhairem CGU. As above with the Kazzinc Smelting site CGU, the Zhairem CGU was impacted by inflationary pressures and the macro impacts increasing the assessed discount rate to 13.3% (2022: 11%).
- $375 million, Volcan CGU. Volcan is a listed zinc / silver mining entity in Peru, in which the Group holds a 63% controlling (23.2% economic) interest in. Over the past year, the Group has been exploring various disposal options and as a result, has classified the assets and liabilities of Volcan as held for sale (see note 16). The Group has received various proposals to acquire its equity interest and the current carrying value reflects the value indicated by such proposals.
- $231 million, Nordenham CGU. In 2022, Nordenham's zinc processing operations were put into care and maintenance, with value being realised through the resale of committed electricity supply into the grid. In 2023, forecast treatment and refinery fee assumptions over the medium term are insufficient to support the carrying value. A full impairment has been recognised.
- The balance of the impairment charges of $198 million on property, plant and equipment (none of which were individually material) relate to specific assets (Industrial activities segment) where utilisation is no longer required or to projects no longer progressed due to changes in production and development plans.

Reversal of impairment:

- $190 million, Astron Energy CGU. The CGU was impaired in 2020, reflecting the global macro-economic impact of Covid-19 on refined petroleum product demand, the resulting industry overcapacity and lower refining margins. As demand continued to recover post-Covid, refining margins and their outlook also improved and as a result, a large portion of the previously recorded impairment has been reversed, further enabled by the restart of operations of the Astron Energy refinery in Cape Town in early 2023, following a multi-year rebuild.

# Notes to the financial statements *continued*

## 7. Impairments continued

### Advances repayable with products

During 2023, the originally expected production rate at Mopani was not achieved, in part due to a lack of funding. The new shareholder conducted operational and strategic reviews, resulting in Mopani seeking additional equity funding, alongside the restructuring of our transaction debt (see note 12). As a result, the advance was impaired by $156 million (Marketing activities segment).

### Advances and loans

Impairment charges on advances and loans of $220 million (none of which were individually material) were recognised following changes in the underlying financial conditions of various counterparties and / or non-performance in settling certain obligations.

## 2022

### Property, plant and equipment and intangible assets

During 2022, significant changes to key macro estimates ensued, exacerbated by the Russia/Ukraine war, which contributed to significant supply/demand imbalances, extreme commodity price volatility, higher energy prices and, in some cases, which are generally linked, emboldening governments to raise royalties and taxes. 2022 saw broad-based cost increases, reflecting:

- direct and indirect inflationary pressures on goods and services (particularly energy-related flow-through impacts on electricity costs, coal, diesel, steel, explosives, chemicals, reagents and Original Equipment Manufacturer spare parts);
- competition for skilled employees and contractors; and
- supply chain pressures, including their secondary effects on shipping and handling costs, as trade flows adjusted in response to the war.

The weighting of the above macro factors on certain CGUs, combined with various operational challenges, resulted in a number of impairments in our Industrial activities segment, almost exclusively related to metals and minerals' CGUs. The valuations are most sensitive to price and discount rate assumptions and a deterioration/improvement in these assumptions could result in additional impairments/reversal of impairments, as set out below.

| | 2022 impairment/ (reversal of impairment) | | | | | Impairments/(reversal of impairments) resulting from changes in key assumptions | | | |
|---|---|---|---|---|---|---|---|---|---|
| US$ million | pre tax | post tax | Capital employed[1] | Discount rate[2] | Short-to long-term price assumption | Decrease/(increase) in price of 10%[3] | | Increase/(decrease) in discount rate of 1% | |
| **Cash-generating unit** | | | | | | | | | |
| Mt. Isa copper[4] | 656 | 460 | – | 9.7% | Cu: 8,157 - 7,400 | – | – | – | – |
| Mt. Isa zinc | 455 | 318 | 630 | 9.7% | Zn: 3,250 - 2,450 | 504 | (318) | 50 | (58) |
| McArthur River zinc | 172 | 96 | 869 | 8.7% | Zn: 3,250 - 2,450 | 396 | (96) | 63 | (71) |
| Zhairem zinc | 185 | 148 | 565 | 11.0% | Zn: 3,250 - 2,450 | 161 | (148) | 21 | (22) |
| Portovesme zinc[4] | 143 | 105 | 72 | 9.9% | Zn: 3,250 - 2,450 | – | – | – | – |
| Volcan zinc | 164 | 116 | 1,243 | 9.4% | Zn: 3,250 - 2,450 | 303 | (242) | 69 | (96) |
| Koniambo nickel[4] | 227 | 227 | – | 10.7% | Ni: 19,500 - 18,400 | – | – | – | – |
| Various other | (18) | (18) | – | | | | | | |
| | **1,984** | **1,452** | **3,379** | | | **1,364** | **(804)** | **203** | **(247)** |

1 Estimated recoverable non-current capital employed, post impairment. Non-current capital employed includes property, plant and equipment, non-current inventory, less rehabilitation provisions and net deferred tax liabilities.
2 Discount rates expressed on a real terms, post-tax basis.
3 Across the curve.
4 The estimated recoverable value of non-current capital employed of these CGUs is estimated to be de minimis. No reasonably possible change in assumptions would materially impact this value, hence no sensitivity analysis is presented.

- $656 million, Mt. Isa Copper CGU. During the year, various options for copper mining activities were considered in the context of higher costs due to the above macro factors. These factors outweighed the significant efforts made over the past few years to make the operation more competitive, such that the entire carrying value of this CGU was impaired.
- $455 million, Mt. Isa Zinc CGU and $172 million, McArthur River Zinc CGU. Resulting primarily from the above-noted macro impacts, during 2022, the zinc market and its related treatment and refinery cost / revenue / profit drivers were significantly impacted, particularly in relation to ex-China smelting, where updated Group assumptions have significantly impacted Australia Zinc's long-term through-the-cycle expected mining returns.
- $185 million, Zhairem zinc/lead CGU. In addition to the above-noted macro impacts, the Zhairem CGU, located in Kazakhstan, was significantly impacted by additional logistical impositions, as traditional supply chains were re-routed and the Kazakhstan government increased mineral extraction tax by some 50% (e.g. the rate applicable to zinc increased from 7% to 10.5%).
- $143 million, Portovesme zinc/lead CGU. As a result of the above-noted macro impacts, particularly relating to increases in European energy costs, Portovesme curtailed its primary zinc and lead smelting operations, with its remaining focus then being the treatment / recycling of waelz oxides. These macro factors outweighed the significant efforts made over the past few years to make the primary operations more competitive, such that the entire carrying value of these CGUs, other than the waelz-oxide line, was impaired.

# Notes to the financial statements *continued*

## 7. Impairments continued

- $164 million, Volcan zinc CGU. Resulting primarily from the above-noted macro impacts, during 2022, the zinc market and its related treatment and refinery cost / revenue / profit drivers were significantly impacted, particularly in relation to ex-China smelting, whereby updated assumptions, including in relation to Peru's increasing political challenges, have impacted the long-term through-the-cycle expected returns of Volcan's southern cluster CGU.
- $227 million, Koniambo nickel CGU. As a result of persistent operational challenges, high ferro-nickel price discounts, and the above-noted macro impacts, which have produced significantly higher energy and other costs, a strategic review of the long-term viability of Koniambo was initiated with one of the options being the potential cessation of operations. These factors outweigh the significant efforts made over the past few years to make the operation more competitive, such that the entire carrying value of this CGU was impaired.
- Net $18 million reversal of impairments. The balance of the impairment charges of $70 million on property, plant and equipment (none of which were individually material) relate to specific assets (Industrial activities segment) where utilisation is no longer required or to projects no longer progressed due to changes in production and development plans, net of reversals of impairment of $88 million on property, plant and equipment (none of which were individually material) as a result of improved market conditions in the oil and gas market (Industrial activities segment).

### Investments
Primarily comprised impairment charges of $55 million in respect of our 26.3% interest in Trevali Mining Corporation (Industrial activities segment), reflecting the Company obtaining creditor protection, following a serious mining incident at its Perkoa Mine in Burkina Faso in April 2022, and $54 million in respect of our 2.1% interest in Britishvolt (Marketing activities segment), owing to its financial difficulties and entering into administration. As a result, the entire carrying values of these investments were impaired.

### Advances repayable with products
During 2022, the originally expected production rate at Mopani was not achieved, in part due to a lack of funding. The new shareholder had conducted operational and strategic reviews, resulting in Mopani seeking additional funding and to restructure and extend repayment of the transaction debt (see note 12). As a result, the advance was impaired by $422 million to a value of $596 million. The valuation assumed a long-term copper price of $7,400/t and an asset-specific discount rate of 19%, which is reflective of an increase in emerging market risk premiums and underlying interest rates. The valuation was most sensitive to price, receipt of physical copper and discount rate assumptions, and a deterioration in these assumptions could have resulted in additional impairments (Marketing activities segment). As at 31 December 2022, had the price assumptions declined by 10% (across the curve), it could have resulted in a further $43 million of impairment being recognised. If the discount rate increased by 1%, it could have resulted in a further $36 million of impairment being recognised, while a 10% decrease in physical copper estimates could have resulted in an additional impairment of $19 million. Conversely, a 10% increase in price assumptions (across the curve) would have resulted in an impairment reversal of $44 million and a 10% increase in physical copper receipts would have resulted in an impairment reversal of $18 million.

### VAT receivable – non-current
As a result of the continued delay and non-performance by the DRC government in settling long-outstanding Value Added Tax ('VAT') claims, impairment charges of $632 million were recognised in respect of balances outstanding at our Mutanda and KCC CGUs (Industrial activities segment).

### Inventories – non-current
As a result of geotechnical and other operational challenges, the KCC CGU undertook an extensive technical review and operational optimisation exercise, resulting in a significant reduction in its shorter-term production forecasts over the next three to four years, such that $113 million of inventory stockpile value was impaired, consistent with its latest life of mine model.

# Notes to the financial statements *continued*

## 8. Income taxes

Income taxes consist of the following:

| US$ million | 2023 | 2022 |
|---|---|---|
| Current income tax expense | (2,583) | (7,165) |
| Adjustments in respect of prior year current income tax | (282) | (274) |
| Deferred income tax credit | 697 | 998 |
| Adjustments in respect of prior year deferred income tax | (39) | 73 |
| **Total tax expense reported in the statement of income** | **(2,207)** | **(6,368)** |
| | | |
| Deferred income tax recognised directly in other comprehensive income | (17) | (65) |
| **Total tax expense recognised directly in other comprehensive income** | **(17)** | **(65)** |

The effective Group tax rate is different from the statutory Swiss income tax rate applicable to the Company for the following reasons:

| US$ million | 2023 | 2022 |
|---|---|---|
| Income before income taxes | 5,417 | 22,879 |
| Less: Share of income from associates and joint ventures | (1,337) | (2,300) |
| **Parent Company's and subsidiaries' income before income tax and attribution** | **4,080** | **20,579** |
| Income tax expense calculated at the Swiss income tax rate of 12% (2022: 12%) | (490) | (2,469) |
| Tax effects of: | | |
| Different tax rates from the standard Swiss income tax rate | (891) | (3,057) |
| Tax-exempt income | 525 | 538 |
| Items not tax deductible | (939) | (1,252) |
| Foreign exchange fluctuations | 263 | (187) |
| Changes in tax rates | 17 | (47) |
| Utilisation and changes in recognition of tax losses and temporary differences | (198) | 385 |
| Tax losses not recognised | (255) | (98) |
| Adjustments in respect of prior years | (321) | (201) |
| Other | 82 | 20 |
| **Income tax expense** | **(2,207)** | **(6,368)** |

The non-tax deductible items of $939 million (2022: $1,252 million) primarily relate to financing costs, impairments and various other expenses.

The impact of tax-exempt income of $525 million (2022: $538 million) primarily relates to non-taxable 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.

For significant items, including non-recurring adjustments, refer to APM section.

# Notes to the financial statements *continued*

## 8. Income taxes continued

### Deferred taxes

Deferred taxes as at 31 December 2023 and 2022 are attributable to the items in the table below:

| US$ million | **2023** | Recognised in the statement of income | Recognised in other comprehensive income | Business combination and disposal of subsidiaries | Foreign currency exchange movements | Other | 2022 |
|---|---|---|---|---|---|---|---|
| Deferred tax assets[1] | | | | | | | |
| Tax losses carried forward | 1,170 | (357) | – | 11 | 1 | – | 1,515 |
| Other | 220 | (108) | (17) | 22 | 1 | – | 322 |
| **Total** | **1,390** | **(465)** | **(17)** | **33** | **2** | **–** | **1,837** |
| Deferred tax liabilities[1] | | | | | | | |
| Depreciation and amortisation | (2,097) | 1,639 | – | (438) | 61 | (60) | (3,299) |
| Mark-to-market valuations | (306) | (183) | 2 | – | – | – | (125) |
| Other | (567) | (333) | (2) | – | (2) | (3) | (227) |
| **Total** | **(2,970)** | **1,123** | **–** | **(438)** | **59** | **(63)** | **(3,651)** |
| **Total Deferred tax - net** | **(1,580)** | **658** | **(17)** | **(405)** | **61** | **(63)** | **(1,814)** |

| US$ million | 2022 | Recognised in the statement of income | Recognised in other comprehensive income | Business combination and disposal of subsidiaries | Foreign currency exchange movements | Other | 2021 |
|---|---|---|---|---|---|---|---|
| Deferred tax assets[1] | | | | | | | |
| Tax losses carried forward | 1,515 | 116 | – | (4) | 1 | (16) | 1,418 |
| Other | 322 | (18) | (2) | (17) | (2) | – | 361 |
| **Total** | **1,837** | **98** | **(2)** | **(21)** | **(1)** | **(16)** | **1,779** |
| Deferred tax liabilities[1] | | | | | | | |
| Depreciation and amortisation | (3,299) | 1,254 | – | (625) | 60 | 168 | (4,156) |
| Mark-to-market valuations | (125) | (1) | (2) | 5 | – | – | (127) |
| Other | (227) | (280) | (61) | 295 | 5 | – | (186) |
| **Total** | **(3,651)** | **973** | **(63)** | **(325)** | **65** | **168** | **(4,469)** |
| **Total Deferred tax - net** | **(1,814)** | **1,071** | **(65)** | **(346)** | **64** | **152** | **(2,690)** |

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.

Deferred tax assets are net of $324 million (2022: $311 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 2023, $1,665 million (2022: $1,915 million) of deferred tax assets related to available loss carry forwards have been recognised, of which $1,170 million (2022: $1,515 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:

- $483 million (2022: $652 million) in entities domiciled in the DRC;
- $416 million (2022: $493 million) in entities domiciled in Switzerland; and
- $255 million (2022: $277 million) in entities domiciled in the US.

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.

# Notes to the financial statements *continued*

## 8. 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. As at 31 December 2023, deferred taxation assets have been recognised for available tax losses carried forward where they are expected to be utilised fully by taxable profits. 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. 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 US primarily relate to non-recurring events in 2011 and have a carry forward period of 20 years. The US entities comprise our core US 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 | **2023** | 2022 |
|---|---|---|
| Income tax receivable | 1,229 | 401 |
| Income tax payable | (1,850) | (4,660) |
| **Net income tax payable** | **(621)** | **(4,259)** |

### Income tax judgements and uncertain tax liabilities

The 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 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 2023, the Group has recognised $1,425 million (2022: $1,486 million) of uncertain tax liabilities related to possible adverse outcomes of these open matters, of which $324 million (2022: $311 million) has been recognised net of deferred tax assets, with the balance of $1,101 million (2022: $1,175 million) recognised as an income tax payable. The change in the total uncertain tax position during the year reflects the issuance of various new assessments and the outcome of certain settlements and discussions at the administrative phase.

#### UK Tax Audit

In previous periods, HMRC have issued formal transfer pricing, unallowable purposes and diverted profits tax assessments for the 2008-2019 tax years, amounting to $912 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 within the next financial year.

#### DRC Tax Audit

As a matter of course, various tax authorities in the DRC issue draft assessments adjusting revenue and denying costs and other items, along with customs-related claims for alleged non-compliance or incorrect coding on certain filings. Upon receipt of such draft assessments, the Group engages with the tax authorities to defend its filing positions. As at 31 December 2023, there are various ongoing technical discussions and challenges, the ultimate outcome of which remains uncertain, and therefore 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.

### 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 | **2023** | 2022 |
|---|---|---|
| 1 year | 18 | 115 |
| 2 years | 217 | 48 |
| 3 years | 16 | 44 |
| Thereafter | 12,193 | 9,642 |
| Unlimited | 17,212 | 13,806 |
| **Total** | **29,656** | **23,655** |

As at 31 December 2023, unremitted earnings of $58,500 million (2022: $62,829 million) have been retained by subsidiaries for reinvestment. No provision is made for income taxes.

# Notes to the financial statements *continued*

## 9. Property, plant and equipment

### 2023

| 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 2023 | | 6,504 | 45,850 | 3,198 | 27,255 | 413 | 15,094 | 98,314 |
| Business combination | 26 | 8 | 541 | 6 | 969 | – | 2 | 1,526 |
| Disposal of subsidiaries | 26 | (1) | (71) | – | (133) | – | – | (205) |
| Additions | | 46 | 3,571 | 821 | 145 | – | 772 | 5,355 |
| Disposals | | (52) | (818) | (491) | (81) | – | (569) | (2,011) |
| Effect of foreign currency exchange movements | | (8) | (178) | – | (156) | (1) | (31) | (374) |
| Other movements[1] | | 122 | (1,110) | (24) | 905 | 13 | 886 | 792 |
| **31 December 2023** | | **6,619** | **47,785** | **3,510** | **28,904** | **425** | **16,154** | **103,397** |
| **Accumulated depreciation and impairment:** | | | | | | | | |
| 1 January 2023 | | 2,807 | 29,142 | 1,726 | 14,347 | 362 | 10,366 | 58,750 |
| Disposal of subsidiaries | 26 | – | (56) | – | (105) | – | – | (161) |
| Disposals | | (50) | (721) | (444) | (72) | – | (561) | (1,848) |
| Depreciation | | 301 | 2,179 | 665 | 1,440 | 1 | 1,271 | 5,857 |
| Impairment | 7 | 72 | 334 | – | 980 | 29 | 295 | 1,710 |
| Effect of foreign currency exchange movements | | (4) | (89) | – | (67) | – | (10) | (170) |
| Other movements[1] | | 17 | (112) | (12) | (12) | – | 145 | 26 |
| **31 December 2023** | | **3,143** | **30,677** | **1,935** | **16,511** | **392** | **11,506** | **64,164** |
| **Net book value 31 December 2023** | | **3,476** | **17,108** | **1,575** | **12,393** | **33** | **4,648** | **39,233** |

1 Primarily consists of increases in rehabilitation provision of $780 million and reclassifications within the various property, plant and equipment headings.

Plant and equipment includes expenditure for construction in progress of $4,640 million (2022: $3,731 million). Depreciation expenses included in cost of goods sold are $5,805 million (2022: $6,782 million) and in selling and administrative expenses, $52 million (2022: $46 million).

During 2023, $51 million (2022: $31 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 6.1% (2022: 3.5%).

As at 31 December 2023, with the exception of leases, no property, plant or equipment was pledged as security for borrowings (2022: $Nil).

# Notes to the financial statements *continued*

## 9. Property, plant and equipment continued

### 2022

| 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 2022 | | 6,854 | 44,580 | 3,048 | 30,019 | 665 | 15,552 | 100,718 |
| Business combination | 26 | 542 | 1,009 | 20 | 961 | – | 271 | 2,803 |
| Disposal of subsidiaries | 26 | (169) | (256) | (37) | (163) | (255) | (382) | (1,262) |
| Additions | | 67 | 3,179 | 425 | 84 | – | 876 | 4,631 |
| Disposals | | (59) | (1,127) | (169) | (94) | (4) | (186) | (1,639) |
| Effect of foreign currency exchange movements | | (8) | (171) | (1) | (145) | 2 | (30) | (353) |
| Reclassification to held for sale | 16 | (897) | (953) | (86) | (3,824) | – | (1,199) | (6,959) |
| Other movements[1] | | 174 | (411) | (2) | 417 | 5 | 192 | 375 |
| **31 December 2022** | | **6,504** | **45,850** | **3,198** | **27,255** | **413** | **15,094** | **98,314** |
| | | | | | | | | |
| **Accumulated depreciation and impairment:** | | | | | | | | |
| 1 January 2022 | | 2,940 | 27,361 | 1,343 | 15,777 | 577 | 9,561 | 57,559 |
| Disposal of subsidiaries | 26 | (137) | (199) | (33) | (113) | (210) | (323) | (1,015) |
| Disposals | | (53) | (1,003) | (134) | (50) | (2) | (185) | (1,427) |
| Depreciation | | 383 | 2,610 | 573 | 1,993 | – | 1,269 | 6,828 |
| Impairment | 7 | 91 | 910 | – | 323 | (2) | 660 | 1,982 |
| Effect of foreign currency exchange movements | | (3) | (89) | (2) | (54) | (1) | (7) | (156) |
| Reclassification to held for sale | 16 | (447) | (474) | (21) | (3,490) | – | (609) | (5,041) |
| Other movements[1] | | 33 | 26 | – | (39) | – | – | 20 |
| **31 December 2022** | | **2,807** | **29,142** | **1,726** | **14,347** | **362** | **10,366** | **58,750** |
| **Net book value 31 December 2022** | | **3,697** | **16,708** | **1,472** | **12,908** | **51** | **4,728** | **39,564** |

1 Primarily consists of increases in rehabilitation provision of $399 million and reclassifications within the various property, plant and equipment headings.

### Leases

The Group leases various assets including land and buildings and plant and equipment. As at 31 December 2023, the net book value of recognised right-of use assets relating to land and buildings was $468 million (2022: $418 million) and plant and equipment $1,107 million (2022: $1,054 million). The depreciation charge for the period relating to those assets was $72 million (2022: $58 million) and $593 million (2022: $515 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 21 and their maturity analysis within note 27.

Amounts recognised in the statement of income are detailed below:

| US$ million | **2023** | 2022 |
|---|---|---|
| Depreciation on right-of-use assets | (665) | (573) |
| Interest expense on lease liabilities | (117) | (88) |
| Expense relating to short-term leases | (992) | (781) |
| Expense relating to low-value leases | (17) | (16) |
| Expense relating to variable lease payments not included in the measurement of the lease liability | (34) | (7) |
| Income from subleasing right-of-use assets | 187 | 153 |
| **Total** | **(1,638)** | **(1,312)** |

At 31 December 2023, the Group is committed to $407 million of short-term lease payments (2022: $229 million) and $87 million (2022: $Nil) related to capitalised leases not yet commenced.

# Notes to the financial statements *continued*

## 10. Intangible assets

### 2023

| US$ million | Notes | Goodwill | Port allocation rights | Licences, trademarks and software | Customer relationships and other | Total |
|---|---|---|---|---|---|---|
| **Cost:** | | | | | | |
| 1 January 2023 | | 13,134 | 1,128 | 554 | 753 | 15,569 |
| Business combination | 26 | – | – | – | 7 | 7 |
| Disposal of subsidiaries | 26 | – | – | (12) | – | (12) |
| Additions | | – | – | 5 | 26 | 31 |
| Disposals | | – | – | (5) | (23) | (28) |
| Effect of foreign currency exchange movements | | – | (79) | 6 | 10 | (63) |
| Other movements | | – | – | 11 | 2 | 13 |
| **31 December 2023** | | **13,134** | **1,049** | **559** | **775** | **15,517** |
| | | | | | | |
| **Accumulated amortisation and impairment:** | | | | | | |
| 1 January 2023 | | 8,134 | 381 | 348 | 546 | 9,409 |
| Disposals | | – | – | (5) | (12) | (17) |
| Amortisation expense[1] | | – | 52 | 40 | 32 | 124 |
| Impairment | 7 | – | – | – | 18 | 18 |
| Effect of foreign currency exchange movements | | – | (26) | 1 | 6 | (19) |
| Other movements | | – | – | (2) | 2 | – |
| **31 December 2023** | | **8,134** | **407** | **382** | **592** | **9,515** |
| **Net book value 31 December 2023** | | **5,000** | **642** | **177** | **183** | **6,002** |

1 Recognised in cost of goods sold.

### 2022

| US$ million | Notes | Goodwill | Port allocation rights | Licences, trademarks and software | Customer relationships and other | Total |
|---|---|---|---|---|---|---|
| **Cost:** | | | | | | |
| 1 January 2022 | | 13,293 | 1,203 | 561 | 669 | 15,726 |
| Disposal of subsidiaries | 26 | (159) | – | (4) | (24) | (187) |
| Additions | | – | 1 | 6 | 7 | 14 |
| Disposals | | – | (1) | (25) | (2) | (28) |
| Effect of foreign currency exchange movements | | – | (73) | 3 | 2 | (68) |
| Reclassification to held for sale | 16 | – | – | (1) | (10) | (11) |
| Other movements[1] | | – | (2) | 14 | 111 | 123 |
| **31 December 2022** | | **13,134** | **1,128** | **554** | **753** | **15,569** |
| | | | | | | |
| **Accumulated amortisation and impairment:** | | | | | | |
| 1 January 2022 | | 8,293 | 308 | 341 | 549 | 9,491 |
| Disposal of subsidiaries | 26 | (159) | – | (4) | (24) | (187) |
| Disposals | | – | – | (24) | (3) | (27) |
| Amortisation expense[2] | | – | 97 | 34 | 28 | 159 |
| Impairment | 7 | – | – | 2 | – | 2 |
| Effect of foreign currency exchange movements | | – | (24) | – | 2 | (22) |
| Reclassification to held for sale | 16 | – | – | – | (6) | (6) |
| Other movements | | – | – | (1) | – | (1) |
| **31 December 2022** | | **8,134** | **381** | **348** | **546** | **9,409** |
| **Net book value 31 December 2022** | | **5,000** | **747** | **206** | **207** | **6,160** |

1 Includes $109 million for Mutanda mining licence renewal, which is being amortised over 15 years.
2 Recognised in cost of goods sold.

# Notes to the financial statements *continued*

## 10. 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 | **2023** | 2022 |
|---|---|---|
| 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.

### 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 2024 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 10 times (2022: 12 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 over the next 12 months. The determination of FVLCD for each of the marketing CGUs used Level 3 valuation techniques in both years.

### Port allocation rights

Port allocation rights represent contractual entitlements to export certain amounts of coal on an annual basis from Richards Bay Coal Terminal in South Africa recognised as part of previous business combinations. The rights are amortised on a units of production basis.

### 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 and 20 years.

### Customer relationships

Customer relationships mainly represent intangible assets related to long-standing customer relationships recognised in previous business combinations. These intangible assets are being amortised on a straight-line basis over their estimated economic life which ranges between 5 and 9 years.

# Notes to the financial statements *continued*

## 11. Investments in associates, joint ventures and other investments

### Investments in associates and joint ventures

| US$ million | Notes | 2023 | 2022 |
|---|---|---|---|
| 1 January | | 11,878 | 12,294 |
| Additions | | 829 | 157 |
| Disposals | | (22) | (232) |
| Share of income from associates and joint ventures | | 1,337 | 2,300 |
| Share of other comprehensive income/(loss) from associates and joint ventures | | 16 | (100) |
| Transfer of previously held equity accounted investment to subsidiary | 26 | (175) | (598) |
| Impairments | 7 | – | (113) |
| Dividends received | | (1,328) | (1,691) |
| Reclassification to held for sale | 16 | (3,711) | (148) |
| Other movements | | (1) | 9 |
| **31 December** | | **8,823** | **11,878** |
| Of which: | | | |
| Investments in associates | | 5,281 | 4,806 |
| Investments in joint ventures | | 3,542 | 7,072 |

As at 31 December 2023, the carrying value of our listed associates is $591 million (2022: $430 million), mainly comprising Century Aluminum, PT CITA and Metals Acquisition Corp., which have carrying values of $170 million (2022: $232 million), $199 million (2022: $181 million) and $100 million (2022: $Nil), respectively. The fair value of our listed associates, using published price quotations (a Level 1 fair value measurement) is $862 million (2022: $652 million). As at 31 December 2023, Glencore's investment in Century Aluminum was pledged under a loan facility, with proceeds received and recognised in current borrowings of $125 million (2022: $Nil) (see note 21).

### Additions

On 1 December 2023, Glencore completed the acquisition of a non-controlling 30% equity stake in Alunorte S.A. and a non-controlling 45% equity stake in Mineracão Rio do Norte S.A. for a combined payment on completion, including earn-in and other adjustments, of $677 million. The acquisition of the equity stakes provides Glencore with exposure to lower-quartile carbon alumina and bauxite, enhancing our capability to supply to our customers such critical materials for the ongoing energy transition.

### Disposals

On 12 July 2022, Glencore effected the sale of a royalty package by BaseCore Metals LP ('BaseCore') to Sandstorm Gold Ltd. ('Sandstorm'). Glencore received, in aggregate, $300 million in cash and Sandstorm shares for its 50% interest in BaseCore. The disposal resulted in a gain on disposal of non-current assets of $131 million (see note 4).

### Transfer of previously held equity accounted investments to subsidiary

In March 2023, Glencore completed the acquisition of the remaining 75% interest in Noranda Income Fund, an electrolytic zinc processing facility and ancillary assets located in Salaberry-de-Valleyfield, Quebec, that it did not previously own. Prior to the acquisition, Glencore owned a 25% interest in Noranda Income Fund which was accounted for as an associate (see note 26).

In September 2023, Glencore completed the acquisition of the remaining 56.25% interest in the MARA Project, a copper and gold brownfield project located in Argentina, that it did not previously own. Prior to the acquisition, Glencore owned a 43.75% interest in the MARA Project which was accounted for as an associate (see note 26).

In January 2022, Glencore completed the acquisition of the remaining 66.67% interest in Cerrejón, a coal mine in Colombia, that it did not own. Prior to the acquisition, Glencore owned a 33.33% interest in Cerrejón which was accounted for as an associate (see note 26).

# Notes to the financial statements *continued*

## 11. Investments in associates, joint ventures and other investments continued

### 2023 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 | Antamina | Total material associates | Collahuasi | Viterra[2] | Total material joint ventures | Total material associates and joint ventures |
|---|---|---|---|---|---|---|
| Non-current assets | 6,275 | **6,275** | 6,914 | – | **6,914** | **13,189** |
| Current assets | 1,596 | **1,596** | 2,173 | – | **2,173** | **3,769** |
| Non-current liabilities | (2,488) | **(2,488)** | (2,662) | – | **(2,662)** | **(5,150)** |
| Current liabilities | (857) | **(857)** | (718) | – | **(718)** | **(1,575)** |
| *The above assets and liabilities include the following:* | | | | | | |
| Cash and cash equivalents | 71 | **71** | 327 | – | **327** | **398** |
| Current financial liabilities[1] | (106) | **(106)** | (31) | – | **(31)** | **(137)** |
| Non-current financial liabilities[1] | (1,138) | **(1,138)** | (1,091) | – | **(1,091)** | **(2,229)** |
| **Net assets 31 December 2023** | **4,526** | **4,526** | **5,707** | **–** | **5,707** | **10,233** |
| Glencore's ownership interest | 33.8% | | 44.0% | 49.9% | | |
| Acquisition fair value and other adjustments | 1,618 | **1,618** | 1,031 | – | **1,031** | **2,649** |
| Carrying value | 3,148 | **3,148** | 3,542 | – | **3,542** | **6,690** |

1 Financial liabilities exclude trade, other payables and provisions.
2 Classified as held for sale, see note 16.

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 2023 including Group adjustments relating to alignment of accounting policies or fair value adjustments, is set out below.

| US$ million | Antamina | Total material associates | Collahuasi | Viterra[3] | Total material joint ventures | Total material associates and joint ventures |
|---|---|---|---|---|---|---|
| Revenue | 4,243 | **4,243** | 4,648 | – | **4,648** | **8,891** |
| Income for the year | 1,206 | **1,206** | 1,471 | – | **1,471** | **2,677** |
| Other comprehensive loss | – | **–** | (18) | – | **(18)** | **(18)** |
| Total comprehensive income | 1,206 | **1,206** | 1,453 | – | **1,453** | **2,659** |
| Glencore's share of dividends paid | 452 | **452** | 308 | – | **308** | **760** |
| | | | | | | |
| *The above income for the year includes the following:* | | | | | | |
| Depreciation and amortisation | (1,193) | **(1,193)** | (741) | – | **(741)** | **(1,934)** |
| Interest income[1] | 34 | **34** | 20 | – | **20** | **54** |
| Interest expense[2] | (21) | **(21)** | (18) | – | **(18)** | **(39)** |
| Income tax expense | (664) | **(664)** | (761) | – | **(761)** | **(1,425)** |

1 Includes foreign exchange gains and other income of $29 million.
2 Includes foreign exchange losses and other expenses of $22 million.
3 Classified as held for sale, see note 16.

# Notes to the financial statements *continued*

## 11. Investments in associates, joint ventures and other investments continued

### 2022 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 | Antamina | **Total material associates** | Collahuasi | Viterra | **Total material joint ventures** | **Total material associates and joint ventures** |
|---|---|---|---|---|---|---|
| Non-current assets | 5,137 | **5,137** | 5,540 | 7,207 | **12,747** | **17,884** |
| Current assets | 2,105 | **2,105** | 2,405 | 16,480 | **18,885** | **20,990** |
| Non-current liabilities | (2,129) | **(2,129)** | (2,602) | (7,496) | **(10,098)** | **(12,227)** |
| Current liabilities | (681) | **(681)** | (436) | (10,958) | **(11,394)** | **(12,075)** |
| *The above assets and liabilities include the following:* | | | | | | |
| Cash and cash equivalents | 87 | **87** | 446 | 637 | **1,083** | **1,170** |
| Current financial liabilities[1] | (50) | **(50)** | (21) | (4,007) | **(4,028)** | **(4,078)** |
| Non-current financial liabilities[1] | (1,089) | **(1,089)** | (1,084) | (6,759) | **(7,843)** | **(8,932)** |
| **Net assets 31 December 2022** | **4,432** | **4,432** | **4,907** | **5,233** | **10,140** | **14,572** |
| Glencore's ownership interest | 33.8% | | 44.0% | 49.9% | | |
| Acquisition fair value and other adjustments | 1,694 | **1,694** | 1,046 | 1,256 | **2,302** | **3,996** |
| Carrying value | 3,192 | **3,192** | 3,205 | 3,867 | **7,072** | **10,264** |

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 2022, including Group adjustments relating to alignment of accounting policies or fair value adjustments, is set out below.

| US$ million | Antamina | **Total material associates** | Collahuasi | Viterra | **Total material joint ventures** | **Total material associates and joint ventures** |
|---|---|---|---|---|---|---|
| Revenue | 4,668 | **4,668** | 4,817 | 53,854 | **58,671** | **63,339** |
| Income for the year | 1,601 | **1,601** | 1,807 | 995 | **2,802** | **4,403** |
| Other comprehensive loss | – | **–** | (13) | (155) | **(168)** | **(168)** |
| Total comprehensive income | 1,601 | **1,601** | 1,794 | 840 | **2,634** | **4,235** |
| Glencore's share of dividends paid | 472 | **472** | 660 | 200 | **860** | **1,332** |
| *The above (loss)/income for the year includes the following:* | | | | | | |
| Depreciation and amortisation | (1,039) | **(1,039)** | (658) | (936) | **(1,594)** | **(2,633)** |
| Interest income[1] | 86 | **86** | 9 | 131 | **140** | **226** |
| Interest expense[2] | (5) | **(5)** | (120) | (397) | **(517)** | **(522)** |
| Income tax expense | (952) | **(952)** | (832) | (463) | **(1,295)** | **(2,247)** |

1 Includes foreign exchange gains and other income of $186 million.
2 Includes foreign exchange losses and other expenses of $62 million.

# Notes to the financial statements *continued*

## 11. Investments in associates, joint ventures and other investments continued

Aggregate information of associates and joint ventures that are not individually material:

| US$ million | 2023 | 2022 |
|---|---|---|
| The Group's share of income | **282** | 467 |
| The Group's share of other comprehensive gain/(loss) | **24** | (17) |
| The Group's share of total comprehensive income | **306** | 450 |
| Aggregate carrying value of the Group's interests | **2,133** | 1,614 |

The amount of corporate guarantees in favour of associates and joint ventures as at 31 December 2023 was $131 million (2022: $463 million). No amounts have been claimed or provided as at 31 December 2023. Glencore's share of joint ventures' capital commitments amounts to $431 million (2022: $464 million).

Refer to note 35 for further details of the Group's principal associates and joint ventures.

### Other investments

Other investments comprise equity investments, other than investments in associates, recorded at fair value.

**2023**

| US$ million | FVTOCI[1] | FVTPL[2] | Total |
|---|---|---|---|
| 1 January | 419 | 37 | 456 |
| Additions | 62 | 108 | 170 |
| Disposals | – | (39) | (39) |
| Changes in mark-to-market valuations | (94) | 20 | (74) |
| **Total** | **387** | **126** | **513** |

**2022**

| US$ million | FVTOCI[1] | FVTPL[2] | Total |
|---|---|---|---|
| 1 January | 1,620 | – | 1,620 |
| Additions | 338 | 50 | 388 |
| Disposals | (312) | (10) | (322) |
| Changes in mark-to-market valuations | (1,124) | (17) | (1,141) |
| Impairments | (54) | – | (54) |
| Reclassification to held for sale | (38) | – | (38) |
| Other movements | (11) | 14 | 3 |
| **Total** | **419** | **37** | **456** |

1 FVTOCI - Fair value through other comprehensive income.
2 FVTPL - Fair value through profit and loss.

During the year, dividend income from equity investments designated at fair value through other comprehensive income amounted to $6 million (2022: $45 million).

Refer to note 35 for further details of the Group's principal other investments.

# Notes to the financial statements *continued*

## 12. Advances and loans

| US$ million | Notes | 2023 | 2022 |
|---|---|---|---|
| **Financial assets at amortised cost** | | | |
| Loans to associates | | 137 | 130 |
| Advances and loans[1,2] | | 1,363 | 580 |
| Deferred consideration | 26 | 60 | 142 |
| Rehabilitation trust fund[3] | | 148 | 148 |
| | | **1,708** | **1,000** |
| **Financial assets at fair value through profit and loss** | | | |
| Prepaid commodity forward contracts[2,4] | 28 | 124 | 44 |
| Other non-current receivables and loans | 28 | 22 | 22 |
| Convertible loan | 28 | 136 | 168 |
| Contingent consideration | 28 | – | 103 |
| | | **282** | **337** |
| **Non-financial assets** | | | |
| Pension surpluses | 24 | 189 | 148 |
| Advances repayable with product[2] | | 447 | 939 |
| Land rights prepayment | | 150 | 150 |
| Other tax and related non-current receivables | | 100 | 80 |
| | | **886** | **1,317** |
| **Total** | | **2,876** | **2,654** |

1 Net of $261 million (2022: $538 million) provided by various banks, the repayment terms of which are contingent upon and connected to the future delivery of contractual production.
2 Certain amounts related to advances that are accounted for as financial instruments were reclassified from their prior period presentation within 'Non-financial assets' to 'Financial assets at amortised cost' ($271 million) and 'Financial assets at fair value through profit and loss' ($44 million).
3 The balance has been assessed for impairment and is deemed recoverable.
4 Net of $572 million (2022: $Nil) 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.

### Advances and loans

Various financing facilities, generally marketing related and secured against certain assets and/or payable from the future sale of production of the counterparty. Secured financing arrangements are separable from contracts to buy or sell commodities and are primarily settled in cash or another financial asset. They 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.

# Notes to the financial statements *continued*

## 12. Advances and loans continued

### Loss allowances of financial assets at amortised cost

The Group determines the expected credit loss of loans to associates, advances and loans (at amortised cost) and deferred consideration 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 movement in loss allowance for financial assets classified at amortised cost is detailed below:

| **2023** | Loans to associates | | | Advances and loans and deferred consideration | | | |
|---|---|---|---|---|---|---|---|
| US$ million | 12-Month ECL | Lifetime ECL[1] | Total | 12-Month ECL | Lifetime ECL[2] | Total | **Total** |
| **Gross carrying value** | | | | | | | |
| 1 January 2023[3] | 15 | 191 | 206 | 364 | 717 | 1,081 | 1,287 |
| Increase during the period | – | 17 | 17 | 362 | 31 | 393 | 410 |
| Decrease during the period | – | (2) | (2) | (70) | (262) | (332) | (334) |
| Assumed in business combination | – | – | – | 8 | – | 8 | 8 |
| Effect of foreign currency exchange movements | – | (5) | (5) | 1 | – | 1 | (4) |
| Reclassifications | 1 | (1) | – | (143) | 748 | 605 | 605 |
| **31 December 2023** | **16** | **200** | **216** | **522** | **1,234** | **1,756** | **1,972** |
| **Allowance for credit loss** | | | | | | | |
| 1 January 2023[3] | – | 76 | 76 | 9 | 350 | 359 | 435 |
| Released during the period[4] | – | (3) | (3) | (3) | (9) | (12) | (15) |
| Charged during the period[4] | – | 2 | 2 | 27 | 127 | 154 | 156 |
| Utilised during the period | – | – | – | – | (203) | (203) | (203) |
| Effect of foreign currency exchange movements | – | 1 | 1 | (5) | 1 | (4) | (3) |
| Reclassifications | – | 3 | 3 | – | 39 | 39 | 42 |
| **31 December 2023** | **–** | **79** | **79** | **28** | **305** | **333** | **412** |
| **Net carrying value 31 December 2023** | **16** | **121** | **137** | **494** | **929** | **1,423** | **1,560** |

| **2022** | Loans to associates | | | Advances and loans and deferred consideration | | | |
|---|---|---|---|---|---|---|---|
| US$ million | 12-Month ECL | Lifetime ECL[1] | Total | 12-Month ECL | Lifetime ECL[2] | Total | **Total** |
| **Gross carrying value** | | | | | | | |
| 1 January 2022[3] | 31 | 159 | 190 | 529 | 676 | 1,205 | 1,395 |
| Increase during the period | 10 | 14 | 24 | 143 | 143 | 286 | 310 |
| Decrease during the period | (1) | (5) | (6) | (75) | (150) | (225) | (231) |
| Disposal of subsidiaries | (6) | – | (6) | (49) | – | (49) | (55) |
| Reclassification to held for sale | 6 | – | 6 | 10 | – | 10 | 16 |
| Reclassifications | (25) | 23 | (2) | (194) | 48 | (146) | (148) |
| **31 December 2022** | **15** | **191** | **206** | **364** | **717** | **1,081** | **1,287** |
| **Loss allowances** | | | | | | | |
| 1 January 2022[3] | – | 62 | 62 | 14 | 278 | 292 | 354 |
| Released during the period[4] | – | – | – | – | (9) | (9) | (9) |
| Charged during the period[4] | – | 14 | 14 | – | 91 | 91 | 105 |
| Reclassifications | – | – | – | (5) | (10) | (15) | (15) |
| **31 December 2022** | **–** | **76** | **76** | **9** | **350** | **359** | **435** |
| **Net carrying value 31 December 2022** | **15** | **115** | **130** | **355** | **367** | **722** | **852** |

1 Gross carrying amount comprises stage 2 receivables of $126 million (2022: $Nil) and stage 3 receivables of $74 million (2022: $191 million). Loss allowance comprises stage 2 credit losses of $31 million (2022: $Nil) and stage 3 credit losses of $48 million (2022: $76 million).
2 Gross carrying amount comprises stage 2 receivables of $738 million (2022: $138 million) and stage 3 receivables of $496 million (2022: $579 million). Loss allowance comprises stage 2 credit losses of $101 million (2022: $51 million) and stage 3 credit losses $204 million (2022: $299 million).
3 Certain amounts related to prepaid commodity contracts which do not meet the own-use exemption and are thus accounted for as financial instruments, were reclassified from their prior period presentation within 'Non-financial assets' to 'Financial assets at amortised cost'. Advances and loans opening balances have been adjusted accordingly.
4 $135 million (2022: $37 million) recognised as impairment (see note 7) and the balancing charge of $6 million (2022: $59 million) recognised in net expected credit losses.

# Notes to the financial statements *continued*

## 12. Advances and loans continued

## Financial assets at fair value through profit and loss

### Prepaid commodity forward contracts

Certain physically settled advances and prepayments which are not separable from contracts to buy or sell commodities where the commodities do not meet the own-use exemption criteria are accounted for as financial instruments at fair value through profit and loss.

### Other non-current receivables and loans

During 2023, fair value movements of positive $7 million were recognised (2022: $Nil)(see note 7).

### Convertible loan

In May 2022, Glencore subscribed for $200 million of convertible debt in Li-Cycle Holdings Corp. ('Li-Cycle'), a lithium-ion battery recycler in North America, listed on the New York Stock Exchange. The convertible loan is repayable by 2027 at an effective interest rate of SOFR plus 5% per annum. If Glencore elects to convert during the conversion option period, Glencore would hold an approximate 10% equity stake in Li-Cycle. The loan is classified as financial asset at fair value through profit and loss in accordance with IFRS (see notes 28 and 29). During 2023, fair value movements of negative $74 million (2022: $40 million) were recognised in net changes in mark-to-market valuations (see note 5).

### Contingent consideration

In 2023, fair value movements of negative $32 million (2022: $117 million positive) were recognised in net changes in mark-to-market valuations (see note 5).

## Non-financial assets

### Advances repayable with product

Where physically settled advances and prepayments which are not separable from contracts to buy or sell commodities meet the own-use exemption criteria, they are classified as non-financial assets and assessed for impairment.

#### Mopani

On 31 March 2021, Glencore completed the disposal of its 90% interest in Mopani to ZCCM Investments Holdings plc, the holder of the remaining 10% interest in Mopani, in exchange for $1 and the rights to offtake copper and other metals from Mopani until $1.5 billion of existing intercompany debt (the 'transaction debt') has been repaid to Glencore. The transaction debt attracts interest at a floating benchmark rate plus 3%. The repayment of the transaction debt is in substance based on Glencore receiving physical product deliveries from Mopani through its offtake rights and retaining defined percentages of Mopani's annual gross revenues until the transaction debt is fully repaid. On the date of completion, the fair value of the transaction debt was determined to be $838 million (see note 26). During 2022 and 2023, the originally expected production rate at Mopani was not achieved, in part due to a lack of funding. The new shareholder has conducted operational and strategic reviews, resulting in Mopani seeking additional equity funding and to restructure the transaction debt. As a result, a further impairment of $156 million (2022: $422 million) was recognised (see note 7).

### Land rights prepayment

In August 2020, Kamoto Copper Company ('KCC') advanced $150 million to La Générale des Carrières et des Mines ('Gécamines'), to acquire a comprehensive land package covering areas adjacent to KCC's existing mining concessions for $250 million. 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 five days after the respective closing conditions of each area to be transferred are satisfied. During 2023, activities and discussions to facilitate access to the land packages continued.

# Notes to the financial statements *continued*

## 13. Inventories

| US$ million | 2023 | 2022 |
|---|---|---|
| **Inventory at fair value less costs of disposal[1]** | 14,441 | 15,608 |
| | | |
| Raw materials and consumables | 5,827 | 5,970 |
| Semi finished products | 4,955 | 5,527 |
| Finished goods[1] | 6,346 | 6,355 |
| **Inventory at the lower of cost or net realisable value** | **17,128** | **17,852** |
| **Total current inventory** | **31,569** | **33,460** |
| | | |
| Raw materials and consumables | 623 | 605 |
| **Inventory at the lower of cost or net realisable value** | **623** | **605** |
| **Total non-current inventory** | **623** | **605** |

1 Certain amounts were reclassified from their prior period presentation to conform with current year presentation.

### Current inventory

The amount of inventories and related ancillary costs recognised as an expense during the period was $188,291 million (2022: $211,666 million).

Fair value of inventories are predominantly a Level 2 fair value measurement 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.

Inventories of $216 million (2022: $862 million) are a Level 3 fair value measurement using observable market prices obtained from exchanges, traded reference indices or market survey services, adjusted for significant unobservable inputs such as relevant location and quality differentials. Movements during the year comprise unrealised losses recognised in cost of goods sold of $121 million (2022: $231 million) million, purchases of $574 million (2022: $1,870 million) and sales of $1,099 million (2022: $1,115 million). A 10% change in pricing assumptions would result in a $4 million (2022: $18 million) adjustment to the current carrying value.

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 21). As at 31 December 2023, the total amount of inventory pledged under such facilities was $1,808 million (2022: $3,455 million). The proceeds received and recognised as current borrowings were $1,843 million (2022: $3,092 million) and $Nil (2022: $80 million) as non-current borrowings.

### Non-current inventory

Non-current 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.

# Notes to the financial statements *continued*

## 14. Accounts receivable

| US$ million | Notes | 2023 | 2022 |
|---|---|---|---|
| **Financial assets at amortised cost** | | | |
| Trade receivables[1] | | 4,281 | 5,610 |
| Margin calls paid and other broker balances | | 3,036 | 8,111 |
| Receivables from associates | | 352 | 441 |
| Deferred consideration | 26 | 73 | 333 |
| Other receivables[2,3,4] | | 1,050 | 605 |
| | | **8,792** | **15,100** |
| **Financial assets at fair value through profit and loss** | | | |
| Trade receivables containing provisional pricing features[1] | 28 | 6,229 | 7,018 |
| Prepaid commodity forward contracts[2,5] | 28 | 543 | 520 |
| Contingent consideration | 28 | 137 | 128 |
| Other receivables | 28 | 8 | 73 |
| | | **6,917** | **7,739** |
| **Non-financial assets** | | | |
| Advances repayable with product[2] | | 624 | 223 |
| Other tax and related receivables[6] | | 2,052 | 1,503 |
| | | **2,676** | **1,726** |
| **Total** | | **18,385** | **24,565** |

1 Certain amounts were reclassified from their prior period presentation within 'Trade receivables' to 'Trade receivables containing provisional pricing features' ($1,592 million) to conform with current year presentation.
2 Certain amounts related to advances that are accounted for as financial instruments were reclassified from their prior period presentation within 'Non-financial assets' to 'Financial assets at amortised cost' ($596 million to 'Margin calls paid and other broker balances' and $77 million to 'Other receivables') and 'Financial assets at fair value through profit and loss' ($520 million).
3 Includes loans and advances of $724 million (2022: $396 million).
4 Net of $181 million (2022: $240 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.
5 Net of $217 million (2022: $247 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.
6 Comprises sales and other tax receivables of $1,892 million (2022: $1,351 million) and other receivables of $160 million (2022: $152 million).

## Financial assets at amortised cost

### Trade receivables

Trade receivables are separable from contracts to buy or sell commodities and are primarily settled in cash or another financial asset.

The average credit period on sales of goods is 20 days (2022: 17 days). The carrying value of trade receivables approximates fair value.

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 net expected credit losses and during the period, a gain of $6 million (2022: charge of $148 million) was recognised. The current year provision is lower in the current period primarily due to the lower overall gross receivable balances on-hand at the period end as a result of lower commodity prices. 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 2023 | **Not past due** | **<30** | **31 – 60** | **61 – 90** | **>90** | **Total** |
| Gross carrying amount | 2,865 | 251 | 20 | 42 | 1,269 | 4,447 |
| Weighted average expected credit loss rate | 0.43% | 0.62% | 1.01% | 1.01% | 11.18% | |
| Lifetime expected credit loss | (12) | (2) | – | – | (152) | (166) |
| **Total** | **2,853** | **249** | **20** | **42** | **1,117** | **4,281** |

| US$ million | **Trade receivables – days past due** | | | | | |
|---|---|---|---|---|---|---|
| As at 31 December 2022 | **Not past due** | **<30** | **31 – 60** | **61 – 90** | **>90** | **Total** |
| Gross carrying amount | 3,422 | 444 | 158 | 85 | 1,673 | 5,782 |
| Weighted average expected credit loss rate | 0.45% | 0.67% | 0.98% | 1.17% | 7.34% | |
| Lifetime expected credit loss | (23) | (3) | (2) | (1) | (143) | (172) |
| **Total** | **3,399** | **441** | **156** | **84** | **1,530** | **5,610** |

# Notes to the financial statements *continued*

## 14. Accounts receivable continued

The Group determines the expected credit loss of receivables from associates, deferred consideration and other receivables (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 movement in allowance for credit loss relating to receivables from associates and other receivables is detailed below:

| **2023** | Receivables from associates | | | Other receivables and deferred consideration | | | |
|---|---|---|---|---|---|---|---|
| US$ million | 12-Month ECL | Lifetime ECL[1] | Total | 12-Month ECL | Lifetime ECL[2] | Total | **Total** |
| **Gross carrying value** | | | | | | | |
| 1 January 2023[3] | 432 | 136 | 568 | 896 | 185 | 1,081 | 1,649 |
| Increase during the period | 77 | 1 | 78 | 491 | 3 | 494 | 572 |
| Decrease during the period | (166) | (16) | (182) | (429) | (84) | (513) | (695) |
| Assumed in business combination | – | – | – | 13 | – | 13 | 13 |
| Effect of foreign currency exchange movements | 1 | 4 | 5 | (8) | 3 | (5) | – |
| Reclassifications | (2) | 2 | – | (34) | 292 | 258 | 258 |
| **31 December 2023** | **342** | **127** | **469** | **929** | **399** | **1,328** | **1,797** |
| | | | | | | | |
| **Allowance for credit loss** | | | | | | | |
| 1 January 2023[3] | – | 127 | 127 | 39 | 104 | 143 | 270 |
| Released during the period[4] | – | (15) | (15) | (30) | – | (30) | (45) |
| Charged during the period[4] | – | 4 | 4 | 11 | 101 | 112 | 116 |
| Utilised during the period | – | – | – | – | (30) | (30) | (30) |
| Effect of foreign currency exchange movements | – | 4 | 4 | (1) | 4 | 3 | 7 |
| Reclassifications | – | (3) | (3) | 2 | 5 | 7 | 4 |
| **31 December 2023** | **–** | **117** | **117** | **21** | **184** | **205** | **322** |
| | | | | | | | |
| **Net carrying value 31 December 2023** | **342** | **10** | **352** | **908** | **215** | **1,123** | **1,475** |

1 Gross carrying value comprises stage 2 receivables of $9 million and stage 3 receivables of $118 million. Allowance for credit losses comprises of stage 2 credit losses of $2 million and stage 3 credit losses of $115 million.
2 Gross carrying value comprises stage 2 receivables of $170 million and stage 3 receivables of $229 million. Allowance for credit loss comprises stage 2 credit losses of $37 million and stage 3 credit losses of $147 million.
3 Certain amounts related to advances which do not meet the own-use exemption and are thus accounted for as financial instruments, were reclassified from their prior period presentation within 'Non-financial assets' to 'Financial assets at amortised cost'. Other receivables opening balance has been adjusted accordingly.
4 $92 million recognised as impairment (see note 7) and the balancing $21 million net credit recognised in net expected credit losses.

# Notes to the financial statements *continued*

## 14. Accounts receivable continued

| 2022<br>US$ million | Receivables from associates<br>12-Month ECL | Lifetime ECL[1] | Total | Other receivables and deferred consideration<br>12-Month ECL | Lifetime ECL[2] | Total | Total |
|---|---|---|---|---|---|---|---|
| **Gross carrying value** | | | | | | | |
| 1 January 2022[3] | 391 | 138 | 529 | 387 | 199 | 586 | 1,115 |
| Increase during the period | 136 | 20 | 156 | 427 | 26 | 453 | 609 |
| Decrease during the period | (94) | (15) | (109) | (81) | (10) | (91) | (200) |
| Business combination | – | – | – | 28 | – | 28 | 28 |
| Disposal of subsidiaries | (2) | – | (2) | (14) | – | (14) | (16) |
| Effect of foreign currency exchange movements | (2) | (7) | (9) | (18) | – | (18) | (27) |
| Reclassification to held for sale | 1 | – | 1 | (1) | (8) | (9) | (8) |
| Reclassifications | 2 | – | 2 | 168 | (22) | 146 | 148 |
| **31 December 2022** | **432** | **136** | **568** | **896** | **185** | **1,081** | **1,649** |
| **Allowance for credit loss** | | | | | | | |
| 1 January 2022[3] | – | 116 | 116 | 23 | 106 | 129 | 245 |
| Released during the period[4] | – | (2) | (2) | (5) | – | (5) | (7) |
| Charged during the period[4] | – | 21 | 21 | 34 | 16 | 50 | 71 |
| Utilised during the period | – | – | – | (3) | (4) | (7) | (7) |
| Effect of foreign currency exchange movements | – | (8) | (8) | – | (4) | (4) | (12) |
| Reclassification to held for sale | – | – | – | – | (6) | (6) | (6) |
| Reclassifications | – | – | – | (10) | (4) | (14) | (14) |
| **31 December 2022** | **–** | **127** | **127** | **39** | **104** | **143** | **270** |
| **Net carrying value 31 December 2022** | **432** | **9** | **441** | **857** | **81** | **938** | **1,379** |

1 Gross carrying value comprises stage 2 receivables of $9 million and stage 3 receivables of $127 million. Allowance for credit losses comprises of stage 2 credit losses of $2 million and stage 3 credit losses of $125 million.
2 Gross carrying value comprises stage 2 receivables of $33 million and stage 3 receivables of $152 million. Allowance for credit loss comprises stage 2 credit losses of $29 million and stage 3 credit losses of $75 million.
3 Certain amounts related to advances which do not meet the own-use exemption and are thus accounted for as financial instruments, were reclassified from their prior period presentation within 'Non-financial assets' to 'Financial assets at amortised cost'. Other receivables opening balance has been adjusted accordingly.
4 $15 million recognised as impairment (see note 7) and the balancing $49 million net charge recognised in net expected credit losses.

## Financial assets at fair value through profit and loss

### Trade receivables containing provisional pricing features

Trade receivables containing provisional pricing features meet the definition of a derivative and are recorded at fair value through profit and loss.

### Prepaid commodity forward contracts

Certain physically settled advances and prepayments which are not separable from contracts to buy or sell commodities where the commodities do not meet the own-use exemption criteria are accounted for as financial instruments at fair value through profit and loss.

## Non-financial assets

### Advances repayable with product

Advances repayable with product are not separable from contracts to buy or sell commodities and meet the own-use exemption criteria.

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 21). As at 31 December 2023, the total amount of trade receivables pledged was $794 million (2022: $278 million) and proceeds received and classified as current borrowings amounted to $712 million (2022: $200 million).

# Notes to the financial statements *continued*

## 15. Cash and cash equivalents

| US$ million | 2023 | 2022 |
|---|---|---|
| Bank and cash on hand | 1,415 | 1,445 |
| Deposits and treasury bills | 510 | 478 |
| **Total** | **1,925** | **1,923** |

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 2023, $249 million (2022: $78 million) was restricted.

## 16. Assets and liabilities held for sale

Net assets held for sale are measured at their carrying amount, being the lower of carrying amount and fair value less costs to sell. As of 31 December 2023, the carrying amounts of assets and liabilities held for sale were lower than their fair value less costs to sell, hence no gains or losses were recognised in the statement of income for the period.

The carrying value of the assets and liabilities classified as held for sale are detailed below:

**2023**

| US$ million | Viterra | Volcan | Total |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | – | 1,245 | 1,245 |
| Intangible assets | – | 10 | 10 |
| Investments in associates and joint ventures | 3,711 | 148 | 3,859 |
| Advances and loans | – | 72 | 72 |
| Deferred tax assets | – | 37 | 37 |
| | **3,711** | **1,512** | **5,223** |
| **Current assets** | | | |
| Inventories | – | 48 | 48 |
| Accounts receivable | – | 65 | 65 |
| Income tax receivable | – | 28 | 28 |
| Prepaid expenses | – | 4 | 4 |
| Cash and cash equivalents | – | 62 | 62 |
| | – | **207** | **207** |
| **Total assets held for sale** | **3,711** | **1,719** | **5,430** |
| | | | |
| **Non-current liabilities** | | | |
| Borrowings | – | (668) | (668) |
| Deferred tax liabilities | – | (94) | (94) |
| Provisions | – | (329) | (329) |
| Deferred income | – | (3) | (3) |
| | **–** | **(1,094)** | **(1,094)** |
| **Current liabilities** | | | |
| Borrowings | – | (123) | (123) |
| Accounts payable | – | (300) | (300) |
| Provisions | – | (18) | (18) |
| Income tax payable | – | (15) | (15) |
| | – | **(456)** | **(456)** |
| **Total liabilities held for sale** | **–** | **(1,550)** | **(1,550)** |
| **Total net assets held for sale** | **3,711** | **169** | **3,880** |
| **Non-controlling interest** | **–** | **302** | **302** |

### Volcan

In Q4 2022, Glencore commenced a process to explore a disposal of its 23.3% economic interest in Volcan (Industrial activities segment). The Group has received various proposals to acquire its equity interest, which it is actively pursuing.

### Viterra

In June 2023, Glencore and its fellow shareholders in Viterra Limited, concluded an agreement with Bunge Limited to merge Bunge and Viterra in a cash and stock transaction. Under the terms of the agreement, Glencore will receive c.$3.1 billion in Bunge stock (based on Bunge's stock price as at 30 June 2023) and $1.0 billion in cash for its c.50% stake in Viterra (Marketing, corporate activities segment) resulting in a c.15% holding in the combined group, based on the number of Bunge shares outstanding at the time. The merger, subject to satisfaction of customary closing conditions including receipt of regulatory approvals, is expected to close in mid-2024.

# Notes to the financial statements *continued*

## 16. Assets and liabilities held for sale continued

**2022**

| US$ million | Cobar | Volcan | Total |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 451 | 1,467 | 1,918 |
| Intangible assets | 1 | 4 | 5 |
| Investments in associates and joint ventures | – | 148 | 148 |
| Advances and loans | – | 71 | 71 |
| Deferred tax assets | – | 32 | 32 |
| | **452** | **1,722** | **2,174** |
| **Current assets** | | | |
| Inventories | 25 | 57 | 82 |
| Accounts receivable | 4 | 68 | 72 |
| Income tax receivable | – | 29 | 29 |
| Prepaid expenses | 3 | 5 | 8 |
| Cash and cash equivalents | 1 | 74 | 75 |
| | **33** | **233** | **266** |
| **Total assets held for sale** | **485** | **1,955** | **2,440** |
| | | | |
| **Non-current liabilities** | | | |
| Borrowings | – | (777) | (777) |
| Deferred tax liabilities | (25) | (151) | (176) |
| Provisions | (20) | (322) | (342) |
| Deferred income | – | (6) | (6) |
| Post-retirement and other employee benefits | (1) | – | (1) |
| | **(46)** | **(1,256)** | **(1,302)** |
| **Current liabilities** | | | |
| Borrowings | (1) | (22) | (23) |
| Accounts payable | (42) | (315) | (357) |
| Provisions | – | (31) | (31) |
| Income tax payable | – | (28) | (28) |
| | **(43)** | **(396)** | **(439)** |
| **Total liabilities held for sale** | **(89)** | **(1,652)** | **(1,741)** |
| **Total net assets held for sale** | **396** | **303** | **699** |
| **Non-controlling interest** | **–** | **201** | **201** |

### Cobar

In March 2022, Glencore entered into an agreement with Metals Acquisition Corp (MAC) for the disposal of its 100% interest in Cobar (Industrial activities segment), a copper mine in New South Wales, Australia for a mix of cash and other forms of consideration. The transaction closed in June 2023 (see note 24).

# Notes to the financial statements *continued*

## 17. Share capital and reserves

| | Number of ordinary shares (thousand) | Share capital (US$ million) | Share premium (US$ million) |
|---|---|---|---|
| Authorised: | | | |
| 31 December 2023 and 2022 Ordinary shares with a par value of $0.01 each | 50,000,000 | | |
| Issued and fully paid up: | | | |
| **1 January 2022 – Ordinary shares** | **14,586,200** | **146** | **43,679** |
| Own shares cancelled during the year | (500,000) | (5) | (2,130) |
| Distributions paid (see note 19) | – | – | (4,832) |
| **31 December 2022 – Ordinary shares** | **14,086,200** | **141** | **36,717** |
| Own shares cancelled during the year | (536,200) | (5) | (1,898) |
| Distributions paid (see note 19) | – | – | (6,450) |
| **31 December 2023 – Ordinary shares** | **13,550,000** | **136** | **28,369** |

| | Treasury Shares | | Trust Shares | | Total | |
|---|---|---|---|---|---|---|
| | Number of shares (thousand) | Own shares (US$ million) | Number of shares (thousand) | Own shares (US$ million) | **Number of shares (thousand)** | **Own shares (US$ million)** |
| Own shares: | | | | | | |
| 1 January 2022 | 1,390,388 | (5,417) | 99,213 | (460) | **1,489,601** | **(5,877)** |
| Own shares purchased during the year | 425,309 | (2,503) | – | – | **425,309** | **(2,503)** |
| Own shares transferred to satisfy employee share awards | (50,000) | 225 | 50,000 | (271) | **–** | **(46)** |
| Own shares disposed during the year | – | – | (93,567) | 430 | **(93,567)** | **430** |
| Own shares cancelled during the year | (500,000) | 2,135 | – | – | **(500,000)** | **2,135** |
| **31 December 2022** | **1,265,697** | **(5,560)** | **55,646** | **(301)** | **1,321,343** | **(5,861)** |
| 1 January 2023 | 1,265,697 | (5,560) | 55,646 | (301) | **1,321,343** | **(5,861)** |
| Own shares purchased during the year | 625,956 | (3,672) | – | – | **625,956** | **(3,672)** |
| Own shares transferred to satisfy employee share awards | (25,000) | 75 | 25,000 | (132) | **–** | **(57)** |
| Own shares disposed during the year | – | – | (34,511) | 187 | **(34,511)** | **187** |
| Own shares cancelled during the year | (536,200) | 1,903 | – | – | **(536,200)** | **1,903** |
| **31 December 2023** | **1,330,453** | **(7,254)** | **46,135** | **(246)** | **1,376,588** | **(7,500)** |

### Own shares

Own shares comprise shares acquired under the Company's share buyback programmes ('Treasury Shares') 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 ('Trust Shares').

The Trusts also coordinate the funding and manage the delivery of Trust Shares and free share awards under certain of Glencore's share plans. The Trust Shares have been acquired by either stock market purchases or share issues from the Company. The Trusts may hold an aggregate of Trust Shares up to 5% of the issued share capital of the Company at any one time and are permitted to sell them. The Trusts have waived the right to receive distributions from the Trust Shares that they hold. Costs relating to the administration of the Trusts are expensed in the period in which they are incurred.

During the year, Glencore purchased the remaining $1,080 million of shares under the $3 billion share buyback programme announced in July 2022 and purchased $1.5 billion of shares under the $1.5 billion share buyback programme announced in February 2023. In August 2023, Glencore announced a $1.2 billion share buyback programme to be completed by February 2024. As at 31 December 2023, $1,092 million of shares had been purchased. No liability has been recognised in respect of this share buyback programme as the terms of the arrangement do not result in a contractual obligation.

In line with the policy to reduce and maintain from time to time treasury shares below 10% of total issued share capital, in February 2023 Glencore cancelled 286 million treasury shares, in June 2023 cancelled 100 million treasury shares, in September 2023 cancelled 100 million treasury shares, and in December 2023 cancelled 50 million treasury shares.

As at 31 December 2023, 1,376,588,292 shares (2022: 1,321,342,547 shares), including 1,330,453,041 Treasury Shares (2022: 1,265,696,812 shares), equivalent to 10.16% (2022: 9.38%) of the issued share capital were held at a cost of $7,500 million (2022: $5,861 million) and market value of $8,279 million (2022: $8,809 million).

# Notes to the financial statements *continued*

## 17. Share capital and reserves continued

### Other reserves

| US$ million | Foreign currency translation reserve | Cash flow hedge reserve | Net unrealised gain/(loss) | Net ownership changes in subsidiaries | **Total** |
|---|---|---|---|---|---|
| 1 January 2023 | (2,673) | (97) | (1,417) | (2,646) | (6,833) |
| Exchange loss on translation of foreign operations | (170) | – | – | – | (170) |
| Items recycled to the statement of income upon disposal of subsidiaries (see note 26) | (3) | – | – | – | (3) |
| Gain on cash flow hedges, net of tax | – | 55 | – | – | 55 |
| Loss on equity investments accounted for at fair value through other comprehensive income, net of tax | – | – | (93) | – | (93) |
| Change in ownership interest in subsidiaries (see note 34) | – | – | – | 24 | 24 |
| Loss due to changes in credit risk on financial liabilities accounted for at fair value through profit and loss | – | – | (12) | – | (12) |
| **31 December 2023** | **(2,846)** | **(42)** | **(1,522)** | **(2,622)** | **(7,032)** |
| 1 January 2022 | (2,898) | (124) | (300) | (2,609) | (5,931) |
| Exchange loss on translation of foreign operations | (290) | – | – | – | (290) |
| Items recycled to the statement of income on restructuring of intragroup debt (see note 5) | 431 | – | – | – | 431 |
| Items recycled to the statement of income upon disposal of subsidiaries (see note 26) | 84 | – | – | (34) | 50 |
| Gain on cash flow hedges, net of tax | – | 27 | – | – | 27 |
| Loss on equity investments accounted for at fair value through other comprehensive income, net of tax | – | – | (1,122) | – | (1,122) |
| Change in ownership interest in subsidiaries (see note 34) | – | – | – | (3) | (3) |
| Gain due to changes in credit risk on financial liabilities accounted for at fair value through profit and loss | – | – | 2 | – | 2 |
| Reclassifications | – | – | 3 | – | 3 |
| **31 December 2022** | **(2,673)** | **(97)** | **(1,417)** | **(2,646)** | **(6,833)** |

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 the effective portion of hedging instruments contained within hedge relationships until the hedged item impacts profit or loss. Cost of hedging is recorded within the cash flow hedge reserve due to its immaterial amount.

The net unrealised gain/loss reserve is used to accumulate the gains and losses associated with the remeasurement of the Group's investments carried at FVTOCI and changes in credit risk on financial liabilities measured at FVTPL.

The net ownership changes in subsidiaries reserve is used to capture equity movements arising from changes in the Group's ownership in its subsidiaries.

# Notes to the financial statements *continued*

## 18. Earnings per share

| US$ million | 2023 | 2022 |
|---|---|---|
| Income attributable to equity holders of the Parent for basic earnings per share | 4,280 | 17,320 |
| Weighted average number of shares for the purposes of basic earnings per share (thousand) | 12,425,821 | 13,042,304 |
| | | |
| **Effect of dilution:** | | |
| Equity-settled share-based payments (thousand) | 112,115 | 98,454 |
| Weighted average number of shares for the purposes of diluted earnings per share (thousand) | 12,537,936 | 13,140,758 |
| | | |
| Basic earnings per share (US$) | **0.34** | **1.33** |
| Diluted earnings per share (US$) | **0.34** | **1.32** |

### 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 1/2023 as issued by the South African Institute of Chartered Accountants (SAICA), is reconciled using the following data:

| US$ million | 2023 | 2022 |
|---|---|---|
| Income attributable to equity holders of the Parent for basic earnings per share | 4,280 | 17,320 |
| Net gain on acquisitions and disposals[1] | (850) | (1,287) |
| Net gain on acquisitions and disposals – non-controlling interest | (5) | (4) |
| Net gain on acquisitions and disposals – tax | 192 | 86 |
| Impairments[2] | 2,731 | 3,181 |
| Impairments – non-controlling interest | (349) | (404) |
| Impairments – tax | (495) | (585) |
| **Headline and diluted earnings for the year** | **5,504** | **18,307** |
| | | |
| Headline earnings per share (US$) | **0.44** | **1.40** |
| Diluted headline earnings per share (US$) | **0.44** | **1.39** |

1 See note 4.
2 Comprises impairments of property, plant and equipment and intangible assets, investments, advances and loans, VAT receivable (see note 7) and Glencore's share of impairments booked directly by associates (see note 2).

## 19. Distributions

| US$ million | 2023 | 2022 |
|---|---|---|
| **Paid during the year:** | | |
| First tranche distribution – $0.22 per ordinary share (2022: $0.13) | 2,750 | 1,707 |
| Second tranche and additional distribution – $0.30 per ordinary share (2022: $0.24) | 3,700 | 3,125 |
| **Total** | **6,450** | **4,832** |

The proposed distribution in respect of the year ended 31 December 2023 of $0.13 per ordinary share amounting to some $1.6 billion is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Such declared distribution is expected to be paid equally ($0.065 each) in June 2024 and September 2024.

A distribution of $0.52 per ordinary share amounting to $6,450 million was paid in 2023.

# Notes to the financial statements *continued*

## 20. Share-based payments

| | Number of awards granted (thousands) | Fair value at grant date (US$ million) | **Number of awards outstanding 2023 (thousands)** | Number of awards outstanding 2022 (thousands) | **Expense recognised 2023 (US$ million)** | Expense recognised 2022 (US$ million) |
|---|---|---|---|---|---|---|
| **Deferred awards** | | | | | | |
| 2018 Series | 12,891 | 65 | 1,170 | 3,535 | 2 | 3 |
| 2019 Series | 10,791 | 37 | 667 | 667 | – | – |
| 2021 Series | 21,327 | 94 | 217 | 13,016 | – | (1) |
| 2022 Series[1] | 6,719 | 40 | 2,875 | 5,267 | 1 | 30 |
| 2023 Series | 37,555 | 202 | 36,915 | – | 198 | – |
| | **89,283** | | **41,844** | **22,485** | **201** | **32** |
| **Performance share awards** | | | | | | |
| 2017 Series | 19,750 | 95 | – | 344 | – | – |
| 2018 Series | 28,499 | 104 | 2,218 | 2,293 | 1 | 2 |
| 2019 Series | 29,705 | 90 | 690 | 9,066 | 1 | 9 |
| 2020 Series | 33,583 | 104 | 8,933 | 19,555 | 10 | 26 |
| 2021 Series[1] | 27,012 | 130 | 16,039 | 24,918 | 33 | 69 |
| 2022 Series[1] | 25,580 | 166 | 22,134 | 19,793 | 79 | 12 |
| 2023 Series | 20,247 | 116 | 20,257 | – | 3 | – |
| | **184,376** | | **70,271** | **75,969** | **127** | **118** |
| **Total** | **273,659** | | **112,115** | **98,454** | **328** | **150** |

1 During the current year, 316 thousand shares have been granted as part of the deferred awards 2022 series and 4,861 thousand shares have been granted as part of the performance share awards 2021 and 2022 series, resulting in an increase of the fair value at grant date amount by $2 million for deferred share awards and $32 million for performance share awards.

Between 2011 and 2021, deferred awards were made under the Company's Deferred Bonus Plan and performance share awards were made under the Company's Performance Share Plan. In May 2021 the Company introduced a single Incentive Plan which replaced both of these plans and under which both deferred awards and performance share awards continue to be made.

### Deferred awards

Under a deferred award the payment of a portion of a participant's annual bonus is deferred for a period of one to seven years as an award of either ordinary shares (a "Bonus Share Award") or cash. Awards vest over a specified period, subject to continued employment and 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 all Bonus Share 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 as the monthly volume-weighted average share price (VWAP) of Glencore plc prior to the respective award date.

### Performance share awards

Performance share awards vest in tranches over a specified period, subject to continued employment and forfeiture for malus events. At grant date, each award is equivalent to one ordinary share of Glencore. Awards vest in one, two or three tranches on 31 January or 30 June of the years following the year of grant, as may be the case. The 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 as the monthly volume-weighted average share price (VWAP) of Glencore plc prior to the respective award date.

### Share-based awards assumed in previous business combinations

| | **Total options outstanding (thousands)** | **Weighted average exercise price (GBP)** |
|---|---|---|
| 1 January 2022 | 44,537 | 3.91 |
| Exercised | (44,537) | 4.16 |
| **31 December 2022** | – | – |

All awards were settled in the prior year and none were outstanding as at December 2023. Since the share price leading up to the expiry date of 17 February 2022 was above the exercise price, all options were exercised. Glencore settled these awards by the transfer of ordinary shares held as Trust Shares.

# Notes to the financial statements *continued*

## 21. Borrowings

| US$ million | Notes | 2023 | 2022 |
|---|---|---|---|
| **Non-current borrowings** | | | |
| Capital market notes | | 18,587 | 17,229 |
| Amount drawn under revolving credit facilities | | 1,306 | – |
| Lease liabilities | | 961 | 934 |
| Other bank loans | | 421 | 688 |
| **Total non-current borrowings** | | **21,275** | **18,851** |
| **Current borrowings** | | | |
| Secured inventory/receivables/other facilities | 11/13/14 | 2,680 | 3,292 |
| Amount drawn under revolving credit facilities | | 150 | – |
| US commercial paper | | 1,044 | 333 |
| Capital market notes | | 2,823 | 2,977 |
| Lease liabilities | | 547 | 445 |
| Other bank loans[1] | | 3,722 | 2,879 |
| **Total current borrowings** | | **10,966** | **9,926** |
| **Total borrowings** | | **32,241** | **28,777** |

1 Comprises various uncommitted bilateral bank credit facilities and other financings.

## Changes in liabilities arising from financing activities

Liabilities arising from financing activities are those for which cash flows are classified in the Group's consolidated cash flow statement as cash flows from financing activities. The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

**2023**

| US$ million | Borrowings excluding lease liabilities | Lease liabilities | Total borrowings | Cross-currency and interest rate swaps and net margins[1] | Total liabilities arising from financing activities |
|---|---|---|---|---|---|
| **1 January 2023** | 27,398 | 1,379 | 28,777 | (154) | 28,623 |
| **Cash-related movements[2]** | | | | | |
| Proceeds from issuance of capital market notes | 3,474 | – | 3,474 | – | 3,474 |
| Repayment of capital market notes | (2,996) | – | (2,996) | (163) | (3,159) |
| Proceeds from revolving credit facilities | 1,289 | – | 1,289 | – | 1,289 |
| Repayment of other non-current borrowings | (314) | – | (314) | – | (314) |
| Repayment of lease liabilities | – | (616) | (616) | – | (616) |
| Margin receipts from financing-related hedging activities | – | – | – | 897 | 897 |
| Proceeds from US commercial papers | 711 | – | 711 | – | 711 |
| Proceeds from current borrowings | 430 | – | 430 | – | 430 |
| | **2,594** | **(616)** | **1,978** | **734** | **2,712** |
| **Non-cash related movements** | | | | | |
| Borrowings acquired in business combinations[3] | 6 | 9 | 15 | – | 15 |
| Fair value adjustment to fair value hedged borrowings | 410 | – | 410 | – | 410 |
| Fair value movement of hedging derivatives | – | – | – | (525) | (525) |
| Foreign exchange movements | 248 | (1) | 247 | – | 247 |
| Change in lease liabilities | – | 737 | 737 | – | 737 |
| Interest on convertible bonds | 22 | – | 22 | – | 22 |
| Other movements | 55 | – | 55 | – | 55 |
| | **741** | **745** | **1,486** | **(525)** | **961** |
| **31 December 2023** | **30,733** | **1,508** | **32,241** | **55** | **32,296** |

1 The currency and interest rate swaps are reported on the balance sheet within the headings 'Other financial assets' and 'Other financial liabilities' (see note 27) and margin calls paid/received within accounts receivable/payable (see notes 14 and 25).
2 See consolidated statement of cash flows.
3 See note 26.
4 See note 16.

# Notes to the financial statements *continued*

## 21. Borrowings continued

**2022**

| US$ million | Borrowings excluding lease liabilities | Lease liabilities | **Total borrowings** | Cross-currency and interest rate swaps and net margins[1] | **Total liabilities arising from financing activities** |
|---|---|---|---|---|---|
| **1 January 2022** | 33,023 | 1,618 | 34,641 | 23 | 34,664 |
| **Cash-related movements[2]** | | | | | |
| Repayment of capital market notes | (2,850) | – | (2,850) | – | (2,850) |
| Repurchase of capital market notes | (103) | – | (103) | – | (103) |
| Repayment of revolving credit facilities | (2,563) | – | (2,563) | – | (2,563) |
| Proceeds from other non-current borrowings | 430 | – | 430 | – | 430 |
| Repayment of other non-current borrowings | (73) | – | (73) | – | (73) |
| Repayment of lease liabilities | – | (577) | (577) | – | (577) |
| Margin payments for financing-related hedging activities | – | – | – | (1,824) | (1,824) |
| Proceeds from US commercial papers | (1,407) | – | (1,407) | – | (1,407) |
| Repayment of current borrowings | 3,306 | – | 3,306 | – | 3,306 |
| | **(3,260)** | **(577)** | **(3,837)** | **(1,824)** | **(5,661)** |
| **Non-cash related movements** | | | | | |
| Borrowings acquired in business combinations[3] | 52 | 30 | 82 | – | 82 |
| Borrowings reclassified to held for sale[4] | (762) | (38) | (800) | – | (800) |
| Borrowings derecognised on disposal of subsidiaries[3] | – | (2) | (2) | – | (2) |
| Fair value adjustment to fair value hedged borrowings | (1,250) | – | (1,250) | – | (1,250) |
| Fair value movement of hedging derivatives | – | – | – | 1,647 | 1,647 |
| Foreign exchange movements | (436) | (41) | (477) | – | (477) |
| Change in lease liabilities | – | 389 | 389 | – | 389 |
| Interest on convertible bonds | 21 | – | 21 | – | 21 |
| Other movements | 10 | – | 10 | – | 10 |
| | **(2,365)** | **338** | **(2,027)** | **1,647** | **(380)** |
| **31 December 2022** | **27,398** | **1,379** | **28,777** | **(154)** | **28,623** |

1 The currency and interest rate swaps are reported on the balance sheet within the headings 'Other financial assets' and 'Other financial liabilities' (see note 27) and margin calls paid/received within accounts receivable/payable (see notes 14 and 25).
2 See consolidated statement of cash flows.
3 See note 26.
4 See note 16.

# Notes to the financial statements *continued*

## 21. Borrowings continued

### Capital market notes

| US$ million | Maturity | 2023 | 2022 |
|---|---|---|---|
| Euro 600 million 0.625% coupon bonds | Sep 2024 | – | 644 |
| Euro 750 million 1.75% coupon bonds | Mar 2025 | 799 | 749 |
| Euro 500 million 3.75% coupon bonds | Apr 2026 | 534 | 499 |
| Euro 500 million 1.50% coupon bonds | Oct 2026 | 512 | 470 |
| Euro 950 million 1.125% coupon bonds | Mar 2028 | 1,050 | 1,014 |
| Euro 600 million 0.75% coupon bonds | Mar 2029 | 570 | 510 |
| Euro 500 million 1.25% coupon bonds | Mar 2033 | 421 | 367 |
| **Eurobonds** | | **3,886** | **4,253** |
| GBP 500 million 3.125% coupon bonds | Mar 2026 | 596 | 541 |
| **Sterling bonds** | | 596 | 541 |
| CHF 175 million 1.25% coupon bonds | Oct 2024 | – | 184 |
| CHF 250 million 0.35% coupon bonds | Sep 2025 | 297 | 270 |
| CHF 225 million 1.00% coupon bonds | Mar 2027 | 268 | 244 |
| CHF 150 million 0.50% coupon bonds | Sep 2028 | 167 | 142 |
| **Swiss Franc bonds** | | **732** | **840** |
| US$ 974 million 4.125% coupon bonds | Mar 2024 | – | 972 |
| US$ 990 million 4.625% coupon bonds | Apr 2024 | – | 960 |
| US$ 625 million non-dilutive convertible bonds | Mar 2025 | 596 | 574 |
| US$ 500 million 4.00% coupon bonds | Apr 2025 | 481 | 470 |
| US$ 1,000 million 1.625% coupon bonds | Sep 2025 | 997 | 995 |
| US$ 600 million 1.625% coupon bonds | Apr 2026 | 554 | 503 |
| US$ 1,000 million 4.00% coupon bonds | Mar 2027 | 945 | 926 |
| US$ 50 million 4.00% coupon bonds | Mar 2027 | 50 | 50 |
| US$ 500 million 3.875% coupon bonds | Oct 2027 | 470 | 460 |
| US$ 500 million 5.40% coupon bonds | May 2028 | 492 | – |
| US$ 750 million 6.125% coupon bonds | Oct 2028 | 773 | – |
| US$ 750 million 4.875% coupon bonds | Mar 2029 | 709 | 697 |
| US$ 1,000 million 2.50% coupon bonds | Sep 2030 | 994 | 993 |
| US$ 750 million 6.375% coupon bonds | Oct 2030 | 781 | – |
| US$ 600 million 2.85% coupon bonds | Apr 2031 | 514 | 535 |
| US$ 750 million 2.625% coupon bonds | Sep 2031 | 638 | 621 |
| US$ 500 million 5.70% coupon bonds | May 2033 | 485 | – |
| US$ 1,000 million 6.50% coupon bonds | Oct 2033 | 1,059 | – |
| US$ 250 million 6.20% coupon bonds | Jun 2035 | 267 | 269 |
| US$ 500 million 6.90% coupon bonds | Nov 2037 | 575 | 580 |
| US$ 497 million 6.00% coupon bonds | Nov 2041 | 533 | 535 |
| US$ 468 million 5.30% coupon bonds | Oct 2042 | 473 | 473 |
| US$ 500 million 3.875% coupon bonds | Apr 2051 | 496 | 496 |
| US$ 500 million 3.375% coupon bonds | Sep 2051 | 491 | 486 |
| **US$ bonds** | | **13,373** | **11,595** |
| **Total non-current bonds** | | **18,587** | **17,229** |
| Euro 1,000 million 1.875% coupon bonds | Sep 2023 | – | 1,070 |
| Euro 400 million 3.70% coupon bonds | Oct 2023 | – | 422 |
| Euro 600 million 0.625% coupon bonds | Sep 2024 | 663 | – |
| CHF 175 million 1.25% coupon bonds | Oct 2024 | 205 | – |
| US$ 1,500 million 4.125% coupon bonds | May 2023 | – | 1,485 |
| US$ 974 million 4.125% coupon bonds | Mar 2024 | 974 | – |
| US$ 990 million 4.625% coupon bonds | Apr 2024 | 981 | – |
| **Total current bonds** | | **2,823** | **2,977** |

# Notes to the financial statements *continued*

## 21. Borrowings continued

### 2023 Bond activities

- In May 2023, issued:
  - 5-year $500 million, 5.40% coupon bond
  - 10-year $500 million, 5.70% coupon bond
- In October 2023, issued:
  - 5-year $750 million, 6.125% coupon bond
  - 7-year $750 million, 6.375% coupon bond
  - 10-year $1,000 million, 6.50% coupon bond

### 2022 Bond activities

There were no bond activities during the year.

### Committed revolving credit facilities

In April 2023 (effective May 2023), Glencore refinanced its core syndicated revolving credit facilities.

As at 31 December 2023, the facilities comprise:

- a $9,060 million one-year revolving credit facility with a one-year borrower's term-out option (to May 2025); and
- a $3,900 million medium-term revolving credit facility (to May 2028).

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 | 2023 | 2022 |
|---|---|---|---|---|
| Syndicated committed metals inventory/receivables facilities - US$ [2] | Nov 2024 | 3.2% | 84 | 81 |
| Syndicated uncommitted metals inventory/receivables facilities - non-US$[2] | Sep 2024 | 19.0% | 61 | 20 |
| Syndicated uncommitted metals and oil inventory/receivables facilities[2] | Oct 2024 | SOFR + 65 bps | 712 | 610 |
| Other secured facilities[2,3] | Jan 2024 & Dec 2024 | 6.0% | 1,823 | 2,661 |
| **Total** | | | **2,680** | **3,372** |
| Current | | | 2,680 | 3,292 |
| Non-current | | | – | 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 Inventory and equity related. The interest rate represents the weighted average of the various debt balances outstanding at year end. The weighted average maturity is January 2024 for inventory-related facilities and December 2024 for equity-related facilities. Since year end, in the ordinary course of business, these maturities have been rolled/extended.

# Notes to the financial statements *continued*

## 22. Deferred income

| US$ million | Notes | Unfavourable contracts | Prepayments[1] | Prepayments at FVTPL[1,2] (see note 28) | Total |
|---|---|---|---|---|---|
| 1 January 2023 | | 265 | 1,149 | 1,193 | 2,607 |
| Additions | | – | 113 | 822 | 935 |
| Accretion in the year | | – | 89 | – | 89 |
| Revenue recognised in the year | | (64) | (145) | (1,130) | (1,339) |
| Acquired in business combination | 26 | – | 39 | – | 39 |
| Effect of foreign currency exchange difference | | (4) | 8 | – | 4 |
| Mark-to-market | | – | – | 3 | 3 |
| **31 December 2023** | | **197** | **1,253** | **888** | **2,338** |
| Current | | 73 | 193 | 778 | 1,044 |
| Non-current | | 124 | 1,060 | 110 | 1,294 |
| 1 January 2022 | | 336 | 1,157 | 2,168 | 3,661 |
| Additions | | – | 41 | 521 | 562 |
| Accretion in the year | | – | 97 | – | 97 |
| Revenue recognised in the year | | (66) | (133) | (1,500) | (1,699) |
| Reclassification to held for sale | 16 | – | (6) | – | (6) |
| Effect of foreign currency exchange difference | | (5) | (7) | 4 | (8) |
| **31 December 2022** | | **265** | **1,149** | **1,193** | **2,607** |
| Current | | 72 | 89 | 899 | 1,060 |
| Non-current | | 193 | 1,060 | 294 | 1,547 |

1 $1,193 million of prepayments that are accounted for as financial instruments were reclassified from their prior period presentation within 'Prepayments' to 'Prepayments at FVTPL'.
2 FVTPL – Fair value through profit and loss.

### 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 2032 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. Revenue is recognised in the consolidated statement of income as specific products are delivered, at the implied forward price curve at the time of transaction execution together with an accretion expense, representing the time value of the prepayment received.

Prepayments include various long-term streaming agreements for the future delivery of gold and/or silver produced over the life of mine from our Antamina and Antapaccay operations. In addition to the upfront payments received, Glencore receives ongoing amounts equal to 20% of the spot silver or gold price, as the case may be. Once certain delivery thresholds have been met at Antapaccay, the ongoing cash payment increases to 30% of the spot gold price. As at 31 December 2023, $990 million (2022: $1,025 million) of product delivery obligations remain, of which $30 million (2022: $42 million) are due within 12 months.

### Prepayments at FVTPL

Prepayments at FVPTL comprise various short- to long-term product supply agreements accounted for as financial instruments, whereby an upfront prepayment is received in exchange for the future delivery of a specific product or financial asset which is not separable from the contract to sell the commodities. Revenue is recognised in the consolidated statement of income as specific products are delivered or the financial obligation is settled.

# Notes to the financial statements *continued*

## 23. Provisions

| US$ million | Notes | Rehabilitation costs | Onerous contracts | Legal investigations | Other provisions | Total |
|---|---|---|---|---|---|---|
| 1 January 2023 | | 6,963 | 530 | 484 | 611 | 8,588 |
| Utilised | | (366) | (157) | (484) | (92) | (1,099) |
| Released | | (20) | (100) | – | (29) | (149) |
| Accretion | | 122 | 35 | – | 8 | 165 |
| Assumed in business combination | 26 | 213 | – | – | 46 | 259 |
| Disposal of subsidiaries | 26 | (33) | – | – | – | (33) |
| Additions | | 1,350 | 12 | – | 153 | 1,515 |
| Effect of foreign currency exchange movements | | (49) | – | – | 16 | (33) |
| **31 December 2023** | | **8,180** | **320** | **–** | **713** | **9,213** |
| Current | | 680 | 153 | – | 275 | 1,108 |
| Non-current | | 7,500 | 167 | – | 438 | 8,105 |
| | | | | | | |
| 1 January 2022 | | 5,731 | 455 | 1,500 | 524 | 8,210 |
| Utilised | | (238) | (143) | (883) | (152) | (1,416) |
| Released | | (30) | (71) | (133) | (30) | (264) |
| Accretion | | 155 | 26 | – | 10 | 191 |
| Assumed in business combination | 26 | 998 | – | – | 73 | 1,071 |
| Disposal of subsidiaries | 26 | (158) | – | – | (9) | (167) |
| Additions | | 840 | 265 | – | 285 | 1,390 |
| Reclassification to held for sale | 16 | (290) | – | – | (83) | (373) |
| Effect of foreign currency exchange movements | | (45) | (2) | – | (7) | (54) |
| **31 December 2022** | | **6,963** | **530** | **484** | **611** | **8,588** |
| Current | | 531 | 185 | 484 | 225 | 1,425 |
| Non-current | | 6,432 | 345 | – | 386 | 7,163 |

### Rehabilitation costs

Rehabilitation provision represents the accrued costs 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 18 years (2022: 19 years). Discount rates were determined for each relevant jurisdiction by reference to the average annual real-terms return on a relevant government security with a tenor of 20 years.

As at 31 December 2023, 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 1.85% (2022: 1.25%), South African rand 7.3% (2022: 3.75%), Australian dollar 1.38% (2022: 2.0%), Canadian dollar 1.34% (2022: 1.25%), and Chilean peso 2.42% (2022: 2.5%). The impact of changes in the discount rate on the value of the provision in the period was $161 million.

The sensitivity of the rehabilitation costs provision to changes in the discount rate assumptions as at 31 December 2023, assuming that all other assumptions are held constant, is set out below:

| | Discount rate | |
|---|---|---|
| US$ million | **Increase 1%** | **Decrease 1%** |
| Decrease/(increase) in overall rehabilitation provision | 936 | (1,224) |
| (Decrease)/increase in property, plant and equipment | (769) | 998 |
| Net increase/(decrease) in statement of income | 167 | (226) |
| **Effect in the following year** | | |
| Decrease/(increase) in depreciation expense | 40 | (53) |
| (Increase)/decrease in interest expense | (26) | 40 |
| Net increase/(decrease) in statement of income | 14 | (13) |

# Notes to the financial statements *continued*

**23. Provisions** continued

## Onerous contracts

Onerous contracts represent liabilities related to contractual take or pay commitments for securing coal logistics capacity over various periods ending until 2048 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.

## Investigations by regulatory and enforcement authorities

On 24 May 2022, the Group announced that it had resolved the previously disclosed investigations by authorities in the United States, the United Kingdom and Brazil.

The Group remains subject to the following ongoing investigations:

- The Office of the Attorney General of Switzerland ('OAG') is investigating Glencore International AG for failure to have the organisational measures in place to prevent alleged corruption.
- The Dutch authorities are conducting a criminal investigation into Glencore International AG related to potential corruption pertaining to the DRC. The scope of the investigation is similar to that of the OAG investigation. The Dutch authorities are coordinating their investigation with the OAG and the Group expects any possible resolution to avoid duplicative penalties for the same conduct.

The timing and outcome of the OAG and Dutch investigations remains uncertain – see note 32.

## Other provisions

Other comprises provisions for possible demurrage, mine concession and construction-related claims, a royalty indemnification related to the disposal of the Ernest Henry operations (see note 26) and various other individually immaterial legal matters. This balance comprises no individually material provisions.

# Notes to the financial statements *continued*

## 24. Personnel costs and employee benefits

| US$ million | Notes | Post-retirement employee benefits | Other employee entitlements | Total |
|---|---|---|---|---|
| 1 January 2023 | | 488 | 189 | 677 |
| Utilised | | (78) | (6) | (84) |
| Released | | (1) | (4) | (5) |
| Accretion | | 21 | – | 21 |
| Additions | | 96 | 71 | 167 |
| Actuarial loss | | 14 | – | 14 |
| Effect of foreign currency exchange movements | | 11 | (1) | 10 |
| **31 December 2023** | | **551** | **249** | **800** |
| 1 January 2022 | | 782 | 157 | 939 |
| Utilised | | (82) | (37) | (119) |
| Released | | (1) | (1) | (2) |
| Accretion | | 19 | – | 19 |
| Additions | | 97 | 79 | 176 |
| Actuarial gain | | (298) | – | (298) |
| Reclassification to held for sale | 16 | – | (1) | (1) |
| Effect of foreign currency exchange movements | | (29) | (8) | (37) |
| **31 December 2022** | | **488** | **189** | **677** |

The provision for post-retirement employee benefits includes pension plan liabilities of $220 million (2022: $178 million) and post-retirement medical plan liabilities of $331 million (2022: $310 million).

The other employee entitlements provision represents the value of 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.

Total personnel costs, which include salaries, wages, social security, other personnel costs and share-based payments, incurred for the years ended 31 December 2023 and 2022, were $5,969 million and $6,319 million, respectively. Personnel costs related to consolidated industrial subsidiaries of $4,478 million (2022: $4,284 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 $176 million in 2023 (2022: $171 million).

### Post-retirement medical plans

The Company participates in a number of post-retirement medical plans in Canada, USA and South Africa, 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.

# Notes to the financial statements *continued*

## 24. Personnel costs and employee benefits continued

### Defined benefit pension plans

The Company operates defined benefit plans in various countries, the main locations being Canada, Switzerland, UK and the US. Approximately 61% of the present value of the pension 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.

The movement in the defined benefit pension and post-retirement medical plans over the year is as follows:

| | | | 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 2023** | | **310** | 1,912 | (1,882) | **30** |
| Current service cost | | 4 | 41 | – | 41 |
| Past service cost – plan amendments | | – | 9 | – | 9 |
| Interest expense/(income) | | 18 | 91 | (88) | 3 |
| **Total expense recognised in consolidated statement of income** | | **22** | 141 | (88) | **53** |
| Gain on plan assets, excluding amounts included in interest expense – net | | – | – | (107) | (107) |
| Gain from change in demographic assumptions | | (9) | (3) | – | (3) |
| Loss from change in financial assumptions | | 19 | 99 | – | 99 |
| Loss from actuarial experience | | 3 | 12 | – | 12 |
| **Actuarial losses/(gains) recognised in consolidated statement of comprehensive income** | | **13** | 108 | (107) | **1** |
| Employer contributions | | – | – | (60) | (60) |
| Employee contributions | | – | 4 | (4) | – |
| Benefits paid directly by the Company | | (18) | (8) | 8 | – |
| Benefits paid from plan assets | | – | (110) | 110 | – |
| **Net cash (outflow)/inflow** | | **(18)** | (114) | 54 | **(60)** |
| Exchange differences | | 4 | 72 | (65) | 7 |
| **31 December 2023** | | **331** | 2,119 | (2,088) | **31** |
| Of which: | | | | | |
| Pension surpluses | 12 | – | | | (189) |
| Pension deficits | | 331 | | | 220 |

The actual return on plan assets in respect of defined benefit pension plans amounted to a gain of $260 million (2022: loss of $456 million), comprising interest income and the re-measurement of plan assets, including exchange differences.

During the next financial year, the Group expects to make a contribution of $97 million in respect of 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 $113 million. Future funding requirements and contributions are reviewed and adjusted on an annual basis.

# Notes to the financial statements *continued*

## 24. Personnel costs and employee benefits continued

| 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 2022** | | **430** | 2,760 | (2,533) | **227** |
| Current service cost | | 8 | 52 | – | 52 |
| Past service cost – plan amendments | | 1 | 3 | – | 3 |
| Settlement of pension plan disposal | | – | (115) | 121 | 6 |
| Interest expense/(income) | | 17 | 67 | (65) | 2 |
| **Total expense/(income) recognised in consolidated statement of income** | | **26** | 7 | 56 | **63** |
| Loss on plan assets, excluding amounts included in interest expense – net | | – | – | 383 | 383 |
| Gain from change in demographic assumptions | | (7) | (26) | – | (26) |
| Gain from change in financial assumptions | | (91) | (576) | – | (576) |
| (Gain)/loss from actuarial experience | | (6) | 25 | – | 25 |
| **Actuarial (gains)/losses recognised in consolidated statement of comprehensive income** | | **(104)** | (577) | 383 | **(194)** |
| Employer contributions | | – | – | (64) | (64) |
| Benefits paid directly by the Company | | (18) | (8) | 8 | – |
| Benefits paid from plan assets | | – | (130) | 130 | – |
| **Net cash (outflow)/inflow** | | **(18)** | (138) | 74 | **(64)** |
| Exchange differences | | (24) | (140) | 138 | (2) |
| **31 December 2022** | | **310** | 1,912 | (1,882) | **30** |
| Of which: | | | | | |
| Pension surpluses | 12 | – | | | (148) |
| Pension deficits | | 310 | | | 178 |

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 2023 and 2022. The net liability of any of the Group's defined benefit plans outside of Canada as at 31 December 2023 does not exceed $74 million (2022: $34 million).

# Notes to the financial statements *continued*

## 24. Personnel costs and employee benefits continued

**2023**

| US$ million | Canada | Other | Total |
|---|---|---|---|
| **Post-retirement medical plans** | | | |
| Present value of defined benefit obligation | 287 | 44 | **331** |
| of which: amounts owing to active members | 87 | 7 | 94 |
| of which: amounts owing to pensioners | 200 | 37 | 237 |
| **Defined benefit pension plans** | | | |
| Present value of defined benefit obligation | 1,292 | 827 | **2,119** |
| of which: amounts owing to active members | 290 | 449 | 739 |
| of which: amounts owing to non-active members | 15 | 104 | 119 |
| of which: amounts owing to pensioners | 987 | 274 | 1,261 |
| Fair value of plan assets | (1,398) | (690) | **(2,088)** |
| **Net defined benefit (asset)/liability at 31 December 2023** | **(106)** | **137** | **31** |
| Of which: | | | |
| Pension surpluses | (159) | (30) | (189) |
| Pension deficits | 53 | 167 | 220 |
| Weighted average duration of defined benefit obligation – years | 11 | 11 | **11** |

**2022**

| US$ million | Canada | Other | Total |
|---|---|---|---|
| **Post-retirement medical plans** | | | |
| Present value of defined benefit obligation | 264 | 46 | **310** |
| of which: amounts owing to active members | 74 | 8 | 82 |
| of which: amounts owing to pensioners | 190 | 38 | 228 |
| **Defined benefit pension plans** | | | |
| Present value of defined benefit obligation | 1,203 | 709 | **1,912** |
| of which: amounts owing to active members | 261 | 364 | 625 |
| of which: amounts owing to non-active members | 14 | 91 | 105 |
| of which: amounts owing to pensioners | 928 | 254 | 1,182 |
| Fair value of plan assets | (1,277) | (605) | **(1,882)** |
| **Net defined benefit (asset)/liability at 31 December 2022** | **(74)** | **104** | **30** |
| Of which: | | | |
| Pension surpluses | (126) | (22) | (148) |
| Pension deficits | 52 | 126 | 178 |
| Weighted average duration of defined benefit obligation – years | 10 | 12 | **11** |

Estimated future benefit payments of the Canadian plans, which reflect expected future services but exclude plan expenses, up until 2033 are as follows:

| US$ million | Post-retirement medical plans | Defined benefit pension plans | Total |
|---|---|---|---|
| 2024 | 18 | 86 | 104 |
| 2025 | 19 | 86 | 105 |
| 2026 | 18 | 85 | 103 |
| 2027 | 18 | 85 | 103 |
| 2028 | 18 | 85 | 103 |
| 2029-2033 | 87 | 406 | 493 |
| **Total** | **178** | **833** | **1,011** |

# Notes to the financial statements *continued*

## 24. Personnel costs and employee benefits continued

The plan assets consist of the following:

| | 2023 | | | 2022 | | |
|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Level 1 | Level 2 | Level 3 |
| Cash and short-term investments | 10 | – | – | 37 | – | – |
| Fixed income | 779 | – | – | 569 | 182 | – |
| Equities | 533 | – | – | 567 | – | – |
| Real estate | – | – | 213 | – | – | 198 |
| Other | 402 | – | 151 | 329 | – | – |
| **Total** | **1,724** | **–** | **364** | **1,502** | **182** | **198** |

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 | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Discount rate | 5.7% | 6.2% | 4.3% | 4.9% |
| Future salary increases | – | – | 2.6% | 2.7% |
| Future pension increases | – | – | 0.4% | 0.4% |
| Ultimate medical cost trend rate | 4.6% | 3.5% | – | – |

Mortality assumptions are based on the latest available standard mortality tables for the individual countries concerned. As at 31 December 2023, these tables imply expected future life expectancy, for employees aged 65, 16 to 24 years for males (2022: 16 to 24) and 20 to 25 years for females (2022: 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*

## 24. Personnel costs and employee benefits continued

The sensitivity of the defined benefit obligation to changes in principal assumptions as at 31 December 2023 is set out below, assuming that all other assumptions are held constant and the effect of interrelationships is excluded.

| US$ million | Increase/(decrease) in pension obligation Post-retirement medical plans | Defined benefit pension plans | Total |
|---|---|---|---|
| **Discount rate** | | | |
| Increase by 100 basis points | (35) | (197) | **(232)** |
| Decrease by 100 basis points | 44 | 226 | **270** |
| **Rate of future salary increase** | | | |
| Increase by 100 basis points | – | 29 | **29** |
| Decrease by 100 basis points | – | (28) | **(28)** |
| **Rate of future pension benefit increase** | | | |
| Increase by 100 basis points | – | 22 | **22** |
| Decrease by 100 basis points | – | (18) | **(18)** |
| **Medical cost trend rate** | | | |
| Increase by 100 basis points | 35 | – | **35** |
| Decrease by 100 basis points | (29) | – | **(29)** |
| **Life expectancy** | | | |
| Increase in longevity by one year | 10 | 44 | **54** |

## 25. Accounts payable

| US$ million | Notes | 2023 | 2022 |
|---|---|---|---|
| **Financial liabilities at amortised cost** | | | |
| Trade payables[1] | | 4,669 | 6,865 |
| Margin calls received and other broker balances | | 597 | 112 |
| Associated companies | | 992 | 903 |
| Other payables and accrued liabilities | | 754 | 644 |
| | | **7,012** | **8,524** |
| **Financial liabilities at fair value through profit and loss** | | | |
| Trade payables containing provisional pricing features[1] | 28 | 20,423 | 18,258 |
| Other payables[2] | 28 | 24 | 484 |
| | | **20,447** | **18,742** |
| **Non-financial liabilities** | | | |
| Advances settled in product[2] | | – | 294 |
| Other payables and accrued liabilities[3] | | 1,322 | 1,839 |
| Other tax and related payables | | 508 | 327 |
| | | **1,830** | **2,460** |
| **Total** | | **29,289** | **29,726** |

1 Certain amounts were reclassified from their prior period presentation within 'Trade payables' to 'Trade payables containing provisional pricing features' ($4,179 million) to conform with current year presentation.
2 $382 million related to other payables accounted for as financial instruments were reclassified from their prior period presentation within 'Non-financial liabilities' to 'Financial liabilities at fair value through profit and loss'.
3 Primarily comprised of employee benefits accruals.

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. The carrying value of trade payables approximates fair value.

# Notes to the financial statements *continued*

## 26. Acquisition and disposal of subsidiaries and other entities

### 2023 Acquisitions

In 2023, Glencore acquired the remaining 75% interest in Noranda Income Fund and the remaining 56.25% interest in the MARA copper project that it did not already own. The fair values are provisional pending final valuations expected to be finalised within 12 months of the acquisitions. It is expected that adjustments could be made to the allocation of value between acquired plant and equipment, inventories, deferred taxes and provisions.

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 | Noranda Income Fund | MARA | Other | **Total** |
|---|---|---|---|---|
| **Non-current assets** | | | | |
| Property, plant and equipment | 64 | 1,461 | 1 | 1,526 |
| Intangible assets | – | – | 7 | 7 |
| Advances and loans | – | 8 | – | 8 |
| Deferred tax assets | 33 | – | – | 33 |
| | 97 | 1,469 | 8 | **1,574** |
| **Current assets** | | | | |
| Inventories | 213 | 2 | – | 215 |
| Accounts receivable[1] | 14 | 16 | – | 30 |
| Other financial assets | 23 | – | – | 23 |
| Cash and cash equivalents | 5 | 187 | 1 | 193 |
| | 255 | 205 | 1 | **461** |
| **Non-current liabilities** | | | | |
| Non-current borrowings | – | (8) | – | (8) |
| Non-current deferred income | (34) | – | – | (34) |
| Deferred tax liabilities | – | (436) | (2) | (438) |
| Non-current provisions | (18) | (204) | – | (222) |
| | (52) | (648) | (2) | **(702)** |
| **Current liabilities** | | | | |
| Borrowings | (6) | (1) | – | (7) |
| Accounts payable | (66) | (77) | – | (143) |
| Deferred income | (5) | – | – | (5) |
| Provisions | (1) | (35) | (1) | (37) |
| | (78) | (113) | (1) | **(192)** |
| **Total fair value of net assets acquired** | **222** | **913** | **6** | **1,141** |
| Consideration paid | (204) | (477) | (6) | (687) |
| Contingent consideration | – | (37) | – | (37) |
| Amounts previously recognised as investments | – | (175) | – | (175) |
| **Gain on revaluation of previously recognised investments** | **18** | **224** | **–** | **242** |
| Cash and cash equivalents paid | (204) | (477) | (6) | (687) |
| Cash and cash equivalents acquired | 5 | 187 | 1 | 193 |
| **Net cash used in acquisition of subsidiaries** | **(199)** | **(290)** | **(5)** | **(494)** |

1 There is no material difference between the gross contractual amounts for accounts receivable and their fair value.

# Notes to the financial statements *continued*

## 26. Acquisition and disposal of subsidiaries and other entities continued

### Noranda Income Fund

In March 2023, Glencore completed the acquisition of the remaining 75% interest in Noranda Income Fund, which in turn owns 100% of Canadian Electrolytic Zinc Ltd, an electrolytic zinc processing facility and ancillary assets located in Salaberry-de-Valleyfield, Quebec, that it did not previously own for $54 million and settled outstanding debt of $150 million. As Glencore holds 100% of the voting shares, providing it the ability to control the key strategic, operating and capital decisions of the business, it is required to account for the acquisition using the full consolidation method in accordance with IFRS 10.

Prior to the acquisition, Glencore owned a 25% interest in Noranda Income Fund which was accounted for as an associate. In accordance with IFRS 3 *Business Combinations*, the 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. On the date of acquisition, the fair value of 100% of the net assets acquired was determined to be $222 million and as a result, a gain of $18 million was recognised on the revaluation of the original 25% equity interest.

If the acquisition had taken place effective 1 January 2023, the operation would have contributed additional revenue of $207 million and additional attributable profit after tax of $3 million. From the date of acquisition, the operation contributed $531 million of revenue and $15 million of attributable losses after tax for the period ended 31 December 2023.

### MARA Project

In September 2023, Glencore completed the acquisition of the remaining 56.25% interest in the MARA project, a copper and gold brownfield project located in the Caramarca province, Argentina, that it did not previously own for $477 million of cash on closing and a Net Smelter Return (NSR) copper royalty of 0.75%. As Glencore holds 100% of the voting shares, providing it the ability to control the key strategic, operating and capital decisions of the business, it is required to account for the acquisition using the full consolidation method in accordance with IFRS 10.

Prior to the acquisition, Glencore owned a 43.75% interest in the MARA project which was accounted for as an associate. In accordance with IFRS 3 *Business Combinations*, the 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. On the date of acquisition, the fair value of 100% of the net assets acquired was determined to be $913 million and as a result, a gain of $224 million was recognised on the revaluation of the original 43.75% equity interest.

If the acquisition had taken place effective 1 January 2023, the operation would have contributed additional revenue of $Nil and additional attributable losses after tax of $5 million. From the date of acquisition, the operation contributed $Nil of revenue and $13 million of attributable losses after tax for the period ended 31 December 2023.

# Notes to the financial statements *continued*

## 26. Acquisition and disposal of subsidiaries and other entities continued

## 2022 Acquisitions

In 2022, Glencore acquired the remaining 66.67% interest in Cerrejón that it did not already own, and various other businesses, none of which are individually material. The acquisition accounting for Cerrejón has now been finalised, with no adjustments to the previously reported provisional fair values.

The net cash acquired/(used) in the acquisition of subsidiaries and the fair value of assets acquired and liabilities assumed on the acquisition date are detailed below:

| US$ million | Cerrejón | Other | Total |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 2,470 | 333 | 2,803 |
| | 2,470 | 333 | **2,803** |
| **Current assets** | | | |
| Inventories | 315 | 51 | 366 |
| Accounts receivable[1] | 312 | 13 | 325 |
| Cash and cash equivalents | 511 | 5 | 516 |
| | 1,138 | 69 | **1,207** |
| **Non-current liabilities** | | | |
| Non-current borrowings | (13) | – | (13) |
| Deferred tax liabilities | (278) | (50) | (328) |
| Provisions | (1,033) | (8) | (1,041) |
| | (1,324) | (58) | **(1,382)** |
| **Current liabilities** | | | |
| Borrowings | (17) | (52) | (69) |
| Accounts payable | (232) | (70) | (302) |
| Provisions | (30) | – | (30) |
| Income tax payable | (309) | – | (309) |
| | (588) | (122) | (710) |
| **Total fair value of net assets acquired** | **1,696** | **222** | **1,918** |
| Less: cash and cash equivalents acquired | (100) | (95) | (195) |
| Less: amounts previously recognised as investments | (567) | (31) | (598) |
| **Gain on bargain purchase of subsidiaries** | **1,029** | **96** | **1,125** |
| Cash and cash equivalents paid | (100) | (95) | (195) |
| Cash and cash equivalents acquired | 511 | 5 | 516 |
| **Net cash acquired/(used) in acquisition of subsidiaries** | **411** | **(90)** | **321** |

1 There is no material difference between the gross contractual amounts for accounts receivable and their fair value.

### Cerrejón

On 11 January 2022, Glencore completed the acquisition of the remaining 66.67% interest in Cerrejón, a coal mine in Colombia, that it did not own. The purchase price consideration of $588 million was based on an economic effective date of 31 December 2020. After taking into account the dividends generated during 2021, together with certain other adjustments, the completion cash payment made by Glencore amounted to $100 million. As Glencore holds 100% of the voting shares, providing it the ability to control the key strategic, operating and capital decisions of the business, it is required to account for Cerrejón using the full consolidation method in accordance with IFRS 10.

Prior to the acquisition, Glencore owned a 33.33% interest in Cerrejón which was accounted for as an associate. In accordance with IFRS 3 *Business Combinations*, the 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. On the date of acquisition, the fair value of 100% of the net assets acquired was determined to be $1,696 million, a value broadly consistent with the carrying value of the initial 33.33% equity interest and as a result, no gain or loss was recognised on the revaluation of the original equity interest.

The valuation was determined using a bottom-up approach to identify the fair value of the specific assets and liabilities within the Cerrejón Group, with the mineral reserves being valued using a discounted cash flow method that assumes life of mine saleable coal production of 223 million tonnes over the period 2022-2032, at a long-term CIF price of $67/t, adjusted as appropriate for coal quality, applying a discount rate of 8.56%.

As the assessed fair value of $1,696 million was in excess of the completion cash payment and the fair value of the previously held investment, a bargain purchase gain on acquisition of $1,029 million was recognised in the consolidated statement of income. Glencore assessed that all identifiable assets and liabilities had been included in the valuation prior to recognising the gain as noted above. The gain effectively represents the discount that the selling joint venture partners were willing to accept in order to achieve timely execution of their respective decarbonisation strategies. The immediate near-term valuation was also supported by the net $411 million of unencumbered cash assumed on completion, benefitting from the transaction effective date of 31 December 2020.

From the date of acquisition, the operation contributed $5,393 million of revenue and $2,909 million of attributable income (including the bargain purchase gain) for the period ended 31 December 2022.

# Notes to the financial statements *continued*

## 26. Acquisition and disposal of subsidiaries and other entities continued

### Other

From the date of acquisition, the other operations contributed $223 million of revenue and $241 million of attributable income (including the bargain purchase gain) for the period ended 31 December 2022.

## 2023 Disposals

The carrying value of the assets and liabilities over which control was lost and consideration receivable from the 2023 disposals are detailed below:

| US$ million | Cobar[1] | Other | **Total** |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 499 | 44 | 543 |
| Intangible assets | 1 | 12 | 13 |
| Advances and loans | – | 9 | 9 |
| | 500 | 65 | **565** |
| **Current assets** | | | |
| Inventories | 25 | 6 | 31 |
| Accounts receivable | 3 | 66 | 69 |
| Income tax receivable | 4 | – | 4 |
| Prepaid expenses | 1 | 1 | 2 |
| Cash and cash equivalents | – | 6 | 6 |
| | 33 | 79 | **112** |
| **Non-controlling interest** | – | 20 | **20** |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | (25) | – | (25) |
| Non-current provisions | (44) | (32) | (76) |
| Post-retirement and other employee benefits | (1) | – | (1) |
| | (70) | (32) | **(102)** |
| **Current liabilities** | | | |
| Borrowings | (8) | – | (8) |
| Accounts payable | (31) | (24) | (55) |
| Provisions | – | (1) | (1) |
| | (39) | (25) | **(64)** |
| **Carrying value of net assets disposed** | **424** | **107** | **531** |
| Cash and cash equivalents received | (749) | (95) | (844) |
| Items recycled to the statement of income | – | (3) | (3) |
| Retained interest recognised as investment in associate (MAC) | (100) | – | (100) |
| Deferred interest bearing consideration | (75) | – | (75) |
| Contingent future considerations | (64) | – | (64) |
| NSR royalty | (21) | – | (21) |
| **Net (gain)/loss on disposal** | **(585)** | **9** | **(576)** |
| Cash and cash equivalents received | 749 | 95 | 844 |
| Less: cash and cash equivalents disposed | – | (6) | (6) |
| **Net cash received in disposal** | **749** | **89** | **838** |

1 As at 31 December 2022, total assets and liabilities were presented as current assets and liabilities 'held for sale' (see note 16).

### Cobar

In June 2023, Glencore disposed of its 100% interest in the CSA Copper mine, located near Cobar, New South Wales, to Metals Acquisition Corp (MAC). As consideration, Glencore received:

- $749 million in cash, after closing adjustments;
- $100 million in shares of MAC (20.7% underlying interest as at June 2023);
- $75 million deferred interest-bearing consideration to be settled within 12 months;
- $75 million contingent future consideration when daily copper prices average >US$4.25/lb for 18 continuous months over the life of mine;
- $75 million contingent future consideration when daily copper prices average >US$4.50/lb for 24 continuous months over the life of mine; and
- $21 million, being the current discounted value of a 1.5% life of mine Net Smelter Return (NSR) royalty.

# Notes to the financial statements *continued*

## 26. Acquisition and disposal of subsidiaries and other entities continued

The fair value of the deferred interest-bearing consideration was determined to be $75 million using a discounted cash flow model of the projected amount and timing of receipts, using an asset-specific discount rate of 12.5%. The contractual terms of the deferred consideration give rise to cash flows that are not solely payments of principal and interest as the margin between 8 and 12% is dependent on the quarterly copper price and thus is accounted for as a financial asset at fair value through profit and loss.

The combined fair value of the two contingent future consideration amounts was determined to be $64 million. As the nature of the deferred future consideration is analogous to a financial option, the fair value was determined using a Monte Carlo option pricing methodology which incorporated a copper spot price of $8,110/mt, a volatility factor of 19.3%, a life of mine period of 8.6 years and a discount rate that ranged between 5.9 and 11.5%.

The fair value of the 1.5% NSR royalty over the life of the mine was determined to be $21 million, using a discounted cash flow model of the forecast royalty payments, discounted using an asset-specific discount rate of 8.5%.

### 2022 Disposals

The carrying value of the assets and liabilities over which control was lost and consideration receivable from the 2022 disposals are detailed below:

| US$ million | Ernest Henry[1] | Bolivia Zinc[1] | E&P Chad[1] | Access World[1] | Los Quenuales | Other | **Total** |
|---|---|---|---|---|---|---|---|
| **Non-current assets** | | | | | | | |
| Property, plant and equipment | 311 | 163 | 247 | 206 | 126 | 121 | 1,174 |
| Intangible assets | – | 2 | – | 11 | – | – | 13 |
| Investments in associates | – | – | – | 10 | – | – | 10 |
| Advances and loans | – | 43 | – | 9 | 2 | – | 54 |
| Deferred tax assets | 16 | 13 | – | 4 | 21 | – | 54 |
| | 327 | 221 | 247 | 240 | 149 | 121 | **1,305** |
| **Current assets** | | | | | | | |
| Inventories | 16 | 97 | 21 | – | 5 | 6 | 145 |
| Accounts receivable | 24 | 90 | 19 | 159 | 9 | 19 | 320 |
| Prepaid expenses | – | – | – | 12 | – | 1 | 13 |
| Cash and cash equivalents | 1 | 17 | 5 | 42 | 7 | 3 | 75 |
| | 41 | 204 | 45 | 213 | 21 | 29 | **553** |
| **Non-controlling interest** | – | – | – | (2) | (2) | (24) | **(28)** |
| **Non-current liabilities** | | | | | | | |
| Non-current borrowings | – | (8) | – | (110) | (1) | – | (119) |
| Deferred income | (138) | – | – | – | – | – | (138) |
| Deferred tax liabilities | – | (4) | (3) | (1) | – | (3) | (11) |
| Non-current provisions | (74) | (26) | (86) | (3) | (97) | (59) | (345) |
| Post-retirement and other employee benefits | (1) | (16) | – | (1) | – | – | (18) |
| | (213) | (54) | (89) | (115) | (98) | (62) | **(631)** |
| **Current liabilities** | | | | | | | |
| Borrowings | – | (2) | – | (19) | (1) | – | (22) |
| Accounts payable | (30) | (139) | (7) | (154) | (23) | (19) | (372) |
| Provisions | (38) | (44) | – | (3) | (9) | (2) | (96) |
| Income tax payable | – | (13) | – | (4) | – | – | (17) |
| | (68) | (198) | (7) | (180) | (33) | (21) | **(507)** |
| **Carrying value of net assets disposed** | **87** | **173** | **196** | **156** | **37** | **43** | **692** |
| Cash and cash equivalents (received)/paid | (585) | – | (17) | (40) | 10 | (30) | (662) |
| Items recycled to the statement of income | – | – | – | 22 | 1 | 27 | 50 |
| Reclassified to investment in associate | – | – | – | – | – | (17) | (17) |
| Royalty indemnification[2] | 125 | – | – | – | – | – | 125 |
| Streaming settlement | – | – | – | – | 132 | – | 132 |
| Future consideration | (139) | (69) | (145) | (115) | – | (3) | (471) |
| **Net (gain)/loss on disposal** | **(512)** | **104** | **34** | **23** | **180** | **20** | **(151)** |
| Cash and cash equivalents received/(paid) | 585 | – | 17 | 40 | (142) | 30 | 530 |
| Less: cash and cash equivalents disposed | (1) | (17) | (5) | (42) | (7) | (3) | (75) |
| **Net cash received/(used) in disposal** | **584** | **(17)** | **12** | **(2)** | **(149)** | **27** | **455** |

1 As at 31 December 2021, total assets and liabilities were presented as current assets and liabilities 'held for sale'.
2 See note 23.

# Notes to the financial statements *continued*

## 26. Acquisition and disposal of subsidiaries and other entities continued

### Ernest Henry
In January 2022, Glencore disposed of its 70% interest in Ernest Henry Mining Pty Ltd, a copper-gold mine in Queensland, Australia. After closing adjustments, $585 million was received with $139 million received in January 2023. The contractual terms of the deferred consideration give rise to cash flows that are solely payments of principal and interest, therefore the receivable is accounted for as financial asset at amortised cost. A $125 million provision was recognised for the indemnification of future royalty payments under an existing agreement.

### Bolivia Zinc
In March 2022, Glencore disposed of its 100% interest in the Bolivian zinc assets (Sinchi Wayra and Illapa), to Santacruz Silver Mining Ltd. After closing adjustments, $90 million is receivable over a four-year period and a 1.5% NSR royalty over the life of the mines. The fair value of the future consideration was determined to be $69 million using a discounted cash flow model of the projected amount and timing of receipts, discounted using an asset-specific discount rate of 11%. The contractual terms of the deferred consideration give rise to cash flows that are solely payments of principal and interest, therefore the receivable is accounted for as financial asset at amortised cost.

### E&P Chad
In June 2022, Glencore disposed of its Chad upstream oil operations to Perenco S.A. for $197 million, of which $17 million was due on closing and $180 million is due through a price and production participation arrangement payable annually. The fair value of the future consideration was determined to be $145 million using a discounted cash flow model of the projected amount and timing of receipts, discounted using an asset-specific discount rate of 13%. The contractual terms of the deferred consideration give rise to cash flows that are solely payments of principal and interest, therefore the receivable is accounted for as financial asset at amortised cost.

### Access World
In December 2022, Glencore disposed of its 100% interest in the Access World Group, a global commodities storage and logistics group, for $180 million. $40 million was received in December and, after closing adjustments, $115 million is receivable over 2023. The contractual terms of the deferred consideration give rise to cash flows that are solely payments of principal and interest, therefore the receivable is accounted for as financial asset at amortised cost.

### Los Quenuales
In December 2022, Glencore disposed of its 100% interest in Los Quenuales, a zinc-lead-silver mine in Peru, to Alpayana S.A. for $10 million in cash. Conditional on completion of the transaction, Glencore earlier settled its silver streaming arrangement over one of Los Quenuales' mining properties with Wheaton Precious Metals for a payment of $132 million.

# Notes to the financial statements *continued*

## 27. 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 to 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 from Moody's and BBB+ from S&P.

### Distribution policy and other capital management initiatives

Glencore's base 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 preceding year. 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/June and September of the year they are declared in. In addition, reflecting the Group's through the cycle Net debt objective of c.$10 billion (reducing to c.$5 billion – see below), and consideration of the cyclical nature of the industry and other relevant factors, the Board 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 buyback programmes. As disclosed in note 31, following the November 2023 announcement of our agreement to acquire a 77% interest in Teck Resources's EVR steelmaking coal business, our capital structure and credit profile is now being managed towards a revised $5 billion Net Debt cap, alongside our continued commitment to minimum strong BBB/Baa ratings. Notwithstanding that the cash distribution is declared and paid in US 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 forward-priced 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.

### 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, as part of its annual review process in H2 2023, approved an increase in the Group's consolidated VaR limit (one day 95% confidence level) from $150 million (ex-LNG) to $200 million (inc. LNG), which represents approximately 0.5% of total equity.

The previous limit of $150 million was established in H2 2022, from which LNG was temporarily excluded due to significantly increased market volatilities in the European gas market. As market volatility somewhat normalised in H2 2023, following a comprehensive review, the Board, in consultation with the Chief Risk Officer and senior management, determined that it was appropriate to revert to a VaR limit that includes LNG of $200 million. There were no limit breaches in 2023.

# Notes to the financial statements *continued*

## 27. Financial and capital risk management continued

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 (all including LNG) | **2023** | 2022 |
|---|---|---|
| Year-end position | 42 | 88 |
| Average during the year | 92 | 158 |
| High during the year | 156 | 451 |
| Low during the year | 42 | 66 |

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, bulks, freight, and energy products (including, but not limited to, aluminium, nickel, copper, zinc, cobalt, coal, iron ore, oil, gas and related products) 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 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 now primarily based on Secured Overnight Funding Rate (SOFR) 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 100 basis points higher/lower and all other variables held constant, Glencore's income for the year ended 31 December 2023 would decrease/increase by $226 million (2022: $188 million).

#### Interest rate benchmark reform

As of 31 December 2023, the Group had completed its transition to the new interest rate benchmarks. For interest rate hedging arrangements, all USD LIBOR derivative contracts transitioned to the SOFR upon cessation date and in accordance with the terms of the ISDA Fallback Protocol. For other financial and non-financial assets and liabilities, the Group adopted a combination of Term SOFR, daily SOFR compounded in arrears, and the cost of funds quoted by the bank (if any) involved in such financing.

# Notes to the financial statements *continued*

## 27. Financial and capital risk management continued

### Currency risk

The US 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 US 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 US 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 US dollars. Glencore's operating expenses, being a small portion of its revenue base, are incurred in a mix of currencies of which the US 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 and Sterling denominated bonds (see note 21). 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. Sources of ineffectiveness on cash flow and fair value hedges stem from fluctuations in credit risk spreads that may not align with the designated hedging instruments. The corresponding fair value and notional amounts of these derivatives is as follows:

| | Notional amounts | | Average FX rates | | Carrying amount Assets (Note 29) | | Carrying amount Liabilities (Note 29) | | Average maturity[1] |
|---|---|---|---|---|---|---|---|---|---|
| US$ million | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | **2023** | 2022 | |
| **Cross-currency swap agreements** | | | | | | | | | |
| **Cash flow hedges – currency risk** | | | | | | | | | |
| Eurobonds | 1,790 | 2,907 | 1.16 | 1.14 | – | – | 66 | 203 | 2026 |
| Swiss franc bonds | 504 | 504 | 1.06 | 1.06 | 73 | 20 | – | – | 2026 |
| **Fair value hedges – currency and interest rate risk** | | | | | | | | | |
| Eurobonds | 3,405 | 3,947 | 1.20 | 1.22 | – | 3 | 588 | 903 | 2027 |
| Sterling bonds | 663 | 663 | 1.33 | 1.33 | – | 1 | 64 | 106 | 2026 |
| Swiss franc bonds | 347 | 347 | 1.07 | 1.07 | 21 | – | – | 24 | 2026 |
| | 6,709 | 8,368 | | | 94 | 24 | 718 | 1,236 | |
| **Interest rate swap agreements** | | | | | | | | | |
| **Fair value hedges – interest rate risk** | | | | | | | | | |
| US$ bonds | 9,200 | 7,200 | – | – | 128 | 2 | 533 | 507 | 2029 |
| | **15,909** | **15,568** | | | **222** | **26** | **1,251** | **1,743** | |

1 Refer to note 21 for details.

The carrying amounts of the fair value hedged items are as follows:

| | Carrying amount of the hedged item (Note 21) | | Of which, accumulated fair value hedge adjustments and FX | |
|---|---|---|---|---|
| US$ million | **2023** | 2022 | **2023** | 2022 |
| **Foreign exchange and interest rate risk** | | | | |
| Eurobonds | 2,837 | 3,017 | (587) | (866) |
| Swiss franc bonds | 372 | 326 | 20 | (20) |
| Sterling bonds | 596 | 541 | (62) | (122) |
| US$ bonds | 8,884 | 6,657 | (404) | (505) |
| | **12,689** | **10,541** | **(1,033)** | **(1,513)** |

# Notes to the financial statements *continued*

## 27. Financial and capital risk management continued

### 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 8.5% (2022: 7.1%) of its trade receivables (taking into account credit enhancements) or accounting for more than 3.3% of its revenues over the year ended 31 December 2023 (2022: 3.2%) (see notes 3 and 14).

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 28) and physically settled advances (see notes 12 and 14).

Management information used to monitor credit risk indicates that the prima facie risk profile % categories of financial assets which are subject to review for impairment under IFRS 9, is as set out below. The total balance for those assets as at 31 December 2023 is $8,144 million (2022 restated: $12,413 million) (see notes 12, 14 and 15).

| in % | **2023** | 2022 |
|---|---|---|
| AAA to AA- | 10 | 7 |
| A+ to A- | 39 | 51 |
| BBB+ to BBB- | 15 | 16 |
| BB+ to BB- | 8 | 5 |
| B+ to B- | 13 | 9 |
| CCC+ and below | 15 | 12 |

The 2022 prima facie risk profile % were restated to conform with prior period presentation reclassifications (see notes 12, 14 and 15).

Movements in credit losses for accounts receivable and advances and loans are shown in notes 12 and 14.

**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 the primary commodity price beyond three months, 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.

# Notes to the financial statements *continued*

## 27. Financial and capital risk management continued

### 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 (2022: $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, 12, 21, 22 and 25).

As at 31 December 2023, Glencore had available committed undrawn credit facilities and cash amounting to $12,853 million (2022: $13,000 million), refer to Other reconciliations section. The maturity profile of Glencore's financial liabilities based on the contractual terms is presented in the table below.

The liquidity risk related to physical forward purchase obligations represents the gross contractual cash outflows expected to be paid upon transfer of control of the underlying physical commodity. Gross cash inflows expected from physical forward sales are not presented in the below table, but would approximate the expected gross cash outflows related to forward purchase obligations plus an appropriate margin.

The gross liquidity risk relating to cross-currency swaps entered into for the purposes of hedging foreign currency and interest rate risks arising from the Group's non-US dollar denominated bonds is presented below. The amounts reflect the expected gross settlement of the US 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.

**2023**

| US$ million | After 5 years | Due 3 - 5 years | Due 2 - 3 years | Due 1 - 2 years | Due 0 - 1 year | Total |
|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | | |
| Borrowings excluding lease liabilities, fair value hedge adjustments and other non-cash items | 9,578 | 4,304 | 2,539 | 4,892 | 10,404 | 31,717 |
| Expected future interest payments | 3,225 | 771 | 675 | 1,017 | 783 | 6,471 |
| Lease liabilities – undiscounted | 707 | 267 | 222 | 396 | 707 | 2,299 |
| Securities lending arrangements[1] | – | – | – | – | 400 | 400 |
| Accounts payable | – | – | – | – | 27,459 | 27,459 |
| **Derivative financial liabilities** | | | | | | |
| Physical forward purchases | 6,380 | 25,018 | 25,224 | 38,192 | 80,645 | 175,459 |
| Cross-currency swaps | 1,476 | 1,717 | 2,059 | 1,284 | 1,124 | 7,660 |
| Other financial liabilities | 471 | 111 | 195 | 493 | 2,582 | 3,852 |
| **Total** | **21,837** | **32,188** | **30,914** | **46,274** | **123,704** | **255,317** |

**2022**

| US$ million | After 5 years | Due 3 - 5 years | Due 2 - 3 years | Due 1 - 2 years | Due 0 - 1 year | Total |
|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | | |
| Borrowings excluding lease liabilities, fair value hedge adjustments and other non-cash items | 8,203 | 4,330 | 3,262 | 3,350 | 9,821 | 28,966 |
| Expected future interest payments | 2,876 | 722 | 456 | 553 | 720 | 5,327 |
| Lease liabilities – undiscounted | 637 | 196 | 167 | 328 | 526 | 1,854 |
| Accounts payable[2] | – | – | – | – | 27,266 | 27,266 |
| **Derivative financial liabilities** | | | | | | |
| Physical forward purchases | 13,078 | 25,750 | 26,884 | 32,321 | 58,919 | 156,952 |
| Cross-currency swaps | 2,840 | 2,408 | 1,289 | 1,138 | 2,072 | 9,747 |
| Other financial liabilities[2] | 493 | 228 | 309 | 68 | 2,090 | 3,188 |
| **Total** | **28,127** | **33,634** | **32,367** | **37,758** | **101,414** | **233,300** |

1 Glencore enters into financial instruments which require posting of cash collateral with brokers. As part of its working capital management, Glencore has satisfied certain of its cash collateral obligations with US treasury bills acquired through securities lending arrangements. As at 31 December 2023, $400 million (2022: $Nil) of US treasury bills were held in respect of such arrangements.
2 Accounts payable were reclassified from their prior period presentation, see note 25. Other financial liabilities were restated to conform with current period gross liquidity risk presentation.

# Notes to the financial statements *continued*

## 28. 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 $30,733 million (2022: $27,398 million) of borrowings, the fair value of which at 31 December 2023 was $30,555 million (2022: $26,675 million). $6,080 million (2022: $6,918 million) represents the listed portion of the borrowing portfolio, based on quoted prices on active markets (a Level 1 fair value measurement), and $24,475 million (2022: $19,757 million) is based on observable market prices (a Level 2 fair value measurement).

| **2023**<br>US$ million | Amortised cost | FVTPL[1] | FVTOCI[2] | **Total** |
|---|---|---|---|---|
| **Assets** | | | | |
| Other investments | – | 126 | 387 | 513 |
| Non-current other financial assets | – | 367 | – | 367 |
| Advances and loans | 1,708 | 282 | – | 1,990 |
| Accounts receivable | 8,792 | 6,917 | – | 15,709 |
| Other financial assets | – | 5,187 | – | 5,187 |
| Cash and cash equivalents | 1,925 | – | – | 1,925 |
| **Total financial assets** | **12,425** | **12,879** | **387** | **25,691** |
| **Liabilities** | | | | |
| Borrowings | 32,241 | – | – | 32,241 |
| Non-current other financial liabilities | – | 1,710 | – | 1,710 |
| Accounts payable | 7,012 | 20,447 | – | 27,459 |
| Deferred income | – | 888 | – | 888 |
| Other financial liabilities | – | 3,671 | – | 3,671 |
| **Total financial liabilities** | **39,253** | **26,716** | **–** | **65,969** |

| **2022**<br>US$ million | Amortised cost | FVTPL[1] | FVTOCI[2] | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Other investments | – | 37 | 419 | 456 |
| Non-current other financial assets | – | 206 | – | 206 |
| Advances and loans[3] | 1,000 | 337 | – | 1,337 |
| Accounts receivable[3] | 15,100 | 7,739 | – | 22,839 |
| Other financial assets | – | 6,109 | – | 6,109 |
| Cash and cash equivalents | 1,923 | – | – | 1,923 |
| **Total financial assets** | **18,023** | **14,428** | **419** | **32,870** |
| **Liabilities** | | | | |
| Borrowings | 28,777 | – | – | 28,777 |
| Non-current other financial liabilities | 14 | 2,041 | – | 2,055 |
| Accounts payable[3] | 8,524 | 18,742 | – | 27,266 |
| Deferred income[3] | – | 1,193 | – | 1,193 |
| Other financial liabilities | – | 4,882 | – | 4,882 |
| **Total financial liabilities** | **37,315** | **26,858** | **–** | **64,173** |

1 FVTPL – Fair value through profit and loss.
2 FVTOCI – Fair value through other comprehensive income.
3 Certain amounts were reclassified from their prior period presentation. See notes 12, 14, 22 and 25.

# Notes to the financial statements *continued*

## 28. 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 2023 and 2022 were as follows:

| **2023** | 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] | 15,909 | (12,338) | **3,571** | (1,936) | (511) | 1,124 | **1,983** | **5,554** |
| Derivative liabilities[1] | (16,127) | 12,338 | **(3,789)** | 1,936 | 1,471 | (382) | **(1,592)** | **(5,381)** |

| **2022** | 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] | 3,422 | (2,141) | **1,281** | (608) | (26) | 647 | **5,034** | **6,315** |
| Derivative liabilities[1] | (5,929) | 2,141 | **(3,788)** | 608 | 2,638 | (542) | **(3,149)** | **(6,937)** |

1 Presented within current and non-current other financial assets and 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 in the ordinary course of business. Where practical reasons may prevent net settlement, 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.

## 29. 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.

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.

# Notes to the financial statements *continued*

## 29. Fair value measurements continued

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 assets and liabilities as at 31 December 2023 and 2022. Other assets and liabilities which are measured at fair value on a recurring basis are marketing inventories, other investments, cash and cash equivalents. There are no non-recurring fair value measurements.

### Financial assets

| **2023**<br>US$ million | Level 1 | Level 2 | Level 3 | **Total** |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Trade receivables | – | 6,229 | – | **6,229** |
| Prepaid commodity forward contracts | – | 543 | – | **543** |
| Contingent consideration | – | 75 | 62 | **137** |
| Other receivables | – | – | 8 | **8** |
| Non-current prepaid commodity forward contracts | – | 124 | – | **124** |
| Other non-current receivables and loans | – | – | 22 | **22** |
| Convertible loan | – | – | 136 | **136** |
| Other investments | 390 | 123 | – | **513** |
| **Financial assets** | **390** | **7,094** | **228** | **7,712** |
| **Other financial assets** | | | | |
| **Commodity-related contracts** | | | | |
| Futures | 1,978 | 205 | – | **2,183** |
| Options | 33 | 61 | – | **94** |
| Swaps | 416 | 661 | 5 | **1,082** |
| Physical forwards | – | 851 | 936 | **1,787** |
| **Financial contracts** | | | | |
| Cross-currency swaps | – | 20 | – | **20** |
| Foreign currency and interest rate contracts | – | 21 | – | **21** |
| **Current other financial assets** | **2,427** | **1,819** | **941** | **5,187** |
| **Non-current other financial assets** | | | | |
| Cross-currency swaps | – | 73 | – | **73** |
| Foreign currency and interest rate contracts | – | 127 | – | **127** |
| Other financial derivative assets | – | – | 64 | **64** |
| Purchased call options over Glencore shares[1] | – | 103 | – | **103** |
| **Non-current other financial assets** | **–** | **303** | **64** | **367** |
| **Total** | **2,817** | **9,216** | **1,233** | **13,266** |

1 Call options over the Company's shares in relation to conversion rights of the $625 million non-dilutive convertible bond, due in 2025.

# Notes to the financial statements *continued*

## 29. Fair value measurements continued

### Financial assets

| 2022<br>US$ million | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Trade receivables[2] | – | 7,018 | – | **7,018** |
| Prepaid commodity forward contracts[2] | – | 520 | – | **520** |
| Contingent consideration | – | – | 128 | **128** |
| Other receivables | – | – | 73 | **73** |
| Non-current prepaid commodity forward contracts[2] | – | 44 | – | **44** |
| Other non-current receivables and loans | – | – | 22 | **22** |
| Convertible loan | – | – | 168 | **168** |
| Non-current contingent consideration | – | – | 103 | **103** |
| Other investments | 280 | 176 | – | **456** |
| **Financial assets** | **280** | **7,758** | **494** | **8,532** |
| **Other financial assets** | | | | |
| **Commodity-related contracts** | | | | |
| Futures[2] | 809 | 156 | – | **965** |
| Options | 120 | 4 | – | **124** |
| Swaps[2] | 40 | 165 | 18 | **223** |
| Physical forwards | – | 1,786 | 2,949 | **4,735** |
| **Financial contracts** | | | | |
| Foreign currency and interest rate contracts | – | 62 | – | **62** |
| **Current other financial assets** | **969** | **2,173** | **2,967** | **6,109** |
| **Non-current other financial assets** | | | | |
| Cross-currency swaps | – | 24 | – | **24** |
| Foreign currency and interest rate contracts | – | 1 | – | **1** |
| Purchased call options over Glencore shares[1] | – | 181 | – | **181** |
| **Non-current other financial assets** | **–** | **206** | **–** | **206** |
| **Total** | **1,249** | **10,137** | **3,461** | **14,847** |

1 Call options over the Company's shares in relation to conversion rights of the $625 million non-dilutive convertible bond, due in 2025.
2 Certain amounts were reclassified from their prior period presentation to conform with current year presentation. See notes 12 and 14.

# Notes to the financial statements *continued*

## 29. Fair value measurements continued

### Financial liabilities

| 2023<br>US$ million | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial liabilities** | | | | |
| Accounts payable | – | 20,423 | – | **20,423** |
| Non-discretionary dividend obligation[1] | – | – | 24 | **24** |
| **Financial liabilities** | **–** | **20,423** | **24** | **20,447** |
| **Other financial liabilities** | | | | |
| **Commodity-related contracts** | | | | |
| Futures | 1,592 | 285 | – | **1,877** |
| Options | 104 | 29 | – | **133** |
| Swaps | 130 | 331 | 1 | **462** |
| Physical forwards | – | 1,019 | 66 | **1,085** |
| **Financial contracts** | | | | |
| Cross-currency swaps | – | 4 | – | **4** |
| Foreign currency and interest rate contracts | – | 110 | – | **110** |
| **Current other financial liabilities** | **1,826** | **1,778** | **67** | **3,671** |
| **Non-current other financial liabilities** | | | | |
| Cross-currency swaps | – | 714 | – | **714** |
| Foreign currency and interest rate contracts | – | 499 | – | **499** |
| Non-discretionary dividend obligation[1] | – | – | 285 | **285** |
| Contingent consideration | – | – | 109 | **109** |
| Embedded call options over Glencore shares[2] | – | 103 | – | **103** |
| **Non-current other financial liabilities** | **–** | **1,316** | **394** | **1,710** |
| **Deferred income** | | | | |
| Current deferred income | – | 778 | – | **778** |
| Non-current deferred income | – | 110 | – | **110** |
| **Deferred income** | **–** | **888** | **–** | **888** |
| **Total** | **1,826** | **24,405** | **485** | **26,716** |

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 with a modelled mine life of 13 years as at 31 December 2023.
2 Embedded call option bifurcated from the 2025 convertible bond.

# Notes to the financial statements *continued*

## 29. Fair value measurements continued

### Financial liabilities

**2022**

| US$ million | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **Financial liabilities** | | | | |
| Accounts payable[1] | – | 18,258 | – | **18,258** |
| Other payables[1] | – | 382 | – | **382** |
| Non-discretionary dividend obligation[2] | – | – | 102 | **102** |
| **Financial liabilities** | **–** | **18,640** | **102** | **18,742** |
| **Other financial liabilities** | | | | |
| **Commodity-related contracts** | | | | |
| Futures[3] | 714 | 459 | – | **1,173** |
| Options | 32 | 119 | – | **151** |
| Swaps[3] | – | 660 | – | **660** |
| Physical forwards | – | 2,498 | 113 | **2,611** |
| **Financial contracts** | | | | |
| Cross-currency swaps | – | 181 | – | **181** |
| Foreign currency and interest rate contracts | 1 | 105 | – | **106** |
| **Current other financial liabilities** | **747** | **4,022** | **113** | **4,882** |
| **Non-current other financial liabilities** | | | | |
| Cross-currency swaps | – | 1,055 | – | **1,055** |
| Foreign currency and interest rate contracts | – | 490 | – | **490** |
| Non-discretionary dividend obligation[2] | – | – | 219 | **219** |
| Option over non-controlling interest in Ale | – | – | 22 | **22** |
| Contingent consideration | – | – | 74 | **74** |
| Embedded call options over Glencore shares[3] | – | 181 | – | **181** |
| **Non-current other financial liabilities** | **–** | **1,726** | **315** | **2,041** |
| **Deferred income** | | | | |
| Current deferred income[1] | – | 899 | – | **899** |
| Non-current deferred income[1] | – | 294 | – | **294** |
| **Deferred income** | **–** | **1,193** | **–** | **1,193** |
| **Total** | **747** | **25,581** | **530** | **26,858** |

1 Certain amounts were reclassified from their prior period presentation to conform with current year presentation. See notes 22 and 25.
2 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 with a modelled mine life of 13 years as at 31 December 2022.
3 Embedded call option bifurcated from the 2025 convertible bond.

# Notes to the financial statements *continued*

## 29. Fair value measurements continued

The following table shows the net changes in fair value of Level 3 other financial assets and other financial liabilities:

| US$ million | Contingent consideration | Convertible loan | Physical forwards | Swaps | Other | Total Level 3 |
|---|---|---|---|---|---|---|
| **1 January 2023** | 157 | 168 | 2,836 | 18 | (248) | **2,931** |
| Total (loss)/gain recognised in revenue | – | – | (219) | 65 | – | **(154)** |
| Total loss recognised in cost of goods sold | – | – | (1,167) | (66) | – | **(1,233)** |
| Acquisition | (39) | 25 | – | – | 64 | **50** |
| Fair value recognised in other income/(expense) | (37) | (57) | – | – | 20 | **(74)** |
| Realised | (128) | – | (580) | (13) | (51) | **(772)** |
| **31 December 2023** | **(47)** | **136** | **870** | **4** | **(215)** | **748** |
| | | | | | | |
| **1 January 2022** | 261 | – | 411 | 40 | (63) | **649** |
| Total gain recognised in revenue | – | – | 231 | 67 | – | **298** |
| Total gain/(loss) recognised in cost of goods sold | – | – | 2,403 | (70) | – | **2,333** |
| Acquisition | (20) | 200 | – | – | – | **180** |
| Fair value recognised in other income/(expense) | 105 | (32) | – | – | (173) | **(100)** |
| Realised | (189) | – | (209) | (19) | (12) | **(429)** |
| **31 December 2022** | **157** | **168** | **2,836** | **18** | **(248)** | **2,931** |

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.

### Fair value of financial assets / financial liabilities

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period.

Futures, options and swaps classified as Level 1 financial assets and liabilities are measured using quoted prices in an active market.

Accounts receivable and payables, and certain futures, options, swaps, physical forwards, cross-currency swaps, foreign currency and interest rate contracts classified as Level 2 financial assets and liabilities are measured using discounted cash flow models. Key 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.

Call options over Glencore shares classified as Level 2 financial assets and liabilities are measured using an option pricing model. Key inputs include the current price of Glencore shares, strike price, maturity date of the underlying convertible debt security, risk-free rate and volatility.

Given the extent to which the Group recognises financial instrument assets and liabilities at fair value, the preparation of the Group's consolidated financial statements requires management to consider on an ongoing basis, the key valuation metrics and judgements involved in the determination of the fair value of financial instruments. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgement. Management reviewed the key valuation metrics, assumptions and methodologies involved in the determination of the Level 3 fair value of financial instruments and determined that the valuations were materially reasonable.

The following table provides information on the valuation techniques and inputs used to determine the fair value of Level 3 financial assets of $1,233 million (2022: $3,461 million) and financial liabilities of $485 million (2022: $530 million).

# Notes to the financial statements *continued*

## 29. Fair value measurements continued

| US$ million | | | 2023 | 2022 |
|---|---|---|---|---|
| **Contingent consideration (Mototolo)** | | Assets | **62** | **231** |
| | | Liabilities | **–** | **–** |
| Valuation techniques and key inputs: | Discounted cash flow model | | | |
| Significant and other unobservable inputs: | – Long-term forecast platinum group metals prices; and<br>– Discount rates using weighted average cost of capital methodology.<br>The significant unobservable inputs represent the long-term forecast commodity prices to which the valuation remains sensitive to. A 10% increase/decrease in commodity price assumptions would result in a $4 million (2022: $19 million) adjustment to the current carrying value. | | | |
| **Other receivables and non-current receivables and loans** | | Assets | **30** | **95** |
| | | Liabilities | **–** | **–** |
| Valuation techniques and key inputs: | Discounted cash flow model | | | |
| Significant and other unobservable inputs: | – Discount rates specific to the operation; and<br>– Underlying business plans and forecasts.<br>The valuation remains sensitive to repayment cash flows dependent upon the underlying business plans and forecasts. A one-year delay in the underlying cash flows would result in a $1 million (2022: $19 million) reduction to the current carrying value of the asset while bringing forward repayments by one year would result in a $7 million (2022: $11 million) increase. | | | |
| **Convertible loan (Li-Cycle)** | | Assets | **112** | **168** |
| | | Liabilities | **–** | **–** |
| Valuation techniques and key inputs: | Discounted cash flow and option pricing model | | | |
| Significant and other unobservable inputs: | – Share price; and<br>– Risk-free rate, credit spread; and volatility.<br>The valuation remains sensitive to the credit spread and resulting discount rate (2022: share price) and a 10% increase in the discount rate (2022: increase/decrease in share price) would result in a $29 million (2022: $6 million) reduction (2022: adjustment) to the current carrying value. | | | |
| **Contingent consideration and convertible loan** | | Assets | **24** | **–** |
| | | Liabilities | **(109)** | **(74)** |
| Valuation techniques and key inputs: | Discounted cash flow models | | | |
| Significant and other unobservable inputs: | – Estimated production plans;<br>– Forecast coal and copper prices; and<br>– Discount rates using weighted average cost of capital methodology.<br>The convertible loan valuation remains sensitive to the share price and a 10% increase/decrease in share price assumptions would result in a $1 million adjustment to the current carrying value. The contingent consideration liabilities were mainly determined using forecast production estimates and coal prices. Should production volumes increase/decrease by 10% the value of the liability would increase/decrease by $6 million (2022: $7 million), and for any given quarter, should coal prices be lower than the royalty trigger, no amounts would be due under the price contingent royalty arrangement. A 10% increase/decrease in copper price assumptions would result in a $4 million adjustment to the contingent consideration. | | | |
| **Other financial derivative assets (Cobar)** | | Assets | **64** | **–** |
| | | Liabilities | **–** | **–** |
| Valuation techniques and key inputs: | Discounted Monte Carlo option pricing simulation | | | |
| Significant and other unobservable inputs: | – Estimated production plans; and<br>– Forecast copper prices.<br>The contingent future consideration valuation remains sensitive to production volumes and an 8-year increase in the life of mine assumptions would result in a $5 million increase to the current carrying value. | | | |
| **Swaps** | | Assets | **5** | **18** |
| | | Liabilities | **(1)** | **–** |
| Valuation techniques and key inputs: | Discounted cash flow model | | | |
| Significant and other unobservable inputs: | – Long-term aluminium and alumina prices.<br>The significant unobservable inputs represent the long-term aluminium and alumina prices to which the valuation remains sensitive. A 10% increase/decrease in price assumptions would result in a $1 million (2022: $2 million) adjustment to the current carrying value. | | | |

# Notes to the financial statements *continued*

## 29. Fair value measurements continued

| US$ million | | | 2023 | 2022 |
|---|---|---|---|---|
| **Physical Forwards** | | Assets | **936** | **2,949** |
| | | Liabilities | **(66)** | **(113)** |

Valuation techniques and key inputs: Discounted cash flow model

Significant and other 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 and demand;
– customer requirements; and
– counterparty credit considerations.

These 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.

As at 31 December 2023, physical forward Level 3 assets relating to LNG contracts amount to $760 million (2022: $2,552 million) and liabilities of $Nil (2022: $19 million). Valuation of these contracts is based on observable Oil and Global Gas prices that are adjusted by unobservable differentials which collectively represent, but are not limited to, transportation, storage, liquefication and regasification premiums.

The value of our Level 3 long-term LNG physical supply contracts reflects the price dislocation between Europe and other international markets and uncertainty of pricing inputs beyond the observable range. There is limited observable LNG pricing data beyond 2027 and an estimation uncertainty exists over global gas supply and demand and the extent to which the current dislocation impacts long-term LNG pricing. For the longer-dated portion of the curve, complex modelling techniques are also required where there is limited observable market data. Extrapolation of observable pricing is applied and correlated to third-party long-term forecast macro pricing assumptions for various Oil and Global Gas indices, on which the long-term LNG prices are based. Given the resulting inherent estimation uncertainty, reasonable valuation ranges are developed to reflect the expected transfer value of these arrangements to another market participant in accordance with IFRS 13. The Group considers the risks associated with realising market value from unobservable long-term prices in selecting pricing from within those ranges.

The potential impact of a 10% favourable and unfavourable change in the unobservable valuation inputs could result in a gain and loss of $0.1 billion (2022: a gain and loss of $0.1 billion), respectively, both of which would be reflected in the consolidated statement of income.

| US$ million | | | 2023 | 2022 |
|---|---|---|---|---|
| **Non-discretionary dividend obligation (ARM Coal)** | | Assets | **–** | **–** |
| | | Liabilities | **(309)** | **(321)** |

Valuation techniques: Discounted cash flow model

Significant and other unobservable inputs:

– Long-term forecast coal 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 coal 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 coal prices. The significant unobservable inputs represent the long-term forecast commodity prices to which the valuation remains sensitive. A 10% increase/decrease in coal price assumptions would result in a $92 million (2022: $108 million) adjustment to the current carrying value.

# Notes to the financial statements *continued*

### 29. Fair value measurements continued

| US$ million | | 2023 | 2022 |
|---|---|---|---|
| **Option over non-controlling interest (AleSat)** | Assets | – | – |
| | Liabilities | – | **(22)** |

| | |
|---|---|
| Valuation techniques and key inputs: | Discounted cash flow model |
| Significant unobservable inputs: | The 31 December 2022 balance 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 was additionally sensitive to movement in the spot exchange rates between the Brazilian real and US dollar. The non-controlling interest was acquired during the current year. |

### 30. Auditor's remuneration

| US$ million | 2023 | 2022 |
|---|---|---|
| Remuneration in respect of the audit of Glencore's consolidated financial statements | 28 | 21 |
| Other audit fees, primarily in respect of audits of accounts of subsidiaries | 5 | 5 |
| Audit-related assurance services[1] | 5 | 2 |
| **Total audit and related assurance fees** | **38** | **28** |
| Other assurance services[2] | 3 | 1 |
| **Total non-audit fees** | 3 | 1 |
| **Total professional fees** | **41** | **29** |

1 Audit-related assurance services primarily related to interim reviews of the Group's half-year accounts as well as bond issuances and comfort letters.
2 Other assurance services primarily comprises assurance in respect of certain aspects of the Group's sustainability reporting.

### 31. 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 2023, $1,433 million (2022: $1,295 million), of which 94% (2022: 94%) 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 2023, $187 million (2022: $118 million) of such development expenditures are to be incurred, of which 42% (2022: 20%) 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 2023, $7,207 million (2022: $7,965 million) of procurement and $4,667 million (2022: $4,256 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 relating 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 ($358 million) over the period to 2024 so as to de-bottleneck 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.

## EVR

In November 2023, Glencore entered into an agreement with Teck, for the acquisition of a 77% effective interest in the entirety of Teck's steelmaking coal business, EVR, for $6.93 billion in cash, on a cash-free debt free basis, subject to a normalised level of working capital. At closing, Glencore will also acquire from Teck and the other partners in EVR their attributable share of a shareholder loan from Teck to EVR which is repayable out of EVR's cash flows. The amount payable for this portion of the loan is expected to be some $250-$300 million on closing.

The transaction is subject to mandatory regulatory approvals, being Investment Canada Act and competition approvals. While closing could occur earlier, it is expected no later than Q3 2024.

# Notes to the financial statements *continued*

### 32. Contingent liabilities

There were no corporate guarantees in favour of third parties as at 31 December 2023 (2022: None), except those disclosed in note 11. 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 2023 and 2022, 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.

## Investigations by regulatory and enforcement authorities

As described in note 23, the Group remains subject to investigations by the OAG and Dutch authorities. At 31 December 2023, taking account of all available evidence, the Investigations Committee concluded that, with respect to these investigations, it is not probable that a present obligation existed at the end of the reporting period. The timing and amount, if any, of the possible financial effects (such as fines, penalties or damages, which could be material) or other consequences, including external costs, from the OAG and Dutch investigations and any change in their scope are not currently possible to predict or estimate.

The Group notes that other authorities may commence investigations against the Group in connection with the resolved investigations or the matters under investigation. In respect of these investigations, taking into account all available evidence, the Investigations Committee does not consider it probable that a present obligation existed in relation to these potential investigations as at the balance sheet date, and the amount of any financial effects, which could be material, is not currently possible to predict or estimate.

## Claims against the Company in connection with investigations by regulatory and enforcement authorities

Claims are being pursued against the Group in the United Kingdom in connection with the various Government investigations, constituting claims on behalf of approximately 350 current and former shareholders. The claims are, inter alia, made under s90 of the Financial Services and Markets Act 2000 ('FSMA') relating to prospectus liability, while certain claimants currently include s90A FSMA claims relating to misstatements in other information by the Company and/or dishonest delay in publishing information. The bases for the claims are that the prospectuses issued in 2011 and 2013 and other published information by the Company were untrue, misleading or contained omissions.

The Group may be the subject of further legal claims brought by other parties in connection with the Government investigations, including collective, group or representative actions.

In respect of these claims, taking into account all available evidence, the Investigations Committee does not consider it probable that a present obligation existed in relation to these claims or potential claims as at the balance sheet date, and the amount of any financial effects, which could be material, is not currently possible to predict or estimate.

## Claims in respect of Horne smelter

In October 2023, two individuals (Plaintiffs) filed Motion for Authorization of a Class Action and to Obtain the Status of Representatives against Glencore and the Attorney General of Québec, as representative of the Government of the Province of Québec (the 'Québec Government') (together, the 'Defendants') regarding Glencore's Horne Smelter situated in the city of Rouyn-Noranda, in the Province of Québec, Canada. The Plaintiffs allege that Glencore caused prejudice to the proposed class by releasing contaminants into the environment, while fully aware of the risks and dangers to public health. The Plaintiffs also allege that the Québec Government committed a fault and caused prejudice to the proposed class in that it tolerated and authorised these emissions. The claims are at an early stage. Taking into account all available evidence, the Company does not consider it probable that a present obligation existed at the balance sheet date in relation to this claim, and the amount of any financial effects, which could be material, is not currently possible to predict or estimate.

## Other legal proceedings

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.

# Notes to the financial statements *continued*

### 32. 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.

### 33. 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 12, 14 and 25). 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 2023, sales and purchases with associates and joint ventures amounted to $3,289 million (2022: $3,941 million) and $5,850 million (2022: $8,091 million), respectively.

## Remuneration of key management personnel

Glencore's key management personnel are the members of the Board of Directors, CEO, and the following members of our Group Leadership: our CFO, General Counsel, Head of Industrial Assets, Head of Corporate Affairs, Head of Human Resources and Head of Sustainability. 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 $36 million (2022: $29 million). Amounts expensed relating to long-term benefits or share-based payments to key management personnel amounted to $9 million (2022: $7 million). Further details on remuneration of Directors are set out in the Directors' Remuneration Report on page 134.

### 34. Principal subsidiaries with material non-controlling interests

Non-controlling interest is comprised of the following:

| US$ million | **2023** | 2022 |
|---|---|---|
| Kazzinc | 1,087 | 1,156 |
| Koniambo | (6,419) | (5,745) |
| Kamoto Copper Company (KCC) | (185) | 88 |
| Volcan | (302) | (201) |
| Other | 476 | 511 |
| **Total** | **(5,343)** | **(4,191)** |

# Notes to the financial statements *continued*

## 34. 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 2023 and 2022, reflecting 100% of the underlying subsidiary's relevant figures, is set out below.

| US$ million | Kazzinc | Koniambo | KCC | Volcan |
|---|---|---|---|---|
| **31 December 2023** | | | | |
| Non-current assets | 2,750 | 307 | 4,414 | 1,512 |
| Current assets | 1,920 | 420 | 1,308 | 207 |
| **Total assets** | **4,670** | **727** | **5,722** | **1,719** |
| Non-current liabilities | 200 | 16,072 | 9,867 | 1,094 |
| Current liabilities | 876 | 114 | 2,250 | 456 |
| **Total liabilities** | **1,076** | **16,186** | **12,117** | **1,550** |
| **Net assets/(liabilities)** | **3,594** | **(15,459)** | **(6,395)** | **169** |
| Equity attributable to owners of the Company | 2,507 | (9,040) | (6,210) | 471 |
| Non-controlling interest | 1,087 | (6,419) | (185) | (302) |
| Non-controlling interest % | 30.3% | 51.0% | 25.0% | 76.7% |
| | | | | |
| **2023** | | | | |
| Revenue | 3,685 | 415 | 1,816 | 919 |
| Expenses | (3,891) | (1,736) | (2,864) | (1,051) |
| **Net loss for the year** | **(206)** | **(1,321)** | **(1,048)** | **(132)** |
| Loss attributable to owners of the Company | (173) | (647) | (575) | (31) |
| Loss attributable to non-controlling interests | (33) | (674) | (473) | (101) |
| **Total comprehensive loss for the year** | **(206)** | **(1,321)** | **(1,048)** | **(132)** |
| Dividends paid to non-controlling interests | 1 | – | – | – |
| Net cash inflow/(outflow) from operating activities | 224 | (388) | (239) | 163 |
| Net cash outflow from investing activities | (337) | – | (465) | (156) |
| Net cash inflow/(outflow) from financing activities | 43 | 384 | 749 | (19) |
| **Total net cash (outflow)/inflow** | **(70)** | **(4)** | **45** | **(12)** |

| US$ million | Kazzinc | Koniambo | KCC | Volcan |
|---|---|---|---|---|
| **31 December 2022** | | | | |
| Non-current assets | 3,377 | 507 | 4,429 | 1,723 |
| Current assets | 1,613 | 519 | 1,351 | 241 |
| **Total assets** | **4,990** | **1,026** | **5,780** | **1,964** |
| Non-current liabilities | 494 | 15,019 | 9,602 | 1,256 |
| Current liabilities | 673 | 147 | 1,456 | 405 |
| **Total liabilities** | **1,167** | **15,166** | **11,058** | **1,661** |
| **Net assets** | **3,823** | **(14,140)** | **(5,278)** | **303** |
| Equity attributable to owners of the Company | 2,667 | (8,395) | (5,366) | 504 |
| Non-controlling interest | 1,156 | (5,745) | 88 | (201) |
| Non-controlling interest % | 30.3% | 51.0% | 25.0% | 76.7% |
| | | | | |
| **2022** | | | | |
| Revenue | 3,564 | 713 | 2,545 | 1,000 |
| Expenses | (3,615) | (1,823) | (3,127) | (1,124) |
| **Net loss for the year** | (51) | (1,110) | (582) | (124) |
| Loss attributable to owners of the Company | (35) | (544) | (407) | (29) |
| Loss attributable to non-controlling interests | (16) | (566) | (175) | (95) |
| **Total comprehensive loss for the year** | **(51)** | **(1,110)** | **(582)** | **(124)** |
| Dividends paid to non-controlling interests | (196) | – | (211) | – |
| Net cash inflow/(outflow) from operating activities | 549 | (78) | 898 | 234 |
| Net cash outflow from investing activities | (335) | (19) | (393) | (245) |
| Net cash (outflow)/inflow from financing activities | (309) | 112 | (632) | (146) |
| **Total net cash (outflow)/inflow** | **(95)** | **15** | **(127)** | **(157)** |

# Notes to the financial statements *continued*

## 35. Principal operating, finance and industrial subsidiaries and investments

| | Country of incorporation | % interest 2023 | % interest 2022 | Main activity |
|---|---|---|---|---|
| **Principal subsidiaries** | | | | |
| **Industrial activities** | | | | |
| El Pachon | Argentina | 100.0 | 100.0 | Copper production |
| MARA Project[1] | Argentina | 100.0 | 43.7 | Copper production |
| Cobar Management Pty Limited | Australia | – | 100.0 | Copper production |
| Compania Minera Lomas Bayas | Chile | 100.0 | 100.0 | Copper production |
| Complejo Metalurgico Altonorte SA | 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 LLC | USA | 100.0 | 100.0 | Copper production |
| Polymet Mining Corp. | Canada | 100.0 | 71.0 | Copper production |
| Kamoto Copper Company SA[2] | DRC | 75.0 | 75.0 | Copper/Cobalt production |
| Mutanda Group | DRC | 95.0 | 95.0 | 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 |
| Zhayremsky Gorno-Obogatitelny Kombinat JSC | Kazakhstan | 69.7 | 69.7 | Copper/Zinc/Lead production |
| Altyntau Kokshetau JSC | Kazakhstan | 69.7 | 69.7 | Gold production |
| Britannia Refined Metals Limited | UK | 100.0 | 100.0 | Lead production |
| Murrin Murrin Operations Pty Ltd | 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 |
| Canadian Electrolytic Zinc Limited[1] | Canada | 100.0 | 25.0 | Zinc production |
| Nordenhamer Zinkhütte GmbH | Germany | 100.0 | 100.0 | Zinc production |
| Asturiana de Zinc S.A.U. | Spain | 100.0 | 100.0 | Zinc production |
| Volcan Companja Minera S.A.A.[4] | Peru | 23.3 | 23.3 | Zinc production |
| Portovesme S.r.L. | Italy | 100.0 | 100.0 | Zinc/Lead production |

1 In 2023, Glencore completed the acquisitions of the remaining 75% in Noranda Income Fund and the remaining 56.3% in the MARA project (see note 26).
2 Refer to note 34.
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).

# Notes to the financial statements *continued*

## 35. Principal operating, finance and industrial subsidiaries and investments continued

| | Country of incorporation | % interest 2023 | % interest 2022 | Main activity |
|---|---|---|---|---|
| **Industrial activities** | | | | |
| Oakbridge Pty Limited | Australia | 98.2 | 98.2 | 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 Limited | Australia | 100.0 | 100.0 | Coal production |
| Ulan Coal Mines Pty Limited | Australia | 100.0 | 100.0 | Coal production |
| Prodeco group | Colombia | 100.0 | 100.0 | Coal production |
| Umcebo Mining (Pty) Ltd[5] | South Africa | 48.7 | 48.7 | Coal production |
| ARM Coal (Proprietary) Limited[6] | South Africa | 49.0 | 49.0 | Coal production |
| Carbones del Cerrejón Limited | Anguilla | 100.0 | 100.0 | Coal production |
| Glencore Exploration Cameroon Ltd. | Bermuda | 100.0 | 100.0 | Oil production |
| Glencore Exploration (EG) Limited | Bermuda | 100.0 | 100.0 | Oil production |
| Astron Energy (Pty) Ltd | South Africa | 72.0 | 72.0 | Oil refining / 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 Pty Limited | Australia | 100.0 | 100.0 | Holding |
| Glencore Investment Pty Limited | Australia | 100.0 | 100.0 | Holding |
| Glencore Australia Holdings Pty Limited | Australia | 100.0 | 100.0 | Finance |
| Glencore Finance (Bermuda) Ltd. | Bermuda | 100.0 | 100.0 | Finance |
| Alesat Combustiveis S.A. | Brazil | 100.0 | 88.0 | Oil distribution |
| Topley Corporation | B.V.I. | 100.0 | 100.0 | Ship owner |
| Glencore Finance (Canada) Limited | Canada | 100.0 | 100.0 | Finance |
| Glencore Finance (Europe) Limited | Jersey | 100.0 | 100.0 | Finance |
| Glencore Capital Finance Designated Activity Company | Ireland | 100.0 | 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 Chile SpA | Chile | 100.0 | 100.0 | Operating |
| Glencore China Ltd. | China | 100.0 | 100.0 | Operating |
| Glencore Singapore Pte. Ltd. | Singapore | 100.0 | 100.0 | Operating |
| ST Shipping and Transport Pte. Ltd. | Singapore | 100.0 | 100.0 | Operating |
| Glencore AG (Ltd/SA) | Switzerland | 100.0 | 100.0 | Operating |
| Glencore International AG (Ltd/SA) | 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 Umcebo as a result of shareholder agreements which provide Glencore the ability to control the board of directors.
6 Although Glencore holds 47.5% (2022: 47.5%) of the voting rights, it has the ability to exercise control over ARM as a result of shareholder agreements which provide Glencore the ability to control the board of directors.

# Notes to the financial statements *continued*

## 35. Principal operating, finance and industrial subsidiaries and investments continued

| | Country of incorporation | **% interest 2023** | % interest 2022 | Main activity |
|---|---|---|---|---|
| **Principal joint ventures[7]** | | | | |
| Viterra Group | Jersey | 49.9 | 49.9 | Agriculture business |
| Compania Minera Dona Ines de Collahuasi SCM | Chile | 44.0 | 44.0 | Copper production |
| **Principal joint operation and other unincorporated arrangement[8]** | | | | |
| Bulga Joint Venture | Australia | 87.5 | 87.5 | 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 and Foybrook Joint Ventures | Australia | 67.5 | 67.5 | Coal production |
| Oaky Creek Coal Joint Venture | Australia | 55.0 | 55.0 | Coal production |
| United Wambo Joint Venture | Australia | 47.5 | 47.5 | Coal production |
| Goedgevonden Joint Venture[9] | South Africa | 74.0 | 74.0 | Coal production |
| Glencore Merafe Chrome Pooling and Share Joint Venture | South Africa | 79.5 | 79.5 | Ferroalloys production |
| Glencore Bakwena-Ba-Mogopa Rhovan Pooling and Sharing Joint Venture[9] | South Africa | 74.0 | 74.0 | Vanadium production |
| NewRange Copper Nickel LLC | USA | 50.0 | – | Copper 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 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.
9 Glencore has the ability to exercise control over Goedgevonden Joint Venture and Rhovan Joint Venture as a result of shareholder agreements which results in the joint ventures being fully consolidated.

| | Country of incorporation | **% interest 2023** | % interest 2022 | Main activity |
|---|---|---|---|---|
| **Principal associates** | | | | |
| Newcastle Coal Shippers Pty Limited[10] | Australia | 52.6 | 52.6 | Coal terminal |
| GS Coal Holdings Pty Ltd | Australia | 50.0 | 50.0 | Coal production |
| Richards Bay Coal Terminal Company Limited[11] | South Africa | 19.8 | 19.8 | Coal terminal |
| Century Aluminum Company[12] | USA | 46.0 | 46.1 | Aluminium production |
| Alumina do Norte do Brasil S.A | Brazil | 30.0 | – | Alumina production |
| Mineração Rio do Norte S.A. | Brazil | 45.0 | – | Bauxite production |
| PT CITA Mineral Investindo Tbk | Indonesia | 31.7 | 31.7 | Alumina production |
| Aquarius Energy Limited | Jersey | 49.0 | 49.0 | Oil storage |
| Compania Minera Antamina S.A. | Peru | 33.8 | 33.8 | Zinc/Copper production |
| Metals Acquisition Limited | Jersey | 19.9 | – | Copper production |

10 Glencore holds 50.2% (2022: 50.2%) of the voting rights.
11 Glencore holds 19.3% (2022: 19.3%) of the voting rights.
12 Represents the Group's economic interest in Century, comprising 42.9% (2022: 42.9%) voting interest and 3.0% non-voting interest (2022: 3.2%). Century is publicly traded on NASDAQ under the symbol CENX.

| | Country of incorporation | **% interest 2023** | % interest 2022 | Main activity |
|---|---|---|---|---|
| **Other investments** | | | | |
| Shenzhen Energy Gas Investment Holding Co., Ltd | China | 7.8 | 7.8 | Energy distribution |
| Press Metal Aluminium Holdings Berhad | Malaysia | 1.5 | – | Aluminium production |
| PT Amman Mineral Internasional Tbk. | Indonesia | 1.2 | – | Copper production |

## 36. Subsequent events

On 12 February 2024, the Group and its fellow shareholder made the decision to transition Koniambo Nickel SAS (KNS) into care and maintenance, following several months of extensive discussions and negotiations with relevant government and other key stakeholders. Glencore will fund the operation according to an agreed budget as it begins an orderly transition to a state of care and maintenance and will shortly initiate a process to identify a potential new industrial partner for KNS.

# 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) 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.

Although Glencore has a voting interest in Volcan of 63%, its total economic interest is only 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 APMs, including production data. In Q4 2022, Glencore commenced a process to dispose of its 23.3% economic interest in Volcan, which is ongoing. As a result, the carrying amounts of Volcan assets and liabilities as at 31 December 2023 and 31 December 2022 are classified as held for sale (see note 16).

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 pre 'held for sale' underlying IFRS treatment (equity accounting). In June 2023, Glencore and its fellow shareholders in Viterra Limited, concluded an agreement with Bunge Limited to merge Bunge and Viterra in a cash and stock transaction. As a result, the carrying amount of the 49.9% investment in Viterra as at 31 December 2023 is classified as held for sale (see note 16) and, while having this classification, Glencore no longer accounts for its share of Viterra's income. However, for segmental reporting purposes, and for internal reporting, Viterra continues to be accounted for as an equity accounted associate.

See reconciliation of revenue and relevant material associates' and joint ventures' Adjusted EBIT to 'Share of net income from associates and joint ventures' below.

# Alternative performance measures *continued*

## 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 | 2023 | 2022 |
|---|---|---|
| Revenue – Marketing activities | 186,708 | 215,102 |
| Revenue – Industrial activities | 60,421 | 78,332 |
| Inter-segment eliminations | (26,741) | (34,755) |
| **Revenue – segmental** | **220,388** | **258,679** |
| Proportionate adjustment material associates and joint ventures – revenue | (3,477) | (3,695) |
| Proportionate adjustment Volcan – revenue | 918 | 1,000 |
| **Revenue – reported measure** | **217,829** | **255,984** |

### Share of income from relevant material associates and joint ventures

| US$ million | 2023 | 2022 |
|---|---|---|
| Associates' and joint ventures' Adjusted EBITDA | 2,338 | 2,687 |
| Depreciation and amortisation | (729) | (641) |
| Associates' and joint ventures' Adjusted EBIT | 1,609 | 2,046 |
| | | |
| Net finance costs | 5 | (22) |
| Income tax expense | (559) | (688) |
| | (554) | (710) |
| **Share of income from relevant material associates and joint ventures** | **1,055** | **1,336** |
| Share of income from other associates and joint ventures | 282 | 964 |
| **Share of income from associates and joint ventures[1]** | **1,337** | **2,300** |

1 Comprises share in earnings of $51 million (2022: $528 million) from Marketing activities and share in earnings of $1,286 million (2022: $1,772 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, net expected credit losses on financial assets 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.

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

| US$ million | 2023 | 2022 |
|---|---|---|
| Reported measures | | |
| Revenue | 217,829 | 255,984 |
| Cost of goods sold | (207,046) | (228,467) |
| Net expected credit losses | 21 | (256) |
| Selling and administrative expenses | (2,105) | (2,430) |
| Share of income from associates and joint ventures | 1,337 | 2,300 |
| Dividend income | 6 | 45 |
| | **10,042** | **27,176** |
| Adjustments to reported measures | | |
| Share of associates' significant items | 90 | 9 |
| Viterra share in earnings post held for sale classification | 186 | – |
| Movement in unrealised inter-segment profit elimination | (258) | (1,176) |
| Proportionate adjustment material associates and joint ventures – net finance and income tax expense | 554 | 710 |
| Proportionate adjustment Volcan – net finance, income tax expense and non-controlling interests | (222) | (62) |
| **Adjusted EBIT** | **10,392** | **26,657** |
| Depreciation and amortisation | 5,981 | 6,987 |
| Proportionate adjustment material associates and joint ventures – depreciation | 729 | 641 |
| Proportionate adjustment Volcan – depreciation | – | (225) |
| **Adjusted EBITDA** | **17,102** | **34,060** |

# Alternative performance measures *continued*

## Significant items

Significant items of income and expense which, due to their 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 2023**

| US$ million | Gross significant charges | Non-controlling interests' share | Significant items tax | **Equity holders' share** |
|---|---|---|---|---|
| Share of associates' significant items[1] | (90) | – | – | (90) |
| Viterra share in earnings post-held for sale classification | (186) | – | – | (186) |
| Movement in unrealised inter-segment profit elimination[1] | 258 | – | (35) | 223 |
| Gain on acquisitions and disposals of non-current assets[2] | 850 | – | (197) | 653 |
| Other expense – net[3] | (1,091) | 45 | 13 | (1,033) |
| Tax-significant items in their own right[4] | – | – | (313) | (313) |
| | (259) | 45 | (532) | (746) |
| Impairments attributable to equity holders | | | | |
| Impairments[5] | (2,109) | 56 | 460 | (1,593) |
| Impairment Volcan[5] | (375) | 261 | 35 | (79) |
| | (2,484) | 317 | 495 | (1,672) |
| **Total significant items** | **(2,743)** | **362** | **(37)** | **(2,418)** |

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 Relates to tax losses not recognised ($255 million) and adjustments in respect of prior years ($321 million) less foreign exchange fluctuations ($263 million), see note 8 of the financial statements.
5 See note 7 of the financial statements.

**Reconciliation of net significant items 2022**

| US$ million | Gross significant charges | Non-controlling interests' share | Significant items tax | Equity holders' share |
|---|---|---|---|---|
| Share of associates' significant items[1] | (9) | – | – | (9) |
| Movement in unrealised inter-segment profit elimination[1] | 1,176 | – | (141) | 1,035 |
| Gain on acquisitions and disposals of non-current assets[2] | 1,287 | 4 | (115) | 1,176 |
| Other expense – net[3] | (911) | – | (26) | (937) |
| Tax-significant items in their own right[4] | – | – | (486) | (486) |
| | 1,543 | 4 | (768) | 779 |
| Impairments attributable to equity holders | | | | |
| Impairments[5] | (3,173) | 338 | 521 | (2,314) |
| Impairment Volcan[5] | (164) | 89 | 48 | (27) |
| | (3,337) | 427 | 569 | (2,341) |
| **Total significant items** | **(1,794)** | **431** | **(199)** | **(1,562)** |

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 Relates to foreign exchange fluctuations ($187 million), tax losses not recognised ($98 million) and adjustments in respect of prior years ($201 million), see note 8 of the financial statements.
5 See note 7 of the financial statements.

## Net income attributable to equity holders pre-significant items

Net income attributable to equity holders 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 | **2023** | 2022 |
|---|---|---|
| Income for the year attributable to equity holders of the Parent | 4,280 | 17,320 |
| Significant items | 2,418 | 1,562 |
| **Income attributable to equity holders of the Parent pre-significant items** | **6,698** | **18,882** |

# Alternative performance measures *continued*

## 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 2023, $26,145 million (2022: $27,425 million) of inventories were considered readily marketable. This comprises $14,441 million (2022: $15,608 million) of inventories carried at fair value less costs of disposal and $11,704 million (2022: $11,817 million) carried at the lower of cost or net realisable value. Total readily marketable inventories includes $113 million (2022: $230 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.

### Net funding/net debt at 31 December 2023

| US$ million | Reported measure | Proportionate adjustment material associates and joint ventures | Proportionate adjustment Volcan | **Adjusted measure** |
|---|---|---|---|---|
| Non-current borrowings | 21,275 | 864 | – | **22,139** |
| Current borrowings | 10,966 | 50 | – | **11,016** |
| **Total borrowings** | **32,241** | **914** | **–** | **33,155** |
| Less: cash and cash equivalents | (1,925) | (168) | – | **(2,093)** |
| **Net funding**[1] | **30,316** | **746** | **–** | **31,062** |
| Less: Readily marketable inventories | (26,032) | (113) | – | **(26,145)** |
| **Net debt**[1] | **4,284** | **633** | **–** | **4,917** |
| | | | | |
| **Adjusted EBITDA** | | | | **17,102** |
| **Net debt to Adjusted EBITDA** | | | | **0.29** |

### Net funding/net debt at 31 December 2022

| US$ million | Reported measure | Proportionate adjustment material associates and joint ventures | Proportionate adjustment Volcan | Adjusted measure |
|---|---|---|---|---|
| Non-current borrowings | 18,851 | 845 | – | 19,696 |
| Current borrowings | 9,926 | 26 | – | 9,952 |
| **Total borrowings** | **28,777** | **871** | **–** | **29,648** |
| Less: cash and cash equivalents | (1,923) | (225) | – | (2,148) |
| **Net funding**[1] | 26,854 | 646 | – | 27,500 |
| Less: Readily marketable inventories | (27,195) | (230) | – | (27,425) |
| **Net debt / (cash)**[1] | **(341)** | **416** | **–** | **75** |
| | | | | |
| **Adjusted EBITDA** | | | | **34,060** |
| **Net debt to Adjusted EBITDA** | | | | **0.00** |

1 Includes $705 million (2022: $595 million) of Marketing-related lease liabilities.

# Alternative performance measures *continued*

### 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 | 2023 | 2022 |
|---|---|---|
| Capital expenditure – Marketing activities | 603 | 299 |
| Capital expenditure – Industrial activities | 6,074 | 4,807 |
| **Capital expenditure – segmental** | **6,677** | **5,106** |
| Proportionate adjustment material associates and joint ventures – capital expenditure | (1,291) | (694) |
| Proportionate adjustment Volcan – capital expenditure | – | 233 |
| **Capital expenditure – reported measure** | **5,386** | **4,645** |

## 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 purchase 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.

| **2023** US$ million | Reported measure | Proportionate adjustment material associates and joint ventures | Proportionate adjustment Volcan | **Adjusted measure** |
|---|---|---|---|---|
| Purchase of property, plant and equipment | (4,484) | (1,229) | – | (5,713) |
| Proceeds from sale of property, plant and equipment | 147 | 5 | – | 152 |
| **Net purchase and sale of property, plant and equipment** | **(4,337)** | **(1,224)** | **–** | **(5,561)** |

| **2022** US$ million | Reported measure | Proportionate adjustment material associates and joint ventures | Proportionate adjustment Volcan | **Adjusted measure** |
|---|---|---|---|---|
| Purchase of property, plant and equipment | (4,177) | (674) | 245 | (4,606) |
| Proceeds from sale of property, plant and equipment | 63 | – | – | 63 |
| **Net purchase and sale of property, plant and equipment** | **(4,114)** | **(674)** | **245** | **(4,543)** |

### 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 returns 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.

| **2023** 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, interest and tax | 15,117 | – | – | 15,117 |
| Addback EBITDA of relevant material associates and joint ventures | – | 2,338 | (270) | 2,068 |
| Non-cash adjustments included within EBITDA | – | 46 | – | 46 |
| Adjusted cash generated by operating activities before working capital changes, interest and tax | 15,117 | 2,384 | (270) | 17,231 |
| Income taxes paid | (6,503) | (589) | 23 | (7,069) |
| Interest received | 552 | 10 | (6) | 556 |
| Interest paid | (1,882) | (15) | 63 | (1,834) |
| Dividends received from associates and joint ventures | 1,328 | (760) | – | 568 |
| **Funds from operations (FFO)** | **8,612** | **1,030** | **(190)** | **9,452** |
| | | | | |
| **Net debt** | | | | **4,917** |
| **FFO to net debt** | | | | **192.2%** |

## Alternative performance measures *continued*

| **2022** 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, interest and tax | 32,915 | – | – | 32,915 |
| Addback EBITDA of relevant material associates and joint ventures | – | 2,687 | (285) | 2,402 |
| Non-cash adjustments included within EBITDA | – | 46 | (11) | 35 |
| Adjusted cash generated by operating activities before working capital changes, interest and tax | 32,915 | 2,733 | (296) | 35,352 |
| | | | | |
| Income taxes paid | (4,881) | (1,066) | 43 | (5,904) |
| Interest received | 234 | 3 | (5) | 232 |
| Interest paid | (1,340) | (18) | 57 | (1,301) |
| Dividends received from associates and joint ventures | 1,691 | (1,132) | – | 559 |
| **Funds from operations (FFO)** | **28,619** | **520** | **(201)** | **28,938** |
| | | | | |
| **Net debt** | | | | **75** |
| **FFO to net debt** | | | | **n.m.** |

# Other reconciliations

## Available committed liquidity[1]

| US$ million | 2023 | 2022 |
|---|---|---|
| Cash and cash equivalents – reported | 1,925 | 1,923 |
| Proportionate adjustment – cash and cash equivalents | 168 | 225 |
| Headline committed core revolving credit facilities | 12,960 | 11,185 |
| Other committed facilities | 300 | – |
| Amount drawn under revolving credit facilities | (1,456) | – |
| Amounts drawn under US commercial paper programme | (1,044) | (333) |
| **Total** | **12,853** | **13,000** |

1 Presented on an adjusted measure basis.

## Cash flow-related adjustments 2023

| US$ million | Reported measure | Proportionate adjustment material associates and joint ventures | Proportionate adjustment Volcan | Adjusted measure |
|---|---|---|---|---|
| Funds from operations (FFO) | 8,612 | 1,030 | (190) | 9,452 |
| Working capital changes | 3,752 | 159 | 194 | 4,105 |
| Net cash used in acquisitions of subsidiaries | (494) | – | – | (494) |
| Net cash received from disposal of subsidiaries | 838 | – | – | 838 |
| Purchase of investments | (946) | – | – | (946) |
| Proceeds from sale of investments | 56 | – | – | 56 |
| Purchase of property, plant and equipment | (4,484) | (1,229) | – | (5,713) |
| Proceeds from sale of property, plant and equipment | 147 | 5 | – | 152 |
| Margin receipts in respect of financing-related hedging activities | 897 | – | – | 897 |
| Net proceeds paid on acquisition of non-controlling interests in subsidiaries | (68) | – | – | (68) |
| Return of capital/distributions to non-controlling interests | (8) | – | – | (8) |
| Purchase of own shares | (3,672) | – | – | (3,672) |
| Distributions paid to equity holders of the Parent | (6,450) | – | – | (6,450) |
| **Cash movement in net funding** | **(1,820)** | **(35)** | **4** | **(1,851)** |

## Cash flow-related adjustments 2022

| US$ million | Reported measure | Proportionate adjustment material associates and joint ventures | Proportionate adjustment Volcan | Adjusted measure |
|---|---|---|---|---|
| Funds from operations (FFO) | 28,619 | 520 | (201) | 28,938 |
| Working capital changes | (13,269) | (172) | (42) | (13,483) |
| Increase in long-term advances and loans | (200) | – | – | (200) |
| Net cash received in acquisitions of subsidiaries | 321 | (167) | – | 154 |
| Net cash received from disposal of subsidiaries | 455 | – | – | 455 |
| Purchase of investments | (476) | – | – | (476) |
| Proceeds from sale of investments | 604 | – | – | 604 |
| Purchase of property, plant and equipment | (4,177) | (674) | 245 | (4,606) |
| Proceeds from sale of property, plant and equipment | 63 | – | – | 63 |
| Margin payments in respect of financing-related hedging activities | (1,824) | – | – | (1,824) |
| Return of capital/distributions to non-controlling interests | (442) | – | – | (442) |
| Purchase of own shares | (2,503) | – | – | (2,503) |
| Disposal of own shares | 238 | – | – | 238 |
| Distributions paid to equity holders of the Parent | (4,832) | – | – | (4,832) |
| **Cash movement in net funding** | **2,577** | **(493)** | **2** | **2,086** |

# Other reconciliations *continued*

## Applicable tax rate

The applicable tax rate represents the effective tax rate which is computed based on the income tax expense, pre-significant items and related Proportionate adjustments, divided by the earnings before tax, pre-significant items and related Proportionate adjustments. See reconciliation table below.

### Reconciliation of tax expense 2023

| US$ million | **Total** |
|---|---|
| Adjusted EBIT, pre-significant items | 10,392 |
| Net finance costs | (1,900) |
| Adjustments for: | |
| Net finance costs from material associates and joint ventures | 5 |
| Proportionate adjustment and net finance costs – Volcan | 16 |
| Share of income from other associates pre-significant items | (372) |
| **Profit on a proportionate consolidation basis before tax and pre-significant items** | **8,141** |
| Income tax expense, pre-significant items | (2,170) |
| Adjustments for: | |
| Tax expense from material associates and joint ventures | (559) |
| Tax credit from Volcan | (3) |
| **Tax expense on a proportionate consolidation basis** | **(2,732)** |
| **Applicable tax rate** | **33.6%** |

| US$ million | Pre-significant tax expense | Significant items tax[1] | **Total tax expense** |
|---|---|---|---|
| Tax expense on a proportionate consolidation basis | 2,732 | 72 | 2,804 |
| Adjustment in respect of material associates and joint ventures – tax | (559) | – | (559) |
| Adjustment in respect of Volcan – tax | (3) | (35) | (38) |
| **Tax expense on the basis of the income statement** | **2,170** | **37** | **2,207** |

### Reconciliation of tax expense 2022

| US$ million | Total |
|---|---|
| Adjusted EBIT, pre-significant items | 26,657 |
| Net finance costs | (1,336) |
| Adjustments for: | |
| Net finance costs from material associates and joint ventures | (22) |
| Proportionate adjustment and net finance costs – Volcan | 60 |
| Share of income from other associates pre-significant items | (973) |
| **Profit on a proportionate consolidation basis before tax and pre-significant items** | **24,386** |
| Income tax expense, pre-significant items | (6,169) |
| Adjustments for: | |
| Tax expense from material associates and joint ventures | (688) |
| Tax credit from Volcan | 10 |
| **Tax expense on a proportionate consolidation basis** | **(6,847)** |
| **Applicable tax rate** | **28.1%** |

| US$ million | Pre-significant tax expense | Significant items tax[1] | Total tax expense |
|---|---|---|---|
| Tax expense on a proportionate consolidation basis | 6,847 | 247 | 7,094 |
| Adjustment in respect of material associates and joint ventures – tax | (688) | – | (688) |
| Adjustment in respect of Volcan – tax | 10 | (48) | (38) |
| **Tax expense on the basis of the income statement** | **6,169** | **199** | **6,368** |

1 See table above.

# Production by quarter – Q4 2022 to Q4 2023

## Metals and minerals

### Production from own sources – Total[1]

| | | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | **2023** | 2022 | Change 2023 vs 2022 % | Change Q4 23 vs Q4 22 % |
|---|---|---|---|---|---|---|---|---|---|---|
| Copper | kt | 287.6 | 244.1 | 243.9 | 247.8 | 274.3 | 1,010.1 | 1,058.1 | (5) | (5) |
| Cobalt | kt | 10.7 | 10.5 | 11.2 | 10.8 | 8.8 | 41.3 | 43.8 | (6) | (18) |
| Zinc | kt | 238.9 | 205.3 | 229.4 | 237.4 | 246.4 | 918.5 | 938.5 | (2) | 3 |
| Lead | kt | 54.7 | 39.3 | 48.1 | 46.2 | 49.1 | 182.7 | 191.6 | (5) | (10) |
| Nickel | kt | 25.9 | 20.9 | 25.5 | 22.0 | 29.2 | 97.6 | 107.5 | (9) | 13 |
| Gold | koz | 157 | 187 | 182 | 175 | 203 | 747 | 661 | 13 | 29 |
| Silver | koz | 5,872 | 4,525 | 4,921 | 5,064 | 5,501 | 20,011 | 23,750 | (16) | (6) |
| Ferrochrome | kt | 378 | 400 | 317 | 156 | 289 | 1,162 | 1,488 | (22) | (24) |
| Coal | mt | 28.1 | 26.9 | 27.3 | 29.7 | 29.7 | 113.6 | 110.0 | 3 | 6 |
| Oil (entitlement interest basis) | kboe | 1,309 | 1,208 | 1,142 | 1,164 | 1,229 | 4,743 | 6,131 | (23) | (6) |

### Production from own sources – Copper assets[1]

| | | | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | **2023** | 2022 | Change 2023 vs 2022 % | Change Q4 23 vs Q4 22 % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| African Copper (KCC, Mutanda) | | | | | | | | | | | |
| KCC | Copper metal | kt | 67.3 | 53.6 | 48.7 | 59.9 | 44.2 | 206.4 | 220.1 | (6) | (34) |
| | Cobalt[2] | kt | 6.6 | 7.0 | 7.6 | 7.4 | 5.6 | 27.6 | 25.5 | 8 | (15) |
| Mutanda | Copper metal | kt | 11.2 | 8.2 | 9.7 | 9.0 | 8.2 | 35.1 | 33.3 | 5 | (27) |
| | Cobalt[2] | kt | 3.2 | 2.8 | 3.0 | 3.0 | 2.4 | 11.2 | 14.7 | (24) | (25) |
| | | | | | | | | | | | |
| | **Total Copper metal** | **kt** | **78.5** | **61.8** | **58.4** | **68.9** | **52.4** | **241.5** | **253.4** | **(5)** | **(33)** |
| | **Total Cobalt[2]** | **kt** | **9.8** | **9.8** | **10.6** | **10.4** | **8.0** | **38.8** | **40.2** | **(3)** | **(18)** |
| | | | | | | | | | | | |
| Collahuasi[3] | **Copper in concentrates** | **kt** | **62.9** | **57.1** | **57.3** | **66.1** | **71.7** | **252.2** | **251.1** | **–** | **14** |
| | **Silver in concentrates** | **koz** | **809** | **724** | **888** | **1,242** | **1,178** | **4,032** | **3,350** | **20** | **46** |
| | **Gold in concentrates** | **koz** | **10** | **9** | **11** | **9** | **12** | **41** | **38** | **8** | **20** |
| | | | | | | | | | | | |
| Antamina[4] | **Copper in concentrates** | **kt** | **36.4** | **32.0** | **36.3** | **34.5** | **39.6** | **142.4** | **152.5** | **(7)** | **9** |
| | **Zinc in concentrates** | **kt** | **32.5** | **31.8** | **45.3** | **42.1** | **37.4** | **156.6** | **144.3** | **9** | **15** |
| | **Silver in concentrates** | **koz** | **1,018** | **923** | **1,027** | **918** | **1,044** | **3,912** | **4,964** | **(21)** | **3** |
| | | | | | | | | | | | |
| South America (Antapaccay, Lomas Bayas) | | | | | | | | | | | |
| Antapaccay | Copper in concentrates | kt | 42.5 | 36.8 | 45.9 | 33.8 | 56.5 | 173.0 | 151.0 | 15 | 33 |
| | Gold in concentrates | koz | 19 | 21 | 35 | 16 | 25 | 97 | 61 | 59 | 32 |
| | Silver in concentrates | koz | 316 | 251 | 358 | 235 | 423 | 1,267 | 1,222 | 4 | 34 |
| Lomas Bayas | Copper metal | kt | 19.4 | 17.9 | 11.9 | 15.5 | 20.5 | 65.8 | 72.6 | (9) | 6 |
| | | | | | | | | | | | |
| | **Total Copper metal** | **kt** | 19.4 | 17.9 | 11.9 | 15.5 | 20.5 | 65.8 | 72.6 | (9) | 6 |
| | **Total Copper in concentrates** | **kt** | 42.5 | 36.8 | 45.9 | 33.8 | 56.5 | 173.0 | 151.0 | 15 | 33 |
| | **Total Gold in concentrates and in doré** | **koz** | 19 | 21 | 35 | 16 | 25 | 97 | 61 | 59 | 32 |
| | **Total Silver in concentrates and in doré** | **koz** | 316 | 251 | 358 | 235 | 423 | 1,267 | 1,222 | 4 | 34 |
| | | | | | | | | | | | |
| Australia (Cobar) | | | | | | | | | | | |
| Cobar | Copper in concentrates | kt | 11.2 | 8.7 | 6.3 | – | – | 15.0 | 37.3 | (60) | (100) |
| | Silver in concentrates | koz | 139 | 100 | 80 | – | – | 180 | 446 | (60) | (100) |
| | | | | | | | | | | | |
| **Total Copper department** | | | | | | | | | | | |
| | **Copper** | **kt** | **250.9** | **214.3** | **216.1** | **218.8** | **240.7** | **889.9** | **917.9** | **(3)** | **(4)** |
| | **Cobalt** | **kt** | **9.8** | **9.8** | **10.6** | **10.4** | **8.0** | **38.8** | **40.2** | **(3)** | **(18)** |
| | **Zinc** | **kt** | **32.5** | **31.8** | **45.3** | **42.1** | **37.4** | **156.6** | **144.3** | **9** | **15** |
| | **Gold** | **koz** | **29** | **30** | **46** | **25** | **37** | **138** | **99** | **39** | **28** |
| | **Silver** | **koz** | **2,282** | **1,998** | **2,353** | **2,395** | **2,645** | **9,391** | **9,982** | **(6)** | **16** |

# Production by quarter – Q4 2022 to Q4 2023 *continued*

## Metals and minerals

### Production from own sources – Zinc assets[1]

| | | | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | **2023** | 2022 | Change 2023 vs 2022 % | Change Q4 23 vs Q4 22 % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Kazzinc | | | | | | | | | | | |
| | **Zinc metal** | **kt** | **28.0** | **24.9** | **24.6** | **31.6** | **32.7** | **113.8** | **125.7** | **(9)** | **17** |
| | **Zinc in concentrates** | **kt** | **8.6** | **9.4** | **13.1** | **15.8** | **21.8** | **60.1** | **20.7** | **190** | **153** |
| | **Lead metal** | **kt** | **3.8** | **4.8** | **4.0** | **5.2** | **4.7** | **18.7** | **16.9** | **11** | **24** |
| | **Lead in concentrates** | **kt** | **0.4** | **3.5** | **4.0** | **3.3** | **6.1** | **16.9** | **0.4** | **n.m.** | **n.m.** |
| | **Copper metal[5]** | **kt** | **4.3** | **3.4** | **1.6** | **4.4** | **5.4** | **14.8** | **20.5** | **(28)** | **26** |
| | **Gold** | **koz** | **125** | **154** | **134** | **147** | **163** | **598** | **546** | **10** | **30** |
| | **Silver** | **koz** | **698** | **693** | **414** | **760** | **860** | **2,727** | **2,721** | **–** | **23** |
| | **Silver in concentrates** | **koz** | **12** | **140** | **123** | **143** | **142** | **548** | **12** | **n.m.** | **n.m.** |
| *Kazzinc – total production including third-party feed* | | | | | | | | | | | |
| | *Zinc metal* | *kt* | *55.5* | *63.5* | *61.5* | *66.2* | *71.1* | *262.3* | *256.9* | *2* | *28* |
| | *Lead metal* | *kt* | *25.8* | *23.9* | *21.8* | *27.7* | *24.6* | *98.0* | *107.6* | *(9)* | *(5)* |
| | *Copper metal* | *kt* | *13.9* | *11.5* | *5.8* | *11.8* | *13.0* | *42.1* | *55.8* | *(25)* | *(6)* |
| | *Gold* | *koz* | *262* | *261* | *270* | *275* | *318* | *1,124* | *912* | *23* | *21* |
| | *Silver* | *koz* | *4,959* | *4,861* | *4,716* | *4,355* | *3,634* | *17,566* | *22,005* | *(20)* | *(27)* |
| Australia (Mount Isa, McArthur River) | | | | | | | | | | | |
| Mount Isa | Zinc in concentrates | kt | 87.2 | 61.6 | 68.5 | 76.0 | 81.1 | 287.2 | 290.2 | (1) | (7) |
| | Copper metal | kt | 23.1 | 16.5 | 18.6 | 16.1 | 17.9 | 69.1 | 70.5 | (2) | (23) |
| | Lead in concentrates | kt | 36.0 | 18.8 | 27.8 | 25.4 | 24.7 | 96.7 | 114.5 | (16) | (31) |
| | Silver | koz | 207 | 180 | 158 | 134 | 143 | 615 | 557 | 10 | (31) |
| | Silver in concentrates | koz | 1,383 | 708 | 1,086 | 1,056 | 987 | 3,837 | 4,125 | (7) | (29) |
| *Mount Isa, Townsville – total production including third-party feed* | | | | | | | | | | | |
| | *Copper metal* | *kt* | *56.2* | *44.3* | *50.5* | *53.0* | *49.4* | *197.2* | *191.5* | *3* | *(12)* |
| | *Gold* | *koz* | *43* | *37* | *35* | *46* | *50* | *168* | *148* | *14* | *16* |
| | *Silver* | *koz* | *578* | *408* | *386* | *482* | *475* | *1,751* | *1,885* | *(7)* | *(18)* |
| McArthur River | Zinc in concentrates | kt | 70.5 | 66.9 | 66.4 | 63.1 | 65.8 | 262.2 | 273.8 | (4) | (7) |
| | Lead in concentrates | kt | 13.1 | 12.2 | 12.3 | 12.3 | 13.6 | 50.4 | 51.4 | (2) | 4 |
| | Silver in concentrates | koz | 371 | 366 | 261 | 262 | 403 | 1,292 | 1,467 | (12) | 9 |
| | **Total Zinc in concentrates** | **kt** | **157.7** | **128.5** | **134.9** | **139.1** | **146.9** | **549.4** | **564.0** | **(3)** | **(7)** |
| | **Total Copper** | **kt** | **23.1** | **16.5** | **18.6** | **16.1** | **17.9** | **69.1** | **70.5** | **(2)** | **(23)** |
| | **Total Lead in concentrates** | **kt** | **49.1** | **31.0** | **40.1** | **37.7** | **38.3** | **147.1** | **165.9** | **(11)** | **(22)** |
| | **Total Silver** | **koz** | **207** | **180** | **158** | **134** | **143** | **615** | **557** | **10** | **(31)** |
| | **Total Silver in concentrates** | **koz** | **1,754** | **1,074** | **1,347** | **1,318** | **1,390** | **5,129** | **5,592** | **(8)** | **(21)** |
| North America (Matagami, Kidd)[6] | | | | | | | | | | | |
| Matagami | Zinc in concentrates | kt | – | – | – | – | – | – | 17.3 | (100) | n.m. |
| | Copper in concentrates | kt | – | – | – | – | – | – | 3.2 | (100) | n.m. |
| Kidd | Zinc in concentrates | kt | 8.4 | 10.7 | 11.5 | 8.8 | 7.6 | 38.6 | 39.2 | (2) | (10) |
| | Copper in concentrates | kt | 4.9 | 6.8 | 4.6 | 5.1 | 6.1 | 22.6 | 25.1 | (10) | 24 |
| | Silver in concentrates | koz | 292 | 392 | 477 | 254 | 255 | 1,378 | 1,346 | 2 | (13) |
| | **Total Zinc in concentrates** | **kt** | **8.4** | **10.7** | **11.5** | **8.8** | **7.6** | **38.6** | **56.5** | **(32)** | **(10)** |
| | **Total Copper in concentrates** | **kt** | **4.9** | **6.8** | **4.6** | **5.1** | **6.1** | **22.6** | **28.3** | **(20)** | **24** |
| | **Total Silver in concentrates** | **koz** | **292** | **392** | **477** | **254** | **255** | **1,378** | **1,346** | **2** | **(13)** |

# Production by quarter – Q4 2022 to Q4 2023 *continued*

## Metals and minerals

### Production from own sources – Zinc assets[1] continued

| | | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | **2023** | 2022 | Change 2023 vs 2022 % | Change Q4 23 vs Q4 22 % |
|---|---|---|---|---|---|---|---|---|---|---|
| Other Zinc: South America (Bolivia, Peru)[6] | | | | | | | | | | |
| **Zinc in concentrates** | **kt** | **3.7** | **–** | **–** | **–** | **–** | **–** | **27.3** | **(100)** | **(100)** |
| **Lead in concentrates** | **kt** | **1.4** | **–** | **–** | **–** | **–** | **–** | **8.4** | **(100)** | **(100)** |
| **Copper in concentrates** | **kt** | **0.3** | **–** | **–** | **–** | **–** | **–** | **1.4** | **(100)** | **(100)** |
| **Silver in concentrates** | **koz** | **567** | **–** | **–** | **–** | **–** | **–** | **3,345** | **(100)** | **(100)** |
| **Total Zinc department** | | | | | | | | | | |
| **Zinc** | **kt** | **206.4** | **173.5** | **184.1** | **195.3** | **209.0** | **761.9** | **794.2** | **(4)** | **–** |
| **Lead** | **kt** | **54.7** | **39.3** | **48.1** | **46.2** | **49.1** | **182.7** | **191.6** | **(5)** | **(10)** |
| **Copper** | **kt** | **32.6** | **26.7** | **24.8** | **25.6** | **29.4** | **106.5** | **120.7** | **(12)** | **(10)** |
| **Gold** | **koz** | **125** | **154** | **134** | **147** | **163** | **598** | **546** | **10** | **30** |
| **Silver** | **koz** | **3,530** | **2,479** | **2,519** | **2,609** | **2,790** | **10,397** | **13,573** | **(23)** | **(21)** |

# Production by quarter – Q4 2022 to Q4 2023 *continued*

## Metals and minerals

### Production from own sources – Nickel assets[1]

| | | | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | **2023** | 2022 | Change 2023 vs 2022 % | Change Q4 23 vs Q4 22 % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Integrated Nickel Operations (Sudbury, Raglan, Nikkelverk) | | | | | | | | | | | |
| | **Nickel metal** | **kt** | **9.7** | **8.1** | **10.0** | **7.3** | **13.7** | **39.1** | **46.2** | **(15)** | **41** |
| | **Nickel in concentrates** | **kt** | **0.1** | **–** | **–** | **0.1** | **0.1** | **0.2** | **0.2** | **–** | **–** |
| | **Copper metal** | **kt** | **2.5** | **2.0** | **1.9** | **2.2** | **2.8** | **8.9** | **11.9** | **(25)** | **12** |
| | **Copper in concentrates** | **kt** | **1.6** | **1.1** | **1.1** | **1.2** | **1.4** | **4.8** | **7.6** | **(37)** | **(13)** |
| | **Cobalt metal** | **kt** | **0.1** | **0.1** | **0.1** | **–** | **0.2** | **0.4** | **0.6** | **(33)** | **100** |
| | **Gold** | **koz** | **3** | **3** | **2** | **3** | **3** | **11** | **16** | **(31)** | **–** |
| | **Silver** | **koz** | **60** | **48** | **49** | **60** | **66** | **223** | **195** | **14** | **10** |
| | **Platinum** | **koz** | **8** | **6** | **6** | **5** | **7** | **24** | **32** | **(25)** | **(13)** |
| | **Palladium** | **koz** | **16** | **16** | **17** | **14** | **18** | **65** | **83** | **(22)** | **13** |
| | **Rhodium** | **koz** | **1** | **1** | **–** | **1** | **1** | **3** | **4** | **(25)** | **–** |
| | *Nickel metal* | *kt* | *23.6* | *23.9* | *23.2* | *23.9* | *24.0* | *95.0* | *81.9* | *16* | *2* |
| | *Nickel in concentrates* | *kt* | *–* | *–* | *0.1* | *–* | *0.1* | *0.2* | *0.2* | *–* | *n.m.* |
| | *Copper metal* | *kt* | *4.7* | *5.2* | *5.0* | *4.8* | *5.1* | *20.1* | *18.5* | *9* | *9* |
| | *Copper in concentrates* | *kt* | *2.7* | *1.6* | *1.6* | *1.1* | *1.9* | *6.2* | *10.6* | *(42)* | *(30)* |
| | *Cobalt metal* | *kt* | *0.9* | *0.9* | *0.8* | *0.8* | *1.0* | *3.5* | *3.1* | *13* | *11* |
| | *Gold* | *koz* | *6* | *6* | *8* | *5* | *8* | *27* | *29* | *(7)* | *33* |
| | *Silver* | *koz* | *130* | *86* | *89* | *110* | *122* | *407* | *494* | *(18)* | *(6)* |
| | *Platinum* | *koz* | *16* | *12* | *13* | *11* | *15* | *51* | *69* | *(26)* | *(6)* |
| | *Palladium* | *koz* | *49* | *46* | *54* | *43* | *58* | *201* | *221* | *(9)* | *18* |
| | *Rhodium* | *koz* | *2* | *1* | *1* | *1* | *–* | *3* | *5* | *(40)* | *(100)* |
| Murrin Murrin | | | | | | | | | | | |
| | **Total Nickel metal** | **kt** | **9.1** | **7.8** | **7.8** | **7.5** | **8.0** | **31.1** | **35.7** | **(13)** | **(12)** |
| | **Total Cobalt metal** | **kt** | **0.8** | **0.6** | **0.5** | **0.4** | **0.6** | **2.1** | **3.0** | **(30)** | **(25)** |
| *Murrin Murrin – total production including third-party feed* | | | | | | | | | | | |
| | *Total Nickel metal* | *kt* | 10.3 | 8.9 | 9.0 | 8.6 | 9.9 | 36.4 | 40.4 | (10) | (4) |
| | *Total Cobalt metal* | *kt* | 0.9 | 0.7 | 0.6 | 0.4 | 0.7 | 2.4 | 3.3 | (27) | (22) |
| Koniambo | **Nickel in ferronickel** | **kt** | **7.0** | **5.0** | **7.7** | **7.1** | **7.4** | **27.2** | **25.4** | **7** | **6** |
| **Total Nickel department** | | | | | | | | | | | |
| | **Nickel** | **kt** | **25.9** | **20.9** | **25.5** | **22.0** | **29.2** | **97.6** | **107.5** | **(9)** | **13** |
| | **Copper** | **kt** | **4.1** | **3.1** | **3.0** | **3.4** | **4.2** | **13.7** | **19.5** | **(30)** | **2** |
| | **Cobalt** | **kt** | **0.9** | **0.7** | **0.6** | **0.4** | **0.8** | **2.5** | **3.6** | **(31)** | **(11)** |
| | **Gold** | **koz** | **3** | **3** | **2** | **3** | **3** | **11** | **16** | **(31)** | **–** |
| | **Silver** | **koz** | **60** | **48** | **49** | **60** | **66** | **223** | **195** | **14** | **10** |
| | **Platinum** | **koz** | **8** | **6** | **6** | **5** | **7** | **24** | **32** | **(25)** | **(13)** |
| | **Palladium** | **koz** | **16** | **16** | **17** | **14** | **18** | **65** | **83** | **(22)** | **13** |
| | **Rhodium** | **koz** | **1** | **1** | **–** | **1** | **1** | **3** | **4** | **(25)** | **–** |

# Production by quarter – Q4 2022 to Q4 2023 *continued*

## Metals and minerals

### Production from own sources – Ferroalloys assets[1]

| | | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | **2023** | 2022 | Change 2023 vs 2022 % | Change Q4 23 vs Q4 22 % |
|---|---|---|---|---|---|---|---|---|---|---|
| Ferrochrome[7] | kt | 378 | 400 | 317 | 156 | 289 | 1,162 | 1,488 | (22) | (24) |
| Vanadium pentoxide | mlb | 5.5 | 5.4 | 3.9 | 5.6 | 4.6 | 19.5 | 19.8 | (2) | (16) |

### Total production – Custom metallurgical assets[1]

| | | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | **2023** | 2022 | Change 2023 vs 2022 % | Change Q4 23 vs Q4 22 % |
|---|---|---|---|---|---|---|---|---|---|---|
| Copper (Altonorte, Pasar, Horne, CCR) | | | | | | | | | | |
| Copper metal | kt | 130.7 | 128.2 | 123.2 | 125.7 | 130.2 | 507.3 | 456.9 | 11 | – |
| Copper anode | kt | 131.9 | 119.9 | 105.4 | 122.8 | 95.2 | 443.3 | 474.9 | (7) | (28) |
| Zinc (Portovesme, Asturiana, Nordenham, Northfleet, CEZ) | | | | | | | | | | |
| Zinc metal | kt | 155.2 | 140.6 | 204.7 | 200.5 | 206.8 | 752.6 | 683.0 | 10 | 33 |
| Lead metal | kt | 57.3 | 65.0 | 58.7 | 60.9 | 60.0 | 244.6 | 273.4 | (11) | 5 |

1 Controlled industrial assets and joint ventures only (excludes Volcan). 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 The Group's pro-rata share of Antamina production (33.75%).
5 Copper metal includes copper contained in copper concentrates and blister.
6 North and South American assets sold or closed since the beginning of 2022: Matagami (Canada) completed mining in June 2022, Bolivian Zinc sold in March 2022 and Peruvian Zinc sold in December 2022.
7 The Group's attributable 79.5% share of the Glencore-Merafe Chrome Venture.

## Energy products

### Production from own sources – Coal assets[1]

| | | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | **2023** | 2022 | Change 2023 vs 2022 % | Change Q4 23 vs Q4 22 % |
|---|---|---|---|---|---|---|---|---|---|---|
| Australian steelmaking coal | mt | 2.5 | 2.0 | 1.7 | 1.5 | 2.3 | 7.5 | 8.7 | (14) | (8) |
| Australian semi-soft coal | mt | 1.2 | 1.1 | 0.8 | 0.9 | 1.3 | 4.1 | 4.0 | 2 | 8 |
| Australian thermal coal (export) | mt | 13.7 | 12.9 | 13.8 | 14.3 | 14.2 | 55.2 | 53.4 | 3 | 4 |
| Australian thermal coal (domestic) | mt | 2.4 | 1.5 | 1.7 | 2.0 | 1.8 | 7.0 | 7.8 | (10) | (25) |
| South African thermal coal (export) | mt | 2.9 | 3.2 | 3.4 | 3.8 | 3.3 | 13.7 | 12.7 | 8 | 14 |
| South African thermal coal (domestic) | mt | 0.8 | 0.8 | 1.1 | 1.0 | 1.2 | 4.1 | 3.7 | 11 | 50 |
| Cerrejón | mt | 4.6 | 5.4 | 4.8 | 6.2 | 5.6 | 22.0 | 19.7 | 12 | 22 |
| **Total Coal department** | **mt** | **28.1** | **26.9** | **27.3** | **29.7** | **29.7** | **113.6** | **110.0** | **3** | **6** |

### Oil assets (non-operated)

| | | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q4 2023 | **2023** | 2022 | Change 2023 vs 2022 % | Change Q4 23 vs Q4 22 % |
|---|---|---|---|---|---|---|---|---|---|---|
| **Glencore entitlement interest basis** | | | | | | | | | | |
| Equatorial Guinea | kboe | 1,104 | 1,017 | 979 | 1,030 | 1,109 | 4,135 | 5,107 | (19) | – |
| Cameroon | kbbl | 205 | 191 | 163 | 134 | 120 | 608 | 1,024 | (41) | (41) |
| **Total Oil department** | **kboe** | **1,309** | **1,208** | **1,142** | **1,164** | **1,229** | **4,743** | **6,131** | **(23)** | **(6)** |
| **Gross basis** | | | | | | | | | | |
| Equatorial Guinea | kboe | 6,858 | 6,027 | 5,241 | 5,680 | 6,399 | 23,347 | 26,309 | (11) | (7) |
| Cameroon | kbbl | 508 | 483 | 410 | 367 | 302 | 1,562 | 2,435 | (36) | (41) |
| **Total Oil department** | **kboe** | **7,366** | **6,510** | **5,651** | **6,047** | **6,701** | **24,909** | **28,744** | **(13)** | **(9)** |

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.

# Independent Limited Assurance Report to the Directors of Glencore plc

Independent Limited Assurance Report by Deloitte LLP to the Directors of Glencore plc ("Glencore") on selected Environmental, Social and Governance ("ESG") metrics (the "Selected Information") within the Annual Report for the reporting year ended 31 December 2023 ("2023 Annual Report").

### Our assurance conclusion

Based on our procedures described in this report, and evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the reporting year ending 31 December 2023, reported within the 2023 Annual Report has not been prepared, in all material respects, in accordance with Glencore's Basis of Reporting 2023 defined by the Directors as set out here: **https://www.glencore.com/publications.**

### Scope of our work

Glencore has engaged us to provide independent limited assurance in accordance with the International Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000"), issued by the International Auditing and Assurance Standards Board ("IAASB") and our agreed terms of engagement.

The Selected Information in scope of our engagement for the reporting year ended 31 December 2023, as indicated by Δ in the 2023 Annual Report, is as follows:

| Environment | 2023 Assured figure | Health and safety | 2023 Assured figure |
|---|---|---|---|
| Total direct energy consumption (PJ) | 125.0 | Total working hours (employee and contractor) | 302,555,085 |
| Total indirect energy consumption (PJ) | 77.3 | Total number of lost time injuries (employee and contractor) | 229 |
| Total direct (Scope 1) greenhouse gas (GHG) emissions (million tonnes of $CO_2e$) | 16.72 | Total number of medical treatment injuries (employee and contractor) | 301 |
| Total Scope 2 GHG emissions (location-based) (million tonnes of $CO_2e$) | 9.66 | Total number of restricted work injuries (employee and contractor) | 121 |
| Total Scope 2 GHG emissions (market-based) (million tonnes of $CO_2e$) | 10.33 | Total number of fatalities (employee and contractor) | 4 |
| Category 3 Scope 3 GHG emissions – Emissions from fuel and energy-related activities, not included in Scope 1 and 2 (million tonnes of $CO_2e$) | 4.53 | Total Recordable Injury Frequency Rate (employee and contractor) (number of total recordable injuries per million hours worked) | 2.16 |
| Category 11 Scope 3 GHG emissions - Emissions from the use of sold products (million tonnes of $CO_2e$) | 324.40 | Lost Time Injury Frequency Rate (employee and contractor) (number of lost time injuries per million hours worked) | 0.76 |
| Total water input (million m3) | 949.7 | Economic | |
| Total water output (million m3) | 558.2 | | |
| Total number of catastrophic (category 5) and major (category 4) environmental incidents and spills | 0 | Total amounts of payments to governments (millions $ USD) | 12,718 |

The Basis of Reporting 2023 defined by Glencore, the nature of the Selected Information, and absence of consistent external standards allow for different, but acceptable, measurement methodologies to be adopted which may result in variances between entities. The adopted measurement methodologies may also impact comparability of the Selected Information reported by different organisations and from year to year within an organisation as methodologies develop.

The Selected Information, as listed in the above table, needs to be read and understood together with the Basis of Reporting 2023, which can be found at **https://www.glencore.com/publications.**

### Inherent limitations of the Selected Information

We obtained limited assurance over the preparation of the Selected Information in accordance with the Basis of Reporting. Inherent limitations exist in all assurance engagements.

Any internal control structure, no matter how effective, cannot eliminate the possibility that fraud, errors or irregularities may occur and remain undetected and because we use selective testing in our engagement, we cannot guarantee that errors or irregularities, if present, will be detected.

Selected Information related to health and safety incidents is derived from events that are self-reported by the individuals involved in the health and safety incidents. While Glencore requires the reporting of this Selected Information in accordance with its procedures, there is an inherent limitation in that our testing may not identify all misstatements relating to completeness, for example instances where an incident may have occurred but not been reported.

### Directors' responsibilities

The Directors are responsible for preparing the Selected Information for the 2023 Annual Report and for being satisfied that the Selected Information as presented in the 2023 Annual Report, taken as a whole, is fair, balanced and understandable.

The Directors are also responsible for:

- Selecting and establishing the Basis of Reporting 2023.

# Independent Limited Assurance Report to the Directors of Glencore plc *continued*

- Preparing, measuring, presenting and reporting the Selected Information in accordance with the Basis of Reporting 2023.
- Publishing the Basis of Reporting 2023 publicly in advance of, or at the same time as, the publication of the Selected Information.
- Designing, implementing, and maintaining internal processes and controls over information relevant to the preparation of the Selected Information to ensure that they are free from material misstatement, including whether due to fraud or error.
- Providing sufficient access and making available all necessary records, correspondence, information and explanations to carry out our procedures for the purposes of our work on the Selected Information.

## Our responsibilities

We are responsible for:

- Planning and performing procedures to obtain sufficient appropriate evidence in order to express an independent limited assurance conclusion on the Selected Information.
- Communicating matters that may be relevant to the Selected Information to the appropriate party including identified or suspected non-compliance with laws and regulations, fraud or suspected fraud, and bias in the preparation of the Selected Information.
- Reporting our conclusion in the form of an independent limited Assurance Report to the Directors.

## Our independence and competence

In conducting our engagement, we complied with the independence requirements of the FRC's Ethical Standard and the ICAEW Code of Ethics. The ICAEW Code is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We applied the International Standard on Quality Management 1 ("ISQM 1") issued by the International Auditing and Assurance Standards Board. Accordingly, we maintained a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Key procedures performed

We are required to plan and perform our work to address the areas where we have identified that a material misstatement in respect of the Selected Information is likely to arise. The procedures we performed were based on our professional judgment. In carrying out our limited assurance engagement in respect of the Selected Information, we performed the following procedures:

- Performed an assessment of the criteria (the benchmarks used to measure or evaluate the underlying information) to determine whether they are suitable for the engagement circumstances, and discussed with the Directors the Basis of Reporting 2023.
- Performed analytical review procedures to understand the underlying subject matter and identify areas where a material misstatement of the Selected Information is likely to arise.
- Through inquiries of management obtained an understanding of Glencore, its environment, processes and information systems relevant to the preparation of the Selected Information sufficient to identify and further assess risks of material misstatement in the Selected Information, and provide a basis for designing and performing procedures to respond to assessed risks and to obtain limited assurance to support a conclusion.
- Through inquiries of management, obtained an understanding of internal controls relevant to the Selected Information, the quantification process and data used in preparing the Selected Information, the methodology for gathering qualitative information, and the process for preparing and reporting the Selected Information. We did not evaluate the design of particular internal control activities, obtain evidence about their implementation or test their operating effectiveness.
- Inspected documents relating to the Selected Information, including Health, Safety, Environment and Communities (HSEC) Committee meeting minutes and where applicable internal audit outputs to understand the level of management awareness and oversight of the Selected Information.
- Performed procedures over the Selected Information, including recalculation of relevant formulae used in manual calculations and assessment whether the data has been appropriately consolidated. Performed procedures over underlying data on a statistical sample basis to assess whether the data has been collected and reported in accordance with the Basis of Reporting 2023, including verifying to source documentation.
- Conducted site visits at a sample of industrial sites (9 in-person and 1 remote data review), selected on a judgmental basis as mutually agreed with Glencore to determine consistency in understanding and application of the Basis of Reporting 2023, checked understanding of processes, and performed completeness testing.
- Read the narrative accompanying the Selected Information with regard to the Basis of Reporting 2023, and for consistency with our findings.
- For the restatements made to historic data, although not part of the scope of our limited assurance engagement for 2023 on the Selected Information, we inquired about the rationale and inspected the supporting calculations provided by Glencore, and where appropriate, reviewed against relevant standards (i.e., GHG Protocol).

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

## Independent Limited Assurance Report to the Directors of Glencore plc *continued*

### Use of our report

This report is made solely to the Directors of Glencore as a body in accordance with ISAE 3000 and our agreed terms of engagement. Our work has been undertaken so that we might state to Glencore those matters we have agreed to state to them in this report and for no other purpose.

Without assuming or accepting any responsibility or liability in respect of this report to any party other than Glencore, we acknowledge that Glencore may choose to make this report publicly available for others wishing to have access to it, which does not and will not affect or extend for any purpose or on any basis our responsibilities. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Glencore, for our work, for this report, or for the conclusions we have formed.

Deloitte LLP.

**Deloitte LLP**
**London, United Kingdom**

20 March 2024

# Shareholder Information

Glencore plc is registered in Jersey, is headquartered in Switzerland and its Group has operations around the world.

## Headquarters

Baarermattstrasse 3
6340 Baar
Switzerland

## Registered office

13 Castle Street
St Helier, Jersey
JE1 1ES
Channel Islands

The Company has a primary listing on the London Stock Exchange (LSE) and a secondary listing on the Johannesburg Stock Exchange (JSE).

Our website contains further information on our business and for shareholders including as to share transfer and distributions: **glencore.com/investors/shareholder-centre**

## Share registrars

### Jersey (for London listing)

Computershare Investor Services (Jersey) Limited
13 Castle Street
St Helier, Jersey
JE1 1ES
Channel Islands

Tel: +44 (0) 370 707 4040

### Johannesburg

Computershare Investor Services (Pty) Ltd
Rosebank Towers,
15 Biermann Avenue,
Rosebank, 2196,
South Africa

Tel: +27 (0) 11 370 5000

## Enquiries

Corporate Services
Glencore plc
Baarermattstrasse 3
6340 Baar
Switzerland

Tel: +41 41 709 2000
Fax: +41 41 709 3000

Email: info@glencore.com

# Important notice

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## Cautionary statement regarding forward-looking information

Certain descriptions in this document are oriented towards future events and therefore contains statements that are, or may be deemed to be, 'forward-looking statements' which are prospective in nature. Such statements may include, without limitation, statements in respect of trends in commodity prices and currency exchange rates; demand for commodities; reserves and resources and production forecasts; expectations, plans, strategies and objectives of management; expectations regarding financial performance, results of operations and cash flows, climate scenarios; sustainability performance (including, without limitation, environmental, social and governance) related goals, ambitions, targets, intentions, visions, milestones and aspirations; approval of certain projects and consummation of certain transactions (including, without limitation, acquisitions and disposals, in particular the proposed acquisition of a majority stake of the Elk Valley Resources steelmaking coal assets (EVR) from Teck Resources Limited and potential subsequent demerger of the combined coal and carbon steel materials business); closures or divestments of certain assets, operations or facilities (including, without limitation, associated costs); capital costs and scheduling; operating costs and supply of materials and skilled employees; financings; anticipated productive lives of projects, mines and facilities; provisions and contingent liabilities; and tax, legal and regulatory developments.

These forward-looking statements may be identified by the use of forward-looking terminology, or the negative thereof including, without limitation, 'outlook', 'guidance', 'trend', 'plans', 'expects', 'continues', 'assumes', 'is subject to', 'budget', 'scheduled', 'estimates', 'aims', 'forecasts', 'risks', 'intends', 'positioned', 'predicts', 'projects', 'anticipates', 'believes', or variations of such words or comparable terminology and phrases or statements that certain actions, events or results 'may', 'could', 'should', 'shall', 'would', 'might' or 'will' be taken, occur or be achieved. The information in this document provides an insight into how we currently intend to direct the management of our businesses and assets and to deploy our capital to help us implement our strategy. The matters disclosed in this document are a 'point in time' disclosure only. Forward-looking statements are not based on historical facts, but rather on current predictions, expectations, beliefs, opinions, plans, objectives, goals, intentions and projections about future events, results of operations, prospects, financial conditions and discussions of strategy, and reflect judgements, assumptions, estimates and other information available as at the date of this document or the date of the corresponding planning or scenario analysis process.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements to differ materially from any future event, results, performance, achievements or other outcomes expressed or implied by such forward-looking statements. Important factors that could impact these uncertainties include (without limitation) those disclosed in the risk management section of our latest Annual Report and Half-Year Report (which can each be found on our website). These risks and uncertainties may materially affect the timing and feasibility of particular developments. Other factors which impact risks and uncertainties include, without limitation: the ability to produce and transport products profitably; demand for our products and commodity prices; development, efficacy and adoption of new or competing technologies; changing or divergent preferences of our stakeholders; changes to the assumptions regarding the recoverable value of our tangible and intangible assets; changes in environmental scenarios and related regulations, including, without limitation, transition risks and the evolution and development of the global transition to a low-carbon economy; recovery rates and other operational capabilities; timing, quantum and nature of certain acquisitions and divestments; health, safety, environmental or social performance incidents; labour shortages or workforce disruptions; natural catastrophes or adverse geological conditions, including, without limitation, the physical risks associated with climate change; effects of global pandemics and outbreaks of infectious disease; the outcome of litigation or enforcement or regulatory proceedings; the effect of foreign currency exchange rates on market prices and operating costs; actions by governmental authorities, such as changes in taxation or regulation or changes in the decarbonisation policies and plans of other countries; changes in economic and financial market conditions generally or in various counties or regions; political or geopolitical uncertainty; and wars, political or civil unrest, acts of terrorism, cyber attacks or sabotage.

Readers, including, without limitation, investors and prospective investors, should review and consider these risks and uncertainties (as well as the other risks identified in this document) when considering the information contained in this document. Readers should also note that the high degree of uncertainty around the nature, timing and magnitude of climate-related risks, and the uncertainty as to how the energy transition will evolve, makes it difficult to determine all potential risks and opportunities and disclose these and any potential impacts with precision. Neither Glencore nor any of its affiliates, associates, employees, Directors, officers or advisers, provides any representation, warranty, assurance or guarantee as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forward-looking information contained in this document or that the events, results, performance, achievements or other outcomes expressed or implied in any forward-looking statements in this document will actually occur. Glencore cautions readers against reliance on any forward-looking statements contained in this document, particularly in light of the long-term time horizon which this document discusses in certain instances and the inherent uncertainty in possible policy, market and technological developments in the future.

No statement in this document is intended as any kind of forecast (including, without limitation, a profit forecast or a profit estimate), guarantee or prediction of future events or performance and past performance cannot be relied on as a guide to future performance.

Except as required by applicable regulations or by law, Glencore is not under any obligation, and Glencore and its affiliates expressly disclaim any intention, obligation or undertaking, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. This document shall not, under any circumstances, create any implication that there has been no change in the business or affairs of Glencore since the date of this document or that the information contained herein is correct as at any time subsequent to its date.

## Cautionary statement regarding climate strategy

Glencore operates in a dynamic and uncertain market and external environment. Plans and strategies can and must adapt in response to dynamic market conditions, changing preference of our stakeholders, joint venture decisions, changing weather and climate patterns, new opportunities that might arise or other changing circumstances. Investors should assume that our strategy on climate change will evolve and be updated as time passes. Additionally, a number of aspects of our strategy involve developments or workstreams that are complex and may be delayed, more costly than anticipated or unsuccessful for many reasons, including, without limitation, reasons that are outside of Glencore's control. Our strategy will also necessarily be impacted by changes in our business, such as the proposed acquisition of EVR and potential demerger of the combined coal and carbon steel materials business.

There are inherent limitations to scenario analysis and it is difficult to predict which, if any, of the scenarios might eventuate. Scenario analysis relies on assumptions that may or may not be, or prove to be, correct and that may or may not eventuate and scenarios may also be impacted by additional factors to the assumptions disclosed. Given these limitations we treat these scenarios as one of several inputs that we consider in our climate strategy.

Due to the inherent uncertainty and limitations in measuring greenhouse gas (GHG) emissions and operational energy consumption under the calculation methodologies used in the preparation of such data, all $CO_2e$ emissions and operational energy consumption data or volume references (including, without limitation, ratios and/or percentages) in this document are estimates. GHG emissions calculation and reporting methodologies may change or be progressively refined over time resulting in the need to restate previously reported data. There may also be differences in the manner that third parties calculate or report such data compared to Glencore, which means that third-party data may not be comparable to Glencore's data. For information on how we calculate our emissions and operational energy consumption data, see the About our emissions calculations and reporting section of this Annual Report as well as our latest Basis of Reporting, Climate Action Transition Plan and Extended ESG Databook, which are available on our website.

## Sources

Certain statistical and other information included in this document is sourced from publicly available third-party sources. This information has not been independently verified and presents the view of those third parties, and may not necessarily correspond to the views held by Glencore and Glencore expressly disclaims any responsibility for, or liability in respect of, and makes no representation or guarantee in relation to, such information (including, without limitation, as to its accuracy, completeness or whether it is current). Glencore cautions readers against reliance on any of the industry, market or other third-party data or information contained in this document.

## Information preparation

In preparing this document, Glencore has made certain estimates and assumptions that may affect the information presented. Certain information is derived from management accounts, is unaudited and based on information Glencore has available to it at the time. Figures throughout this document are subject to rounding adjustments. The information presented is subject to change at any time without notice and we do not intend to update this information except as required.

This document contains alternative performance measures which reflect how Glencore's management assesses the performance of the Group, including results that exclude certain items included in our reported results. Further details and information needed to reconcile such information to our reported results can be found in the section of our Annual Report entitled 'Alternative Performance Measures' which is available on our website.

Subject to any terms implied by law which cannot be excluded, Glencore accepts no responsibility for any loss, damage, cost or expense (whether direct or indirect) incurred by any person as a result of any error, omission or misrepresentation in information in this document.

## Other information

The companies in which Glencore plc directly and indirectly has an interest are separate and distinct legal entities. In this document, 'Glencore', 'Glencore group' and 'Group' are used for convenience only where references are made to Glencore plc and its subsidiaries in general. These collective expressions are used for ease of reference only and do not imply any other relationship between the companies. Likewise, the words 'we', 'us' and 'our' are also used to refer collectively to members of the Group or to those who work for them. These expressions are also used where no useful purpose is served by identifying the particular company or companies.

**Glencore plc**
Baarermattstrasse 3
6340 Baar
Switzerland

info@glencore.com