

GLENCORE

2016 Sustainable Development roadshow
London, 13 June 2016



Agenda

- **Opening comments**
Tony Hayward, Chairman
- **2015 Performance highlights and next steps**
Ivan Glasenberg, Chief Executive Officer
- **Focus on climate change**
Andrew Fikkers, Glencore Coal
- **Q&A**



Opening comments
Tony Hayward, Chairman

Year in review – 2015 milestones

Governance

- Revised Code of Conduct rolled out
- Completed 2 year action plan to achieve alignment with ICMM SD Framework
- Launched Group HSEC Assurance programme to focus on catastrophic and fatal hazards

Health & Safety

- 62% reduction in fatalities since 2013
- 0 fatalities at focus assets in Kazakhstan, DRC, Russia and Ukraine
- 40% reduction in new occupational illnesses in 2015

Society

- Admitted to the Voluntary Principles Initiative
- Programme launched to better understand and manage our contribution on the ground
- Design of grievance mechanisms reviewed for alignment with UNGP criteria

Environment

- No significant environmental incidents
- 95% reduction in SO2 emissions maintained at Mopani, Zambia, following upgrade of its smelter

Commitment to dialogue

We maintain dialogue with internal and external stakeholders at all levels of the organisation:

Board	Senior management	Operations
<ul style="list-style-type: none">• Meetings with investors• Participation in annual internal HSEC summit• Visits to operations	<ul style="list-style-type: none">• Meetings with investors, NGOs, governments, media• Visits to operations and meetings with communities	<ul style="list-style-type: none">• Systematic engagement with all stakeholders to manage impacts and sustain growth• Mechanisms to receive and address complaints and grievances

Materiality process

Assessment process

1

Understanding issues

Our understanding of the issues that affect our business and the natural resources industry sector

2

Regulatory developments

Regulatory developments and deadlines: our requirements under the law and how they affect our activities

3

Feedback mechanisms

Feedback mechanisms: topics raised during engagement with our people and external stakeholders

- Annual materiality assessment comprises a review of topics at global and local levels, engagement with internal and external stakeholders, and review of feedback from local communities;
- A topic is material if senior management determines that it may significantly affect our business operations, or have a significant impact on any of our stakeholders;
- The assessment is reviewed and approved by the Board HSEC Committee;
- The results are incorporated into annual HSEC Strategy review and underpin the focus of reporting.

2015 HSEC Strategy

Our Group sustainability strategy comprises four core pillars: health, safety, environment, and community and human rights

The strategy enables us to meet legislative requirements, manage the catastrophic hazards associated with our business, and maintain our social license to operate

Our departments and assets align their annual HSEC plans to the Group strategy



Health

Become a leader in the protection and improvement of our people's and communities' wellbeing.



Safety

Become a leader in workplace safety, eliminating fatalities and injuries.



Environment

Minimise any negative environmental impact from our operations and apply the precautionary principle in decision-making.



Community & human rights

Foster sustainable growth and respect human rights wherever we operate.

Board's focus in 2015

Safety is a top priority

- Focus on eliminating fatalities across the group
- All fatalities reviewed with operational management
- Turnaround strategies at 'focus assets' to improve performance

Management of catastrophic hazards across the business

- Identification of hazards with major or catastrophic consequences for the operations;
- Implementation of plans to address and eliminate or mitigate the related risks.

Monitor HSEC performance

- Roll out of Group HSEC assurance programme, focusing on catastrophic hazards and associated risks
- Twelve activities carried out in 2015; 34 planned for 2016
- Assurance activities are reported to the Board, including key findings, observations and good practices

Looking ahead

2016 priorities:

- Focus on achieving zero fatalities
- Eliminating or mitigating catastrophic hazards across our operations
- Supporting resilient communities by maintaining our socio-economic contribution
- Revise and strengthen approach to the management and reporting of our exposure to carbon related risks

2015 performance and next steps

Ivan Glasenberg, Chief Executive Officer



Our Strategy

Our objective is to grow total shareholder returns while maintaining a strong BBB/Baa investment grade credit rating

Integration of sustainability throughout the business

- Key performance indicators:
 - Safety
 - Water
 - GHG emissions
 - Community investment spend

Maintaining a robust and flexible balance sheet

- Key performance indicators:
 - Adjusted EBIT/EBITDA
 - Funds from operations
 - FFO to net debt

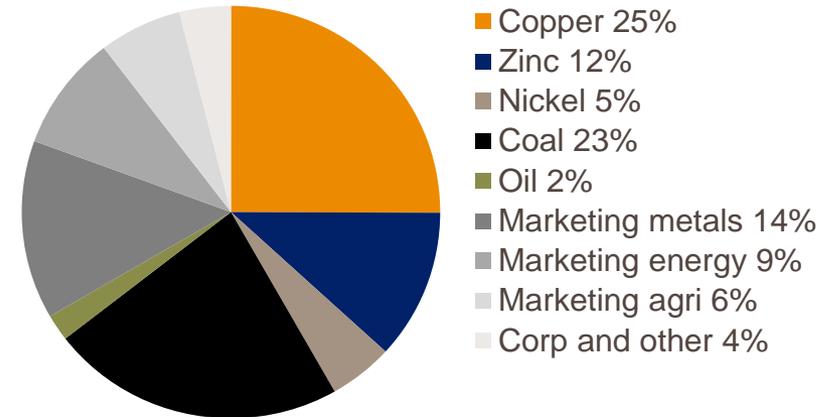
Focusing on cost control and operating efficiencies

- Key performance indicators:
 - Adjusted EBIT/EBITDA
 - Funds from operations
 - FFO to net debt
 - Net income

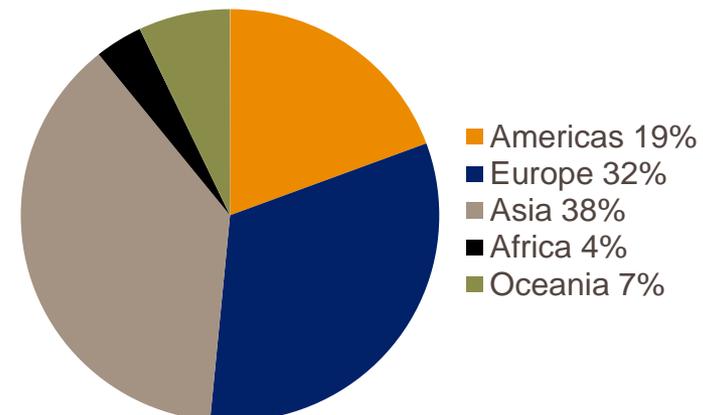
Prepared for current and even lower prices

- **Decisive management of our balance sheet and asset portfolio:**
 - repositioning our capital structure for a lower price environment – improvement to c.2x ND/EBITDA by year end
 - maximising cash flow from our suite of low-cost industrial assets
- **Earnings underpinned by our highly cash generative marketing business**
- **Free cash flow >\$3bn at spot prices⁽²⁾**
 - And we remain comfortably cash flow positive at materially lower prices
- **Our production cuts preserve the value of our resources for the future**
 - Significant low-cost optionality in the right price environment: +300kt Cu, +500kt Zn, +100kt Pb, +15Mt coal
- **Not all commodities are equal**
 - Our key commodities are in deficit or transitioning towards deficit

Earnings diversified by commodity⁽¹⁾ ...



... and geography



Notes: (1) Source: 2015 Annual Report, commodity segmented by EBITDA, geography segmented by destination of the sales counterparty (2) See notes from Preliminary results presentation 1 March 2016 on Slide 17 and Slide 12

Production cuts: managing the impacts of restructuring on the ground

Managing retrenchments

- Extended negotiations with workforce, unions and governments
- Fully voluntary departure programme executed at DRC assets
- No strikes or unrest to date

Meeting community expectations

- Maintaining all existing commitments to host communities
- In Zambia and DRC, supporting skills development during the suspensions

Looking ahead

- Production cuts preserve value of resources in the ground
- Suspension allows for optimisation of plant infrastructure to achieve better production and environmental performance

Training continues at Mopani Training Center, Zambia



Compliance

Group compliance teams and 106 Compliance Coordinators worldwide

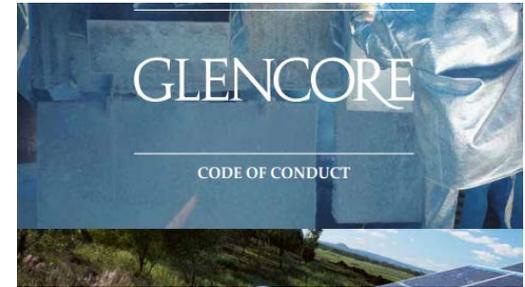


**Board and Audit Committee oversight
Tone from the top**

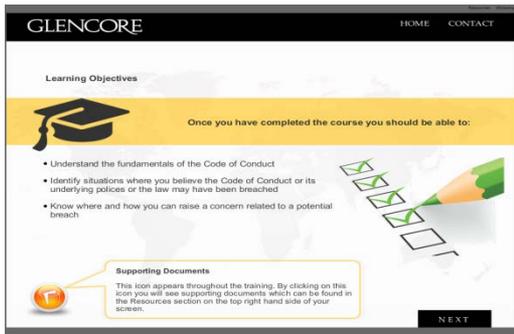


Business Ethics Committee, chaired by Group CEO

**Global and local compliance policies
Regular training and screening**



**Annual compliance confirmation
46,687 e-learning completions in 2015**



**Raising Concerns programme
Newly introduced: a website-form for anonymous reporting now accounting for 26% of reported cases**



Code of Conduct enforcement: 395 employees dismissed in 2015 for breach of the Code



Catastrophic hazard management

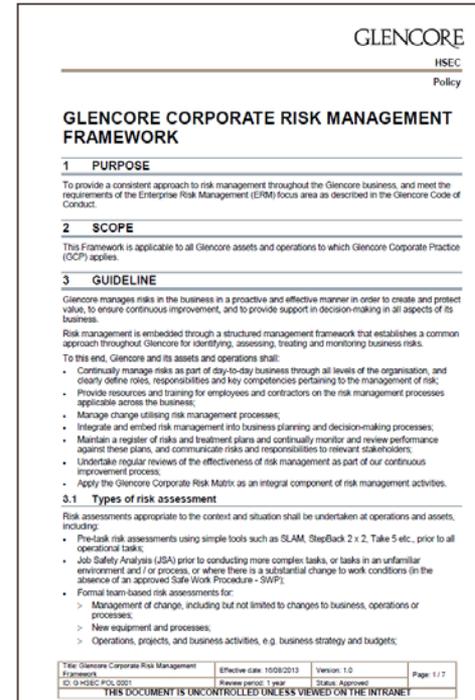
Focus on risk underpins all areas of HSEC strategy and is a priority for the senior management team

Key activities:

- Focus on identifying and addressing hazards that could cause catastrophic or major consequences for the business
 - 19 catastrophic hazards identified across the Group
- Tracking of action plans at Group level with supervision from Board HSEC Committee
- Raising awareness of catastrophic hazards: annual HSEC summit focus, with engagement from senior leadership
- Alignment with ICMM approach

Looking ahead:

- Focus on consistency and standardisation of risk management processes to prevent unwanted events and/or mitigate potential consequences
- Continued supervision by senior management and Board



Focus on safety



We are determined to eliminate fatalities. Since the introduction of SafeWork in 2013:

- 62% fewer fatalities and 70% fewer fatal incidents reflects safety commitment of leadership at all operations
- 46% fewer fatalities at our focus assets in 2015 from improved fatal hazard management & safety culture
- Zero fatalities at surface operations (126, 500 people) in 2015

2016 YTD, regrettably 2 fatal incidents where 8 people lost their lives

- 7 people fatally injured in the slope failure incident at Kamoto Copper Mine, DRC, on the 8th March.
- Senior management and board visited the site and reviewed the incident
- Ongoing investigation, drawing on internal and external expertise

* Lost Time Injury Frequency Rate, calculated as number of lost time injuries (LTIs) recorded per million working hours

Mitigating environmental impacts

- Zero catastrophic, major or moderate environmental incidents reflect strengthened focus on managing environmental hazards
- Strategic water management framework developed that supports better understanding of our water footprint, implementation of targeted water management plans, and setting water-related targets
- All tailings facilities surveyed in 2014 for key risks and controls; 2016 HSEC assurance programme to include a review of all priority tailings facilities by subject experts.



Creating value for our local communities

Our aim is to minimise dependency on our operations, and promote sustainable communities with diversified and resilient local economies.

Our CSI spend reduced due to roll-out of new strategy that focuses on:

- **Local employment** – in 2015, 78% of our workforce were local residents, as were 63% of our managers
- **Local procurement** – we spent \$15.1 billion with local suppliers
- **Enterprise development** – skills shortage is often a critical obstacle to economic growth. In 2015, we supported over 7,300 entrepreneurs through training, business support and partnership agreements
- **Shared use infrastructure** – we spent over \$134 million on shared public-use infrastructure, with most significant investments in power distribution (\$68.5 million), roads (\$56 million), and water treatment and distribution (\$5.6 million)

We support the Extractive Industries Transparency Initiative, and are publishing our 2015 payments to governments report in accordance with the EU Transparency Directive.

Agricultural cooperatives in DRC provide opportunities for former artisanal miners



Inga 2 hydroelectric project will bring 450MW of power to the Kolwezi region



Stakeholder engagement: Colombia

Operations in Colombia continue to be subject of stakeholder interest

2015 fact-finding mission with Glencore senior management, Swiss and Colombian NGOs, Swiss residents and government representatives focused on:

- Meeting with local communities to understand concerns and establish a way forward;
- Addressing historical and current allegations through detailed discussions with management;
- Inviting NGOs to continue the dialogue and work together to benefit host communities.

The stakeholder dialogue continues through regular meetings in Colombia and Switzerland

As Colombia nears an end to conflict, we are committed to supporting the transition to a lasting peace in our community programmes, human rights management systems and engagement with security



Climate change considerations for our business

Andrew Fikkers, Glencore Coal

Climate change and our business: a new Glencore report

New report provides information about how we are managing the opportunities and challenges presented by climate change across our business.

Report focuses on:

- Approach to reporting on carbon management
- Asset resilience in a range of climate change scenarios
- Support for the use of renewable technologies
- Engagement with public policy
- Analysis of the coal business in the context of climate change



Continued global energy demand growth

Fundamentals

- Population increasing by 17.3% from 7.1 to 8.3 billion (2013 to 2030)
- Global economic growth ave. 3.8% pa to 2030
- Policy aligning with IEA 'New Policies' scenario

Acknowledgments

- Energy transition to lower emissions underway
- Renewables share of energy supply growing
- Reducing CO₂ emissions is necessary

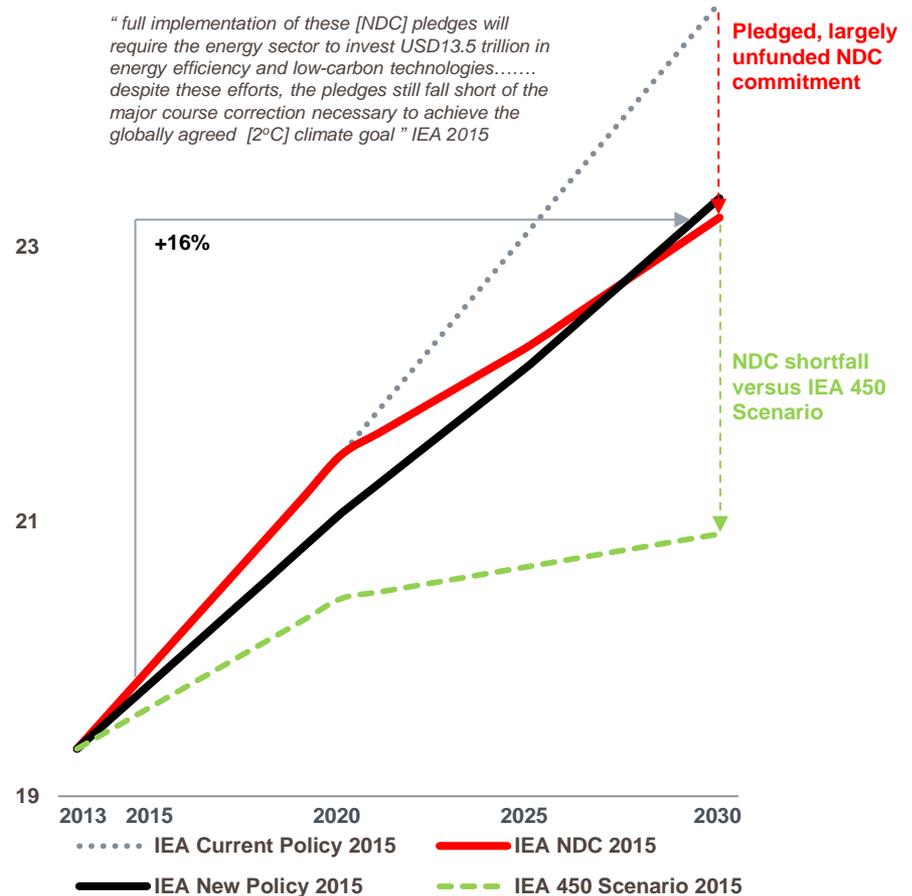
Realities

- 16% energy demand growth by 2030
- NDC pledges converge with IEA's 'New Policy' scenario
- All energy sources are required for the foreseeable future
- Significant funding required to implement NDC's let alone to achieve '450' scenario

Long-term global energy demand Billion tonnes coal equivalent

25

" full implementation of these [NDC] pledges will require the energy sector to invest USD13.5 trillion in energy efficiency and low-carbon technologies..... despite these efforts, the pledges still fall short of the major course correction necessary to achieve the globally agreed [2°C] climate goal " IEA 2015



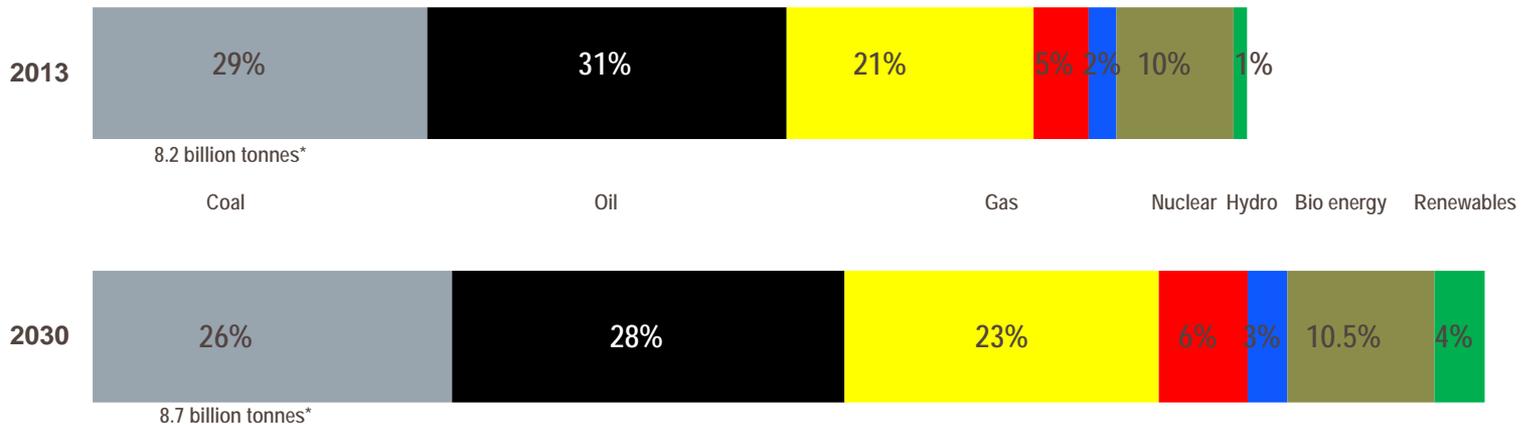
Global energy demand growth requires all fuel sources

IEA Modelling of NDC's shows absolute coal demand continues to grow

- **Non-fossil fuel sources to increase by 53% from 3.58 to 5.47 Btce***
 - Renewables increase 267% from 0.23 to 0.84 Btce*
- **Developing economies continue to build low cost, coal fired electricity generation**
- **Coal demand increases 7% from 5.61 to 6.03 Btce***
 - Cumulative coal consumption in period 2013 to 2030 is 120 – 140 billion tonnes

Global primary energy demand

IEA New Policy scenario



Source: IEA WEO 2015

Btce : billion tonnes of coal equivalent – standardised coal quantity using coal with energy content of 7000kcal/kg or 29.31 GJ/t
 Converted to metric tonnes based on global average coal energy of 4850kcal/kg nar

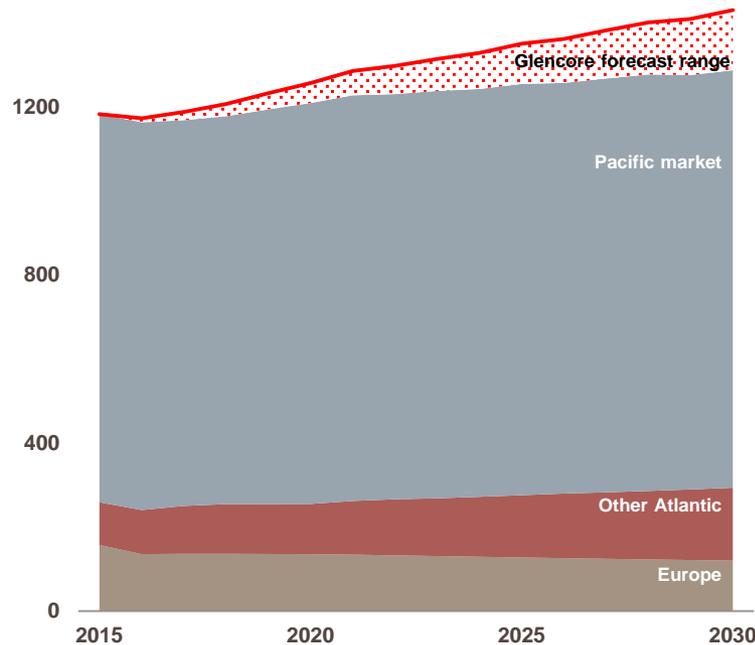
Portfolio Resilience

Global seaborne coal demand drivers monitored and understood

Regional seaborne coal demand outlook

million tonnes

1600



- **Electricity, iron & steel, cement and chemical industries underpin demand**

- Demand grows from 1.23 to 1.48 Bt per annum

- **Glencore continuously monitoring and assessing forecast against**

- Government policy
- New plant build
- Plant shutdowns

- **Pacific market growth underpinned by;**

- Energy diversification policies
- Limited or lack of indigenous coal supply

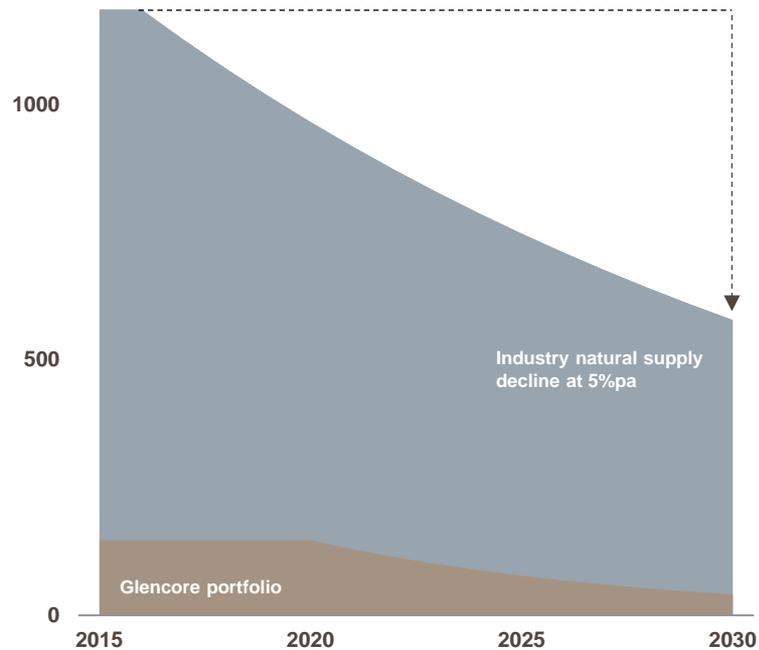
- **Atlantic market stable**

- European demand decline offset by Turkey and African demand growth
- Abolition of EU coal subsidies¹ would support import demand growth

Portfolio resilience

Seaborne coal supply decays rapidly without further investment

Global seaborne traded coal supply
million tonnes
1500

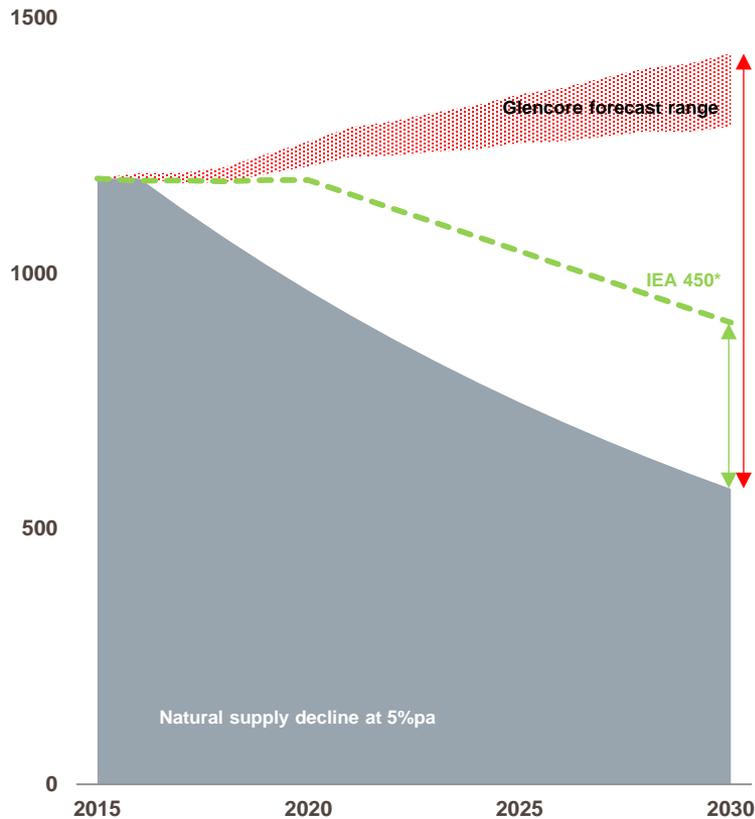


- Mines supplying seaborne markets are wasting assets
- Mine depletion metrics are well understood
- Adopting a harvest strategy - no new supply investment:
 - Global supply halves in 15 years
 - Glencore operations largely depleted by 2035

Portfolio resilience

Supply deficit supports existing assets and provides investment optionality

Global traded coal supply & demand
million tonnes

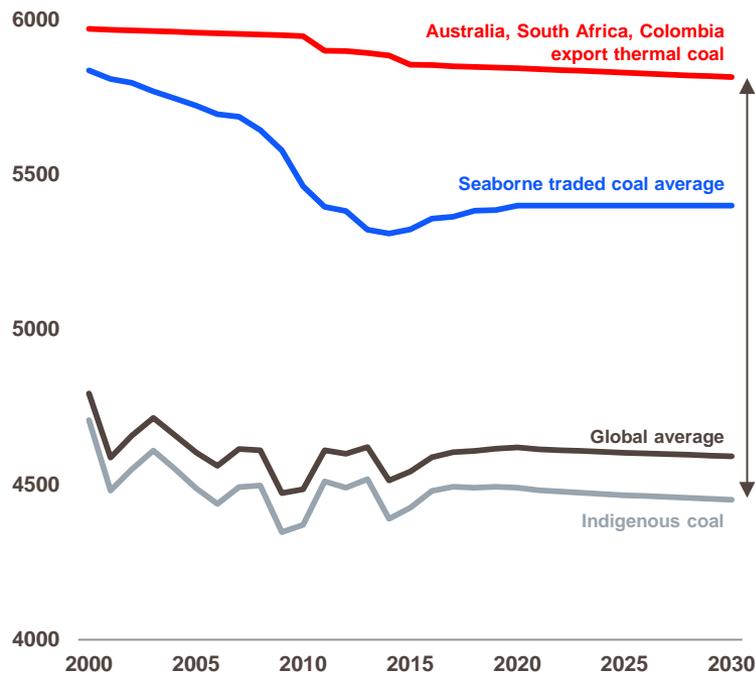


- Without future investment in supply capacity a substantial deficit emerges
- Cumulative coal demand of 19 - 21 Bt from 2013 to 2030
- In order to meet future demand 0.5 to 1.0 billion tones of export capacity will need to be replaced
- Necessary replacement of coal capacity provides investment opportunity

Portfolio resilience

Superior traded coal quality

Thermal coal energy content
kcal/kg nar



- **Seaborne traded coal demand growth underpinned by;**

- Superior quality; high energy, low sulphur & ash
- Lack of indigenous resources

- **Substantial energy benefit**

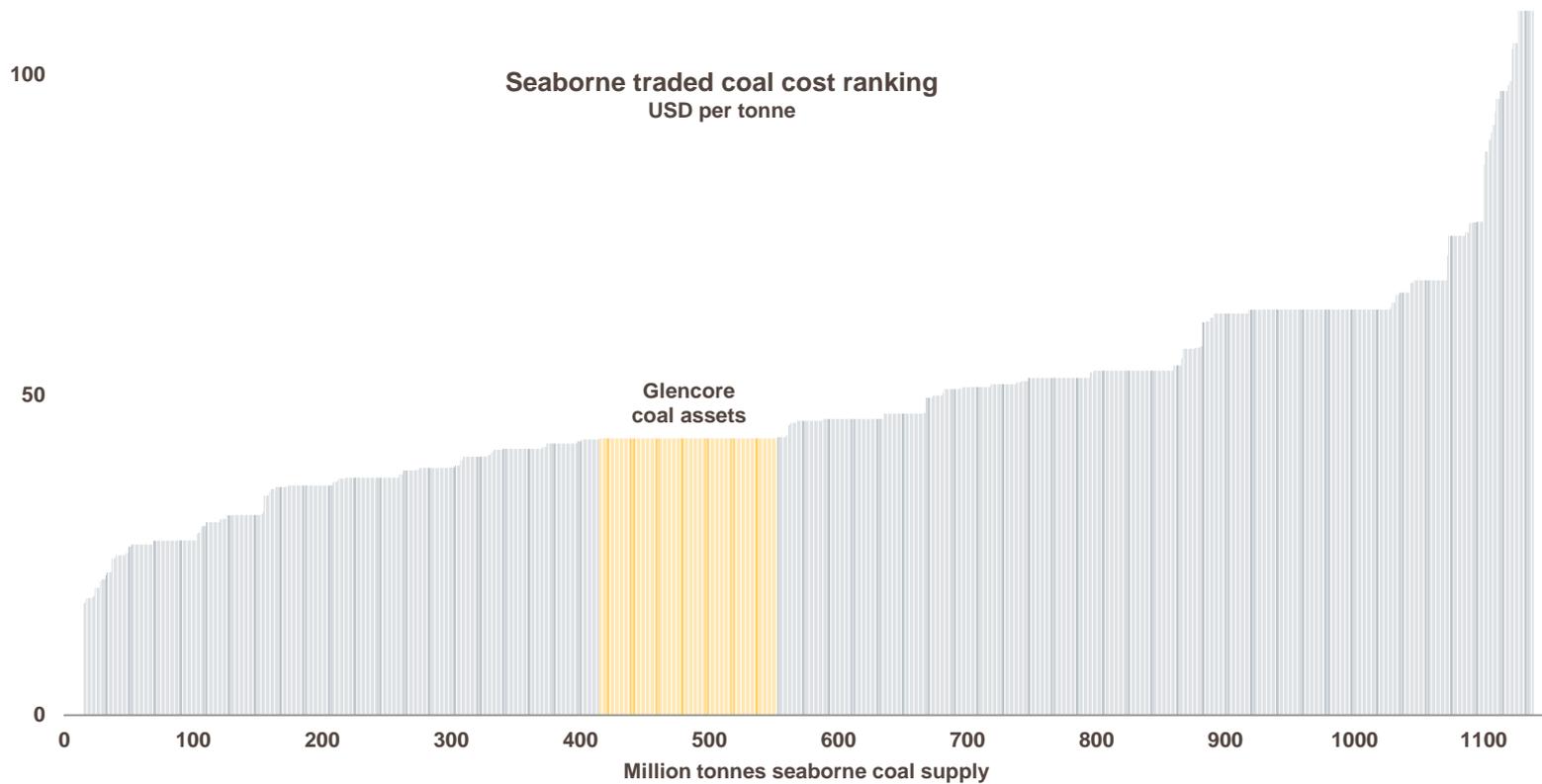
- 30% higher energy content
- Delivering improved efficiency
- Delivering reduced emissions

- **Glencore's reserve base is seaborne trade focused with high energy content**

Portfolio resilience

Glencore's competitiveness underpinned by low cost position

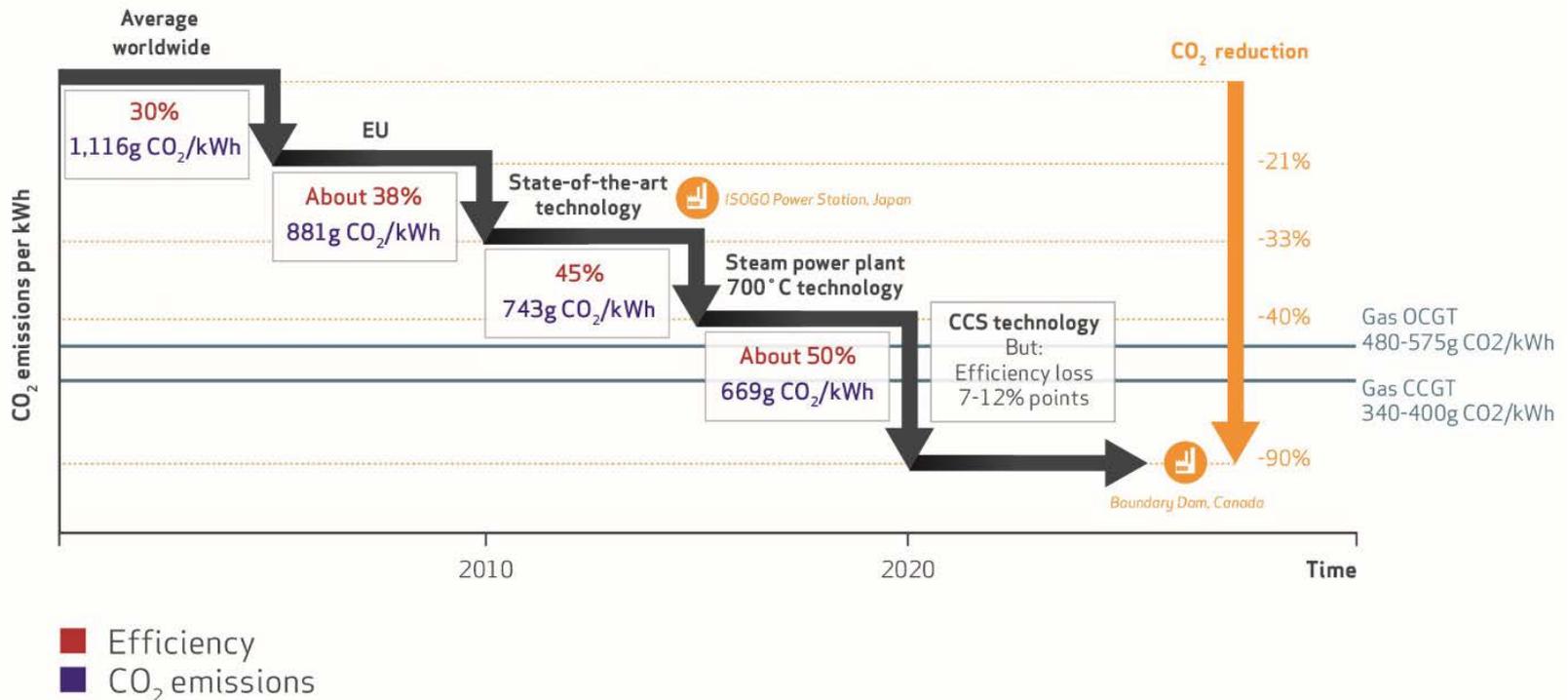
- Glencore's large, diverse portfolio is well positioned on the cost curve
- Production from Glencore's reserve base will continue to be sold profitably



Coal technology pathway will reduce carbon emissions

- Investment in low emission coal technology can significantly reduce global emissions and is essential to reach CP21 targets
- High efficiency, low emission power stations (Supercritical and Ultra-Supercritical) provide up to a 35% reduction in CO₂ emissions
- Combined with CCS a 90% reduction of CO₂ emissions is possible for coal or gas

CO₂ reduction potential of coal-fired power plants by increased efficiency





Q&A