GLENCORE

Glencore plc
Baar, Switzerland
2 March, 2017

2016 Annual Report of Glencore plc ("Glencore" or the "Company")

Glencore has today:

- published its Annual Report for the year ended 31 December 2016 on its website www.glencore.com as required by DTR 6.3.5 R (3); and
- submitted a copy of the Annual Report to the UK National Storage Mechanism in accordance with LR 9.6.1 R.

The 2016 Annual Report will shortly be available for inspection on the National Storage Mechanism: www.morningstar.co.uk/uk/NSM

Glencore will hold its 2016 Annual General Meeting in Zug on 24 May 2017. The notice of meeting will be released in April 2017.

The Appendix to this announcement contains the following additional information which has been extracted from the 2016 Annual Report for the purposes of compliance with DTR 6.3.5 only:

- a description of principal risks and uncertainties;
- a note on related party transactions; and
- the Directors' Responsibilities Statement.

The Appendix should be read in conjunction with Glencore's Preliminary Results Announcement issued on 23 February 2017 (including the notice on forward looking statements at the end of that announcement). Together these constitute the material required by DTR 6.3.5 to be communicated to the media in unedited full text through a Regulatory Information Service. This announcement should be read in conjunction with and is not a substitute for reading the full 2016 Annual Report. Page and note references in the text below refer to page numbers and notes in the Annual Report and terms defined in that document have the same meanings in these extracts.

APPENDIX

Glencore's Principal risks and uncertainties

The following has been extracted from pages 36 - 44 of the 2016 Annual Report:

Our risk management framework identifies and manages risk in a way that is supportive of our strategic priorities of opportunistically deploying capital, while protecting our future financial security and flexibility. Our approach towards risk management is framed by the ongoing challenge of our understanding of the risks that we are exposed to, our risk appetite and how these risks change over time.

The Board assesses and approves our overall risk appetite, monitors our risk exposure and sets the Group-wide limits, which are reviewed on an ongoing basis. This process is supported by the Audit and HSEC Committees, whose roles include evaluating and monitoring the risks inherent in their respective areas as described on pages 94 to 98. Our current assessment of our risks, according to exposure and impact, is detailed on the following pages. In compiling this assessment we have indicated the impact of these risks in comparison with a year ago in the table below.

The commentary on the risks in this section should be read in conjunction with a commentary under Understanding the information on risks which is set out on page 38.

To the extent that any of these risks are realised, they may affect, among other matters: our current and future business and prospects, financial position, liquidity, asset values, growth potential, sustainable development (negatively affecting health, safety, environmental, community effects or otherwise) and reputation.

The natural diversification of our portfolio of commodities, geographies, currencies, assets and liabilities is a source of mitigation for many of the risks we face. In addition, through our governance processes as noted previously and our proactive management approach we seek to mitigate, where possible, the impacts of certain risks should they materialise. In particular:

- our liquidity risk management policy requires us to maintain (via a $3 billion minimum prescribed level) sufficient cash and cash equivalents and other sources of committed funding available to meet anticipated and unanticipated funding needs;
- making use of credit enhancement products, such as letters of credit, insurance policies and bank guarantees and imposing limits on open accounts extended;
- our management of marketing risk, including daily analysis of Group value at risk (VaR); and
- adhering to the principles encapsulated in the Glencore Corporate Practice (GCP) programme.

2016 developments

The following remain the leading risks (i.e. those posing the greatest potential threat) which the Group faces:

1. Reductions in commodity prices: the falls in commodity prices experienced over the past few years appear to have subsided in 2016, whereby many of the prices appear to have, as a minimum, found a floor. Notwithstanding these less extreme price conditions, we remain mindful that underlying markets continue to be volatile and that we continue to focus on the partially controllable element of the margin equation – costs. Any significant downturn in the current commodity price environment, especially copper and coal, would have a severe drag on our financial performance. As a result, this continues to be the Group's foremost risk.

2. Fluctuations in supply of, or demand for commodities: the depression of commodity prices reflects the actual, perceived or prospective increases in supply of commodities and/or reductions in demand.

3. Fluctuations in currency exchange rates: the general appreciation of the US dollar during 2016, particularly against the currencies of emerging and commodity producing countries, has contributed to commodity price fluctuations. Although the strength of the US dollar is generally beneficial to our operating costs, this gain can be outweighed by the disruption to the world economy and falls in commodity prices.

4. Liquidity risk: while the delevering and positive repositioning of the balance sheet has been completed in 2016, we remain cognisant that access to credit is vital and that current market conditions are volatile.

5. Health, Safety, Environment, including potential catastrophes: the high-wall collapse at Katanga in early 2016 and the tailings dam disasters in Canada and Brazil experienced by other mining companies in the past three years remain reminders of major catastrophes that represent significant unquantifiable risks for resources companies and as a result this remains

a leading concern subject to challenge and monitoring. During 2016, the HSEC Committee continued to concentrate on the Group's catastrophic hazards, following the launch of a new sustainability risks assurance process in 2016.

In response to the above challenges, the Group continues to ensure it takes appropriate measures to deliver on its strategic objective of repositioning the balance sheet to strong BBB/Baa investment grade ratings to ensure it is capable of supporting growth and shareholder returns regardless of the commodity price environment. In addition, capital expenditure programmes remain at subdued levels, initiatives continue to ensure we operate at optimal working capital levels and marginal operations continue to be carefully monitored.

Changes in risk exposure

Risk as a result of geopolitical events was brought to the forefront during 2016. The UK voted to exit the EU, while the EU along with other jurisdictions, increased their rigour in pursuit of perceived aggressive tax structuring by multinational companies. These events, in combination with the imposed new derivative trading regulations being implemented in Switzerland and the EU and heightened global tax reporting obligations (via the BEPS initiative) led to an increase, compared to 2015, in the potential risk exposure related to – (1) geopolitical risks and (2) laws, enforcement, permits and licences to operate.

The potential risk exposure related to liquidity risk was reduced compared to 2015, as a result of the progress achieved on the debt reduction initiatives and the successful bond issuances in the Euro and Swiss markets.

Understanding the information on risks

There are many risks and uncertainties which have the potential to significantly impact our business, including competitive, economic, political, legal, regulatory, social, business and financial risk. The order in which these risks and uncertainties appear does not necessarily reflect the likelihood of their occurrence or the relative magnitude of their potential material adverse effect on our business.

We have sought to provide examples of specific risks. However, in every case these do not attempt to be an exhaustive list. These principal risks and uncertainties should be considered in connection with any forward looking statements in this document as explained on page 223.

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

The comments below describe our attempts to manage, balance or offset risk. Risk is, however, by its very nature uncertain and inevitably events may lead to our policies and procedures not having a material mitigating effect on the negative impacts of the occurrence of a particular event. Since many risks are connected, our analysis should be read against all risks to which it may be relevant.

In this section, we have sought to update our explanations, reflecting our current outlook.

Mostly this entails emphasising certain risks more strongly than other risks rather than the elimination of, or creation of, risks. To understand the changes in outlook and for more detail on certain risks, our previous annual reports are on our website at: www.glencore.com/investors/reports-and-results/reports/

To provide for concise text:

- where we hold minority interests in certain businesses, although these entities are not generally subsidiaries, the interests are mostly taken as being referred to in analysing these risks, and "business" refers to these and any business of the Group;
- where we refer to natural hazards, events of nature or similar phraseology we are

referring to matters such as earthquake, flood, severe weather and other natural phenomena;

- in each case our mitigation of risks will include the taking out of insurance where it is customary and economic to do so;
- “risk” includes uncertainty;
- “law” include regulation of any type;
- a reference to a note is a note to the 2016 financial statements; and
- refer to our 2016 sustainability report which will be published in May 2017.

EXTERNAL

Reductions in commodity prices

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

A significant downturn in the price of commodities generally results in a decline in our profitability and could potentially result in impairment and balance sheet constraints. It is especially harmful to profitability in the industrial activities, which are more directly exposed to price risk due to the higher level of fixed costs, while our marketing activities are ordinarily substantially hedged in respect of price risk and principally operate a service-like margin-based model.

Comments - The dependence of the Group (especially our industrial business) on commodity prices, make this the Group’s foremost risk. See the Chief Executive Officer’s review on page 4 and the financial review on pages 45 to 51.

While the price fundamentals of most of the Group’s main production commodities currently appear to be stronger than at the end of 2015, the global economic outlook remains uncertain and any negative issues, especially if they affect China, could quickly lead to reductions in demand and price.

Fluctuations in the supply of, or demand for, the commodities in which we operate

Risk - We are dependent on the expected volumes of supply or demand for commodities in which we are active, which can vary for many reasons, such as competitor supply policies, changes in resource availability, government policies and regulation, costs of production, global and regional economic conditions and events of nature.

Comments - This risk is currently prevalent, with demand growth uncertainty in various commodities we produce and market, notably within steel, coal and oil markets.

On the supply side, China’s implementation of a reduced working year in its coal industry demonstrated the ability and willingness of nation states to intervene directly in markets. Also in nickel, Indonesia prohibited exports of nickel concentrates and the authorities in the Philippines have in 2016 closed a quarter of the country’s mines.

Market price responses to such changes are neither instantaneous nor perfectly calibrated nor can the sustained implementation of such policies be certain.

See the Chief Executive Officer's review on page 4.

Fluctuations in currency exchange rates

Risk - The vast majority of our transactions are denominated in US dollars, while operating costs are spread across many different countries, the currencies of which fluctuate against the US dollar. A depreciation in the value of the US dollar against one or more of these currencies will result in an increase in the cost base of the relevant operations in US dollar terms.
The main currency exchange rate exposure is through our industrial assets, as a large proportion of the costs incurred by these operations is denominated in the currency of the country in which each asset is located. The largest of these exposures is to the currencies listed on page 183.

Comments - This risk is currently prevalent in our industry. However, these fluctuations tend to move in symmetry with those in commodity prices and supply and demand fundamentals as noted above, such that decreases in commodity prices are generally associated with increases in the US dollar relative to local producer currencies and vice versa. If this occurs then it is detrimental to us through higher equivalent US dollar operating costs at the relevant operations. This negative, however, would usually be offset by the increases in commodity prices, which had caused this change.

Geopolitical risk

Risk - We operate and own assets in a large number of geographic regions and countries, some of which are categorised as developing, complex or having unstable political or social climates. As a result, we are exposed to a wide range of political, economic, regulatory and tax environments. Policies or laws in these countries may change in a manner that may be adverse for us. Also, some countries with more stable political environments may nevertheless change policies and laws in a manner adverse to us. We have no control over changes to policies, laws and taxes.

The geopolitical risks associated with operating in a large number of regions and countries, if realised, could affect our ability to manage or retain interests in our industrial activities.

Comments - Increased scrutiny by governments and tax authorities in pursuit of perceived aggressive tax structuring by multinational companies has elevated the potential risk exposures related to geopolitical events. The Group continues actively to engage with governmental authorities in light of upcoming changes and developments in legislation and enforcement policies.

The global tax reporting initiative on Base Erosion and Profit Sharing ("BEPS") became effective in 2016.

Risks can also arise from the announcement and/or implementation of reductions in workforces and temporary or permanent production stoppages.

See map on pages 10 and 11 which sets out our global operational footprint.

Laws, enforcement, permits and licences to operate

Risk - We are exposed to and subject to extensive laws including those relating to bribery and corruption, taxation, anti-trust, financial markets regulation, management of natural resources, licences over resources owned by various governments, exploration, production and post-closure reclamation. The terms attaching to any permit or licence to operate may also be onerous. Furthermore, in certain countries title to land and rights and permits in respect of resources are not always clear or may be challenged.

The legal system and dispute resolution mechanisms in some countries may be uncertain so that we may be unable to enforce our understanding of our title, permits or other rights. Lawsuits may be brought, based upon damage resulting from past and current operations, and could lead to the imposition of substantial sanctions, the cessation of operations, compensation and remedial and/or preventative orders. Moreover, the costs associated with legal compliance, including regulatory permits, are substantial. Any changes to these laws or their more stringent enforcement or restrictive interpretation could cause additional material expenditure to be incurred (including in our marketing business) or impose suspensions of operations and delays in the development of industrial assets. Failure to obtain or renew a necessary permit could mean that we would be unable to proceed with the development or continued operation of an asset.

A dispute relating to an industrial asset could disrupt or delay relevant extraction, processing or other projects and/or impede our ability to develop new industrial properties.

Comments - We are committed to complying with or exceeding the laws and external requirements applicable to our operations and products. Through this and monitoring of legislative requirements, engagement with government and regulators, and compliance with applicable permits and licences, we strive to ensure full compliance. We also seek to manage these risks through the Glencore Corporate Practice (GCP) programme. Its practical application across our business is detailed in our code of conduct (http://www.glencore.com/who-we-are/our-values/policies/) and this framework is reflected in our sustainability reports. The Group's anti-corruption policy may also be found at: http://www.glencore.com/who-we-are/our-values/policies/.
Bribery and corruption risks re-main highly relevant for businesses operating in emerging markets as shown by recent regulatory enforcement actions both inside and outside the resources sector.

The Group continues to evaluate the impact of proposed regulations to govern commodity market participants (principally MiFID 2) in Europe.

In 2016 we published our first Payments to Governments report. This detailed total government contributions in 2016 of around $5 billion. This report built upon the disclosures, which had been provided in our annual sustainability report since 2010, and our commitment as an active member of the Extractive Industries Transparency Initiative (EITI).

Liquidity risk

Risk - Our failure to access funds (liquidity) would severely limit our ability to engage in desired activities.

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 on an unsecured or secured basis at an acceptable price to fund actual or proposed commitments. While we adjust our minimum internal liquidity threshold from time to time in response to changes in market conditions, this minimum internal liquidity target may be breached due to circumstances we are unable to control, such as general market disruptions, sharp movements in commodity prices or an operational problem that affects our suppliers, customers or ourselves.

A lack of liquidity may mean that we will not have funds available to maintain or increase marketing and industrial activities, both of which employ substantial amounts of capital. If we do not have funds available to sustain or develop our marketing and industrial activities then these activities will decrease.

Comments - Note 24 details our financial and capital risk management approach.

During 2016, we have achieved our objectives in materially delevering the Group's balance sheet see pages 45 to 51. We also issued the following bonds during the year with applicable coupon and redemption dates: CHF250 million 2.25% 2021 and EUR1.0 billion 1.875% 2023. We have undertaken a programme to replace short dated paper with longer term bonds.

While significant progress on delevering and repositioning the balance sheet has occurred over 2016, we remain cognisant that access to credit is vital and that current market conditions are volatile.

As at 31 December 2016, the Group had available undrawn committed credit facilities and cash amounting to $16.7 billion (31 December 2015: $15.2 billion), comfortably ahead of our $3 billion minimum prescribed level.

Standard & Poor's and Moody's latest assessments for the Company's investment grade credit are BBB- (positive outlook) and Baa3 (stable) respectively.

BUSINESS ACTIVITIES

Counterparty credit and performance

Risk - Financial assets consisting principally of marketable securities, receivables and advances, derivative instruments and long-term advances and loans can expose us to concentrations of credit risk.

Furthermore, we are subject to non-performance risk by our suppliers, customers and hedging counterparties, in particular via our marketing activities.

Non-performance by suppliers, customers and hedging counterparties may occur and cause losses in a range of situations, such as:

- a significant increase in commodity prices resulting in suppliers being unwilling to honour their contractual commitments to sell commodities at pre-agreed prices;
- a significant reduction in commodity prices resulting in customers being unwilling or unable to honour their contractual commitments to purchase commodities at pre-agreed prices; and
- suppliers subject to prepayment or hedging counterparties may find themselves unable to honour their contractual obligations due to financial distress or other reasons.

Comments - We monitor the credit quality of our counterparties and seek to reduce the risk of customer non-performance by requiring credit support from creditworthy financial institutions including making extensive use of credit enhancement products, such as letters of credit, insurance policies and bank guarantees. Specific credit risk policy rules apply to open account risk with an established threshold for referral of credit positions by departments to central management. In addition, note 24 details our financial and capital risk management approach.

Sourcing, freight, storage, infrastructure and logistics

Risk - Our marketing activities require access to significant amounts of third party supplies of commodities, freight, storage, infrastructure and logistics support and we are exposed to reduced accessibility and/or increased pressure in the costs of these. In addition, we often compete with other producers, purchasers or marketers of commodities or other products for limited storage and berthing facilities at ports and freight terminals, which can result in delays in loading or unloading of products and expose us to significant delivery interruptions.
Increases in the costs of freight, storage, infrastructure and logistics support, or limitations or interruptions in the supply chain (including any disruptions, refusals or inabilities to supply), could adversely affect our business.

Comments - Our global network of infrastructure and logistics operations such as vessels, oil terminals and tank farms, metals and other warehouses and grain silos assists in mitigating risks related to disruptions to or limitations of sourcing, freight, storage, infrastructure and logistics.

See map on pages 10 and 11 that sets out our global operational footprint.

Development and operating risks and hazards

Risk - Our industrial activities are subject to numerous risks and hazards normally associated with the initiation, development, operation and/or expansion of natural resource projects, many of which are beyond our control. These include unanticipated variations in grade and other geological problems (so that anticipated or stated reserves, resources or mineralised potential may not conform to expectations and in particular may not reflect the reserves and resources which the Group reports and as a result the anticipated volumes or grades may not be achieved). Other examples include seismic activity, natural hazards, processing problems, technical and IT malfunctions, unavailability of materials and equipment, unreliability and/or constraints of infrastructure, industrial accidents, labour force insufficiencies, disruptions and disputes, disasters, protests, force majeure factors, cost overruns, delays in permitting or other regulatory matters, vandalism and crime. Cyber crime can also have materially adverse consequences for our marketing and industrial businesses.

The development and operating of assets may lead to future upward revisions in estimated costs, completion delays, cost overruns, suspension of current projects or other operational difficulties. Risks and hazards could result in damage to, or destruction of, properties or production facilities, may cause production to be reduced or to cease at those properties or production facilities, may result in a decrease in the quality of the products, personal injury or death, third party damage or loss, and may result in actual production differing from estimates of production.

In the resources business, the commodities we extract are finite and reserves replacement is an issue for the industry as a whole. Exploration and development necessarily require a level of investment ahead of identification, extraction and monetisation of such reserves.

Natural hazards, sabotage or other interference in operations, could increase costs or delay supplies. In some locations poor quality infrastructure is endemic. The realisation of these development and operating risks and hazards could require significant and additional capital and operating expenditures to fund abatement, restoration or compensation to third parties for any loss and/or payment of fines or damages.

Comments - Development and operating risks and hazards are managed through our continuous development status evaluation and reporting processes and ongoing assessment, reporting and communication of the risks that affect our operations through the annual risk review processes and updates to the risk register.

We publish quarterly our production results and annually our assessment of reserves and resources based on available drilling and other data sources. Conversion of resources to reserves and, eventually, reserves to production is an ongoing process that takes into account technical and operational challenges, economics of the particular commodities concerned and the impact on the communities in which we operate.

The geotechnical failure and high-wall collapse at Katanga resulted in the deaths of seven people. Other incidents during the year have led to a further nine deaths. While the mining workplace is inherently a dangerous one, we continue to believe that every death is preventable with appropriate planning, precautions taken, supervision and review.

Work on the whole ore leach process at Katanga is progressing well. Mopani's Synclinorium shaft was commissioned and started to hoist ore at the end of 2016.

Availability of continuous high-voltage power continues to be of critical importance to our copper operations in the Democratic Republic of Congo. We are continuing to invest in long-term power solutions via the Inga dam refurbishment.

Technological and cyber security risks are also relevant.

See also the next page for our assessment of and programmes to mitigate our health, safety and environmental risks and in particular catastrophic risks.

Details of the significant impairments recorded during the year are contained in note 5. The valuations used for this analysis remain sensitive to price and deterioration in the price outlook may result in additional impairments.

Cost control

Risk- As commodity prices are outside of our control, the competitiveness and sustainable long-term profitability of our industrial asset portfolio depends significantly on our ability to closely manage costs and maintain a broad spectrum of low-cost, efficient operations. Costs associated with the operation of our industrial assets can be broadly categorised into labour costs and other operating and infrastructure costs. Overall production and operating costs are heavily influenced by the extent of ongoing development required, ore grades, mine planning, processing technology, logistics, energy and supply costs and the impact of exchange rate fluctuations. Over time, resources even on the same mine site tend to become more difficult and costly to extract, as challenges such as working at depth, increasing haulage distances and working with inconsistent or chemically complex ores are faced. All of our industrial assets are, to varying degrees, affected by changes in costs for labour and fuel. Unit production costs are also significantly affected by production volumes and therefore production levels are frequently a key factor in determining the overall cost competitiveness of an industrial asset.

Comments - While prices have recovered somewhat, cost control and reduction is still a significant area of management focus. A number of operations have adopted structured programmes to deconstruct their costs, identify marginal savings and implement these.

These local measures are complemented by global procurement that leverages our scale to achieve the best possible value for money on high-consumption materials such as fuel, explosives and tyres.

Maintaining costs and, where possible, lowering them is supported by our reporting on these measures, coupled with the inclusion of certain cost control evaluation measures in assessing management performance.

SUSTAINABLE DEVELOPMENT

Health, safety, environment, including potential catastrophes

Risk - Our operations are subject to health, safety and environmental laws along with compliance with our corporate sustainability framework. The processes and chemicals used in extraction and production methods, as well as transport and storage, may impose environmental hazards. A serious failure in these areas could lead to an emergency or catastrophe at a site. Environmental hazards may affect not only our properties but also third parties. The storage of tailings at our industrial assets and the storage and transport of oil are material examples of these risks.

Environmental (including those associated with particular environmental hazards) and health and safety laws may result in increased costs or, in the event of non-compliance or incidents causing injury or death or other damage at or to our facilities or surrounding areas may result in significant losses, including arising from (1) interruptions in production, litigation and imposition of penalties and sanctions and (2) having licences and permits withdrawn or suspended or being forced to undertake extensive remedial clean-up action or to pay for government-ordered remedial clean-up actions. In each case liability may arise where the hazards have been caused by any previous or subsequent owners or operators of the property, by any past or present owners of adjacent properties, or by third parties.

Catastrophes can also arise due to cyber attacks, e.g. where there is malicious interference with operational software at industrial assets.

Comments - Our approach to sustainability and our expectations of our employees, our contractors and our business partners are outlined in our sustainability programme. This underpins our approach towards social, environmental, safety and compliance indicators, providing clear guidance on the standards we expect all our operations to achieve. Through the reporting function within the programme, our Board and senior management receive regular updates and have a detailed oversight on how our business is performing across all of the sustainability indicators. We monitor catastrophic risks, in particular, across our portfolio and operate emergency response programmes.

Compliance with international and local regulations and standards are our top priorities. Our operating procedures and those of our partners in relation to owned tankers conform to industry best practice working under the guidelines of the International Maritime Organisation (IMO), relevant Flag States and top tier classification societies.

We remain focused on the significant risks facing our industry arising from operational catastrophes such as the examples of tailings dam collapses in Canada and Brazil and the

Turkish coal mine disaster experienced in the last two years. During 2016, the HSEC Committee continued to sponsor and monitor the Group's sustainability risks assurance process. Its focus continues to be on the Group's catastrophic hazards.

In addition, considerable ongoing investment continues in the Group's SafeWork health and safety programme.

See also pages 20 to 33 and the HSEC Committee report on pages 97 and 98. Further details will also be published in our 2016 sustainability report.

Emissions and climate change

Risk – Our global presence exposes us to a number of jurisdictions in which regulations or laws have been or are being considered to limit or reduce emissions. The likely effect of these changes will be to increase the cost for fossil fuels, impose levies for emissions in excess of certain permitted levels and increase administrative costs for monitoring and reporting. Third parties, including potential or actual investors, may also introduce policies adverse to the Company due to its activities in fossil fuels.

Increasing regulation of greenhouse gas (GHG) emissions, including the progressive introduction of carbon emissions trading mechanisms and tighter emission reduction targets is likely to raise costs and reduce demand growth.

Comments - Through our sustainability programme (operated under our GCP framework), we strive to ensure emissions and climate change issues are identified, understood and effectively managed and monitored in order to meet international best practice standards and ensure regulatory compliance. We seek to ensure that there is a balanced debate with regard to the ongoing use of fossil fuels.

During the year, we published Climate change considerations for our business which set out information about how our business operates, our position on climate change and how we are managing the opportunities and challenges of climate change across our business.

Our 2016 sustainability report will provide further details of the operation of our community engagement programme, including the international standards to which we voluntarily submit.
During the year, there have been further announcements by some investment groups regarding the introduction of, or tightening of, policies concerning reduced investment in companies which have fossil fuel businesses.

It should be noted that in 2016 around 5% and 15% of our revenue and EBITDA respectively were derived from coal and oil industrial activities.

Community relations

Risk - The continued success of our existing operations and our future projects are in part dependent upon broad support and a healthy relationship with the respective local communities. A perception that we are not respecting or advancing the interests of the communities in which we operate, could have a negative impact on our ‘‘social licence to operate’’, our ability to secure access to new resources and our financial performance. The consequences of negative community reaction 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. Such events could lead to disputes with governments, with local communities or any other stakeholders, and give rise to reputational damage. Even in cases where no adverse action is actually taken, the uncertainty associated with such instability could negatively impact the perceived value of our assets.

Comments - We believe that the best way to manage these vital relationships is to adhere to the principles of open dialogue and cooperation. In doing so, we engage with local communities to demonstrate our operations' contribution to socio-economic development and seek to ensure that appropriate measures are taken to prevent or mitigate possible adverse impacts on the communities, along with the regular reporting as outlined on our website at: http://www.glencore.com/sustainability/society/community-engagement/.

Some of our mine sites are in remote locations where they are a – or the – key employer in the region. Inevitably, every mine will reach a point of depletion where it is no longer economic to operate and must be closed in an orderly fashion. We are working with all stakeholders at our mine sites to operate for as long as it is economically viable to do so, and to prepare long-term plans that provide for a gradual transition to the end of mine life.

Skills availability and retention

Risk - The maintenance of positive employee and union relations and the ability to attract and retain skilled workers, including senior management, are key to our success. This can be challenging, especially in locations experiencing political or civil unrest, or in which they may be exposed to other hazardous conditions. Many employees are represented by labour unions under various collective labour agreements. Their employing company may not be able to satisfactorily renegotiate its collective labour agreements when they expire and may face tougher negotiations or higher wage demands than would be the case for non-unionised labour. In addition, existing labour agreements may not prevent a strike or work stoppage.

Comments - We understand that one of the key factors in our success is a good and trustworthy relationship with our people. This priority is reflected in the principles of our sustainability programme and related guidance, which require regular, open, fair and respectful communication, zero tolerance for human rights violations, fair remuneration and, above all, a safe working environment, as outlined on our website at: www.glencore.com/careers/our-people/.

RELATED PARTY TRANSACTIONS

The following has been extracted from page 193 of the 2016 Annual Report.

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 10, 12, and 22). 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 2016, sales and purchases with associates and joint ventures amounted to $1,570 million (2015: $1,196 million) and $3,194 million (2015: $3,562 million) respectively.

Remuneration of key management personnel

Glencore's key management personnel are the members of the Board of Directors, CEO, CFO and the heads of the operating segments. 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 $13 million (2015: $10 million). There were no other long-term benefits or share-based payments to key management personnel (2015: $Nil). Further details on remuneration of Directors are set out in the Directors' remuneration report from page 99.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following responsibility statement is repeated here solely for the purpose of complying with DTR 6.3.5. This statement relates to and is extracted from page 112 of the 2016 Annual Report.

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 each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and International Financial Reporting Standards as adopted for use in the European Union (together "IFRS"). 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. 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. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

John Burton

Company Secretary
2 March 2017

For further information please contact:

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Notes for Editors

Glencore is one of the world's largest global diversified natural resource companies and a major producer and marketer of more than 90 commodities. The Group's operations comprise around 150 mining and metallurgical sites, oil production assets and agricultural facilities.

With a strong footprint in both established and emerging regions for natural resources, Glencore's industrial and marketing activities are supported by a global network of more than 90 offices located in over 50 countries.

Glencore's customers are industrial consumers, such as those in the automotive, steel, power generation, oil and food processing sectors. We also provide financing, logistics and other services to producers and consumers of commodities. Glencore's companies employ around 155,000 people, including contractors.

Glencore is proud to be a member of the Voluntary Principles on Security and Human Rights and the International Council on Mining and Metals. We are an active participant in the Extractive Industries Transparency Initiative.

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