

Chairman's introduction

Anthony Hayward
Chairman



Dear shareholders

This year, a revised corporate governance code came into force for UK listed companies. At the heart of the revised code is a focus on ensuring a company's purpose, values, strategy and culture are aligned. This has coincided with a considerable debate on both sides of the Atlantic as to whether corporations should focus solely on shareholder returns or whether they should take a broader view of their purpose.

For the modern quoted resources sector there is no such discussion. In order to maximise shareholder returns, a resource company must have a broad licence to operate. The resource corporation is the guest of the countries and communities in which it operates. It can only survive and thrive with the ongoing support of all of its main stakeholders.

Glencore's purpose is to responsibly source the commodities that advance everyday life. We do so through our strategy of sustainably growing total shareholder returns while maintaining a strong investment grade rating and acting as a responsible operator. We fulfil our purpose and deliver on our strategy in a manner that reflects our values of safety, integrity, responsibility, openness, simplicity and entrepreneurialism. Only by actively living and breathing these values are we able to ensure our culture is conducive to fulfilling our purpose and delivering on our strategy.

From our trading roots and through an accumulation of a rich mix of assets, we have become one of the world's largest globally diversified natural resource companies.

During 2019, we have reassessed our culture and the values that define it, ensuring they are as relevant as possible and appropriately provide the correct tone in which the Company engages to fulfil its purpose and deliver on its strategy for the benefit of all stakeholders.

It is clear that in certain areas we need to do better. In safety our statistics do not bear comparison with our peers. Although we mine in more difficult locations and have a far larger workforce, our total number of fatalities for the year of seventeen is simply unacceptable. This report describes the multiple initiatives that are ongoing, particularly in more challenged operations, in order to improve, on a lasting basis, our safety performance. Most frustrating of all, a majority of our fatalities continue to arise as a result of human carelessness. It is our job as leaders of this business to reverse this lack of discipline and thoughtfulness and to embed strong rules and behaviours that can lead our assets in Central Africa, Bolivia and Kazakhstan to mirror the stronger safety records of our assets in other countries such as Australia and Canada.

Safety is not simply about addressing our own known problems. The two tailings dams tragedies in Brazil in the last five years led to a Church of England Pension Board request for

detailed information on tailings facilities to some 700 mining companies. We strongly welcomed this disclosure process which we believe can be used to foster improvements across the industry in standards, monitoring and transparency.

The US DoJ, CFTC, SFO and other investigations remain a priority for the Investigations Committee of the Board, and we continue to cooperate with the relevant authorities.

We were delighted to appoint Kalidas Madhavpeddi to the Board as an Independent Non-Executive Director recently. Kalidas has over 30 years of experience in the international mining industry coupled with business experience across all continents, including over 10 years as the CEO of China Moly. His experience and insights will be a great benefit to us.

We also welcomed Peter Freyberg to the position of Head of Industrial Assets in 2019, supported by a newly created central team. His team is assisting in the drive for strengthened operational risk and safety performance across our various operations. I am confident that their rigour and experience will result in an improved overall performance.

Glencore continues to be a unique company in the large resources space. We are more broad-based both as to our commodity and geographic mix in comparison to our mining peers, and notwithstanding the challenges that this gives us, your Board believes that this continues to be the best strategy for the long-term benefit of all our stakeholders.

Anthony Hayward
Chairman
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