RISK MANAGEMENT

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

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

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

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

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

RISK MANAGEMENT FRAMEWORK

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

INDUSTRIAL RISK MANAGEMENT

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

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

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

HSEC & SUSTAINABILITY RISK MANAGEMENT

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

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

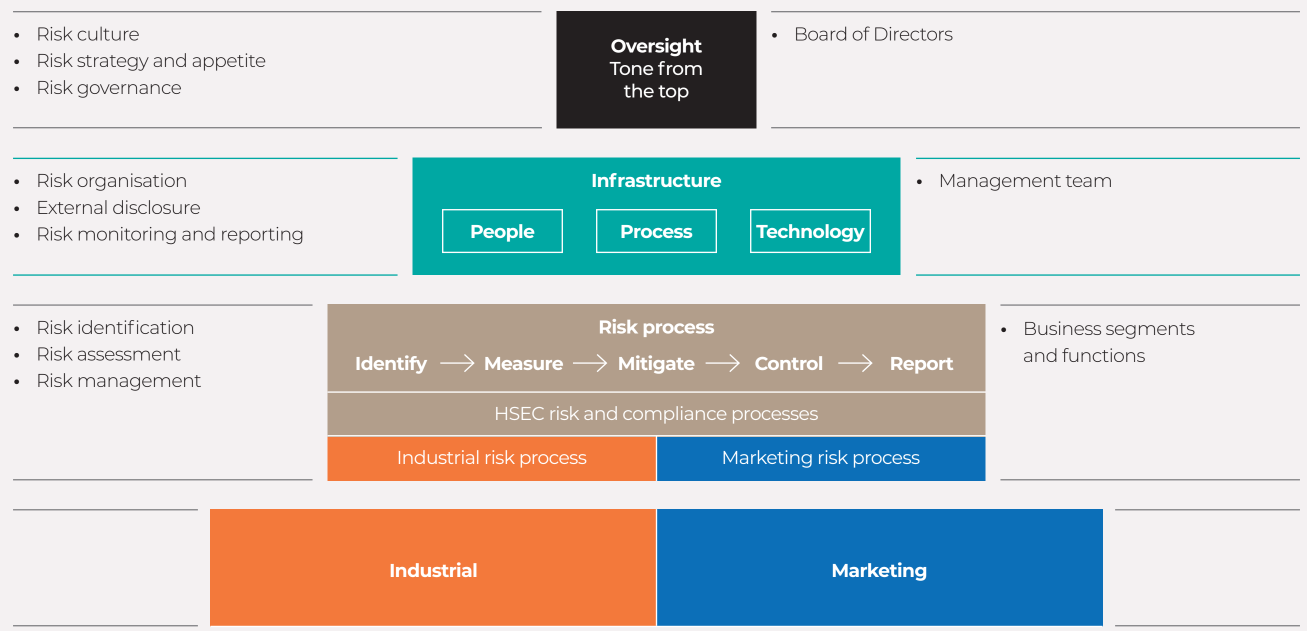
Further information is provided in the report from the HSEC Committee on page 96 and will be published in the Group's sustainability report for 2020.

MARKETING RISK (MR) MANAGEMENT

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

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

Risk management framework



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

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

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

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

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

LEGAL AND COMPLIANCE

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

INTERNAL AUDIT

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

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

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

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

Value at risk

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

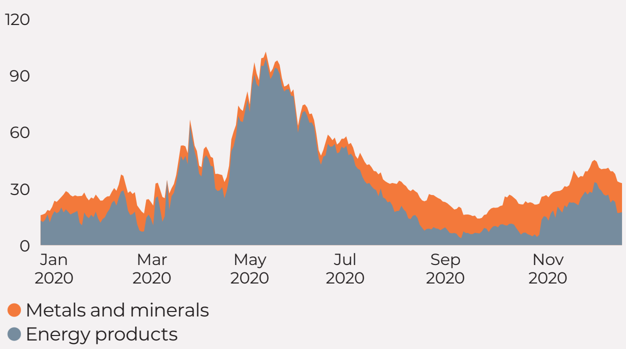
Last year, the Board approved the Audit Committee's recommendation of a one day, 95% VaR limit of $100 million, consistent with the previous year. This limit is subject to review and approval on an annual basis. It was temporarily increased to $120 million to reflect the exceptional trading conditions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

There were no breaches in the limit during the year.

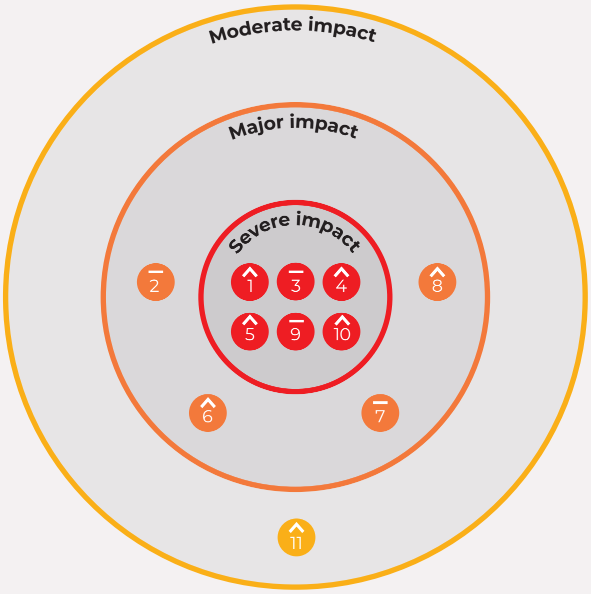
The Group remains aware of the extent of coverage of risk exposures and their limitations. In addition, VaR does not purport to represent actual gains or losses in fair value on earnings to be incurred by the Group, nor are these VaR results considered indicative of future market movements or representative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

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

VaR development ($m)



2020 developments and overview of principal risks and uncertainties



KEY

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

Business risks
6 Counterparty credit and performance
7 Operating
8 Cyber

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

Risk impact
Moderate Major Severe

Risk probability change in 2020 v 2019
^ Increase — Stable

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

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

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

EVOLUTION IN PRINCIPAL RISKS

Impact of Covid-19

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

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

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

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

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

LONGER–TERM VIABILITY

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

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

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

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

For the 2021-24 plan these scenarios included:

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

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

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

Understanding our risks information

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

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

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

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

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

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

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

To provide for concise text:

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

Strategic priorities

Responsible production and supply

Responsible portfolio management

Responsible product use

External risks

1

Supply, demand and prices of commodities

Risk movement in 2020: Increase

Link to strategic priorities

RISK APPETITE

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

DESCRIPTION AND POTENTIAL IMPACT

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

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

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

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

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

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

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

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

DEVELOPMENTS

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

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

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

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

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

MITIGATING FACTORS

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

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

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

We prepare for anticipated shifts in commodity demand, for example by putting a special focus on the parts of the business that will potentially grow with increases in usage of electric vehicles and battery production, and by closely monitoring fossil fuel (particularly thermal coal) demands. We can also reduce the production of any commodity within our portfolio in response to changing market condition.

External risks continued

2

Currency exchange rates

Risk movement in 2020: Stable

Link to strategic priorities

RISK APPETITE

Low. Where possible, foreign exchange (FX) exposure to non-operating FX risks is hedged. FX risk inherent in the operating costs of industrial activities is typically naturally hedged through movements in commodity prices.

DESCRIPTION AND POTENTIAL IMPACT

FX changes happen all the time but are often difficult to predict. Producer country currencies tend to increase in correlation with relevant higher commodity prices. Similarly, decreases in commodity prices are generally associated with increases in the US dollar relative to local producer currencies.

The vast majority of our sales transactions are denominated in US dollars, while operating costs are spread across many different countries, the currencies of which fluctuate against the US dollar. A depreciation in the value of the US dollar against one or more of these currencies will result in an increase in the cost base of the relevant operations in US dollar terms.

The main currency exchange rate exposure is through our industrial assets, as a large proportion of the costs incurred by these operations is denominated in the currency of the country in which each asset is located.

The largest of these exposures are to the currencies listed on page 55.

DEVELOPMENTS

A level of producer country FX depreciation occurred during 2020, providing some local currency cost relief relative to the US dollar.

Near term confidence in stability of global demand (and thus indirectly FX rates for relevant producer countries) hinges on many factors, particularly those that relate to the prospects of global economic growth, including the U.S./China trade developments, political/economic stability in the Middle East and the ongoing disruption caused by the coronavirus pandemic.

MITIGATING FACTORS

The inverse FX correlation (against USD commodity prices) usually provides a partial natural FX hedge for the industrial business. In respect of commodity purchase and sale transactions denominated in currencies other than US dollars, the Group's policy is usually to hedge the specific future commitment through a forward exchange contract. From time to time, the Group may hedge a portion of its currency exposures and requirements in an attempt to limit any adverse effect of exchange rate fluctuations.

We monitor internally financial impacts resulting from foreign currency movements.

3

Geopolitical, permits and licences to operate

Risk movement in 2020: Stable

Link to strategic priorities

RISK APPETITE

High. We operate in various countries with less developed political and regulatory regimes. To be considered a truly diversified commodities group, operations in these jurisdictions are required.

DESCRIPTION AND POTENTIAL IMPACT

We operate and own assets in a large number of geographic regions and countries, some of which are categorised as developing, complex or having unstable political or social fabrics. As a result, we are exposed to a wide range of political, economic, regulatory, social and tax environments. The Group transacts business in locations where it is exposed to a risk of overt or effective expropriation or nationalisation. Our operations may also be affected by political and economic instability, including terrorism, civil disorder, violent crime, war and social unrest.

Increased scrutiny by governments and tax authorities in pursuit of perceived aggressive tax structuring by multinational companies has elevated potential tax exposures for the Group. Additionally, governments have sought additional sources of revenue by increasing rates of taxation, royalties or resource rent taxes or may increase sustainability obligations sometimes in breach of existing stability undertakings.

The terms attaching to any permit or licence to operate may be onerous and obtaining these and other approvals, which may be revoked, can be particularly difficult. Furthermore, in certain countries, title to land and rights and permits in respect of resources are not always clear or may be challenged.

Adverse actions by governments and others can result in operational/project delays or loss of permits or licences to operate. Policies or laws in the countries in which we do business may change in a manner that may negatively affect the Group.

The suspension or loss of our permits or licences to operate could have a material adverse effect on the Group and could also preclude Glencore from participating in bids and tenders for future business and projects, therefore affecting the Group's long-term viability.

Our licences to operate through mining or drilling rights are dependent on a number of factors, including compliance with regulations. It also depends on constructive relationships with a wide and diverse range of stakeholders.

The continued operation of our existing assets and future plans are in part dependent upon broad support, our "social licence to operate", and a healthy relationship with the respective local communities – see further Community Relations and Operating risks concerning workforce disputes.

External risks continued

DEVELOPMENTS

Covid-19 has given rise to new or increased concerns with various stakeholders, including our workers, host communities and governments, in relation to public health and the broad economic impacts of reduced demand and potentially lower production levels.

Resource nationalism continues to be a challenging issue in many countries.

We published our latest annual Payments to Governments report for 2019 which provided details on the total government contributions of over $7.7 billion. It also set out details of payments on a project by project basis. We expect to publish our report on 2020 in the middle of this year.

A new law on procurement in the DRC is now being enforced providing among other matters for obligatory contracting with DRC majority-owned firms and payment of a 1.2% levy on the value of contracts.

Also see Community and Human Rights risk on pages 83 – 84.

MITIGATING FACTORS

The Group's industrial assets are diversified across various countries. The Group also continues to actively engage with governmental authorities, particularly against any backdrop of material upcoming changes and developments in legislation and enforcement policies.

We endeavour to design and execute our projects according to high legal, ethical, social, and human rights standards, and to ensure that our presence in host countries leaves a positive lasting legacy (see sustainability risks later in this section). This commitment is important in assisting in the management of these risks and to maintain our permits and licences to operate.

The Group has an active engagement strategy with the governments, regulators and other stakeholders within the countries in which it operates or intends to operate. Through strong relationships with stakeholders we endeavour to secure and maintain our licences to operate.

The Group has increased its engagement due to Covid-19 with employees, relevant governmental authorities, regulators and other stakeholders.

4

Laws and enforcement

Risk movement in 2020: Increase

Link to strategic priorities

RISK APPETITE

Medium. The Group maintains programmes which seek to ensure that we comply with the laws and external requirements applicable to our business and products, and has invested significant resources in enhancing these compliance programmes in recent years. This investment reflects the fact that the Group has a low risk appetite when considering entering into transactions or business activities that present compliance risk. Nevertheless, some of our existing industrial and marketing activities are located in countries that are categorised as developing or as having complex political or social climates, and/or where corruption is generally understood to exist, and therefore there will always be residual risk in relation to our compliance with laws and external requirements.

DESCRIPTION AND POTENTIAL IMPACT

We are exposed to extensive laws, including those relating to bribery and corruption, sanctions, taxation, anti-trust, market conduct rules and regulation, environmental protection, use of hazardous substances, product safety and dangerous goods regulations, development of natural resources, licences over resources, exploration, production and post-closure reclamation, employment of labour and occupational health and safety standards. The legal system and dispute resolution mechanisms in some countries in which we operate may be uncertain, meaning that we may be unable to enforce our understanding of our rights and obligations under these laws.

The costs associated with compliance with these laws and regulations, including the costs of regulatory permits, are substantial and increasing. Any changes to these laws or their more stringent enforcement or restrictive interpretation could cause additional significant expenditure to be incurred and/or cause suspensions of operations and delays in the development of industrial assets. Failure to obtain or renew a necessary permit or the occurrence of other disputes could mean that we would be unable to proceed with the development or continued operation of an asset and/or impede our ability to develop new industrial properties.

As a diversified sourcing, marketing and distribution company conducting complex transactions globally, we are particularly exposed to the risks of fraud, corruption, market abuse, sanctions breaches and other unlawful activities both internally and externally. Our marketing operations are large in scale, which may make fraudulent, corrupt or other unlawful transactions difficult to detect.

In addition, some of our industrial activities are located in countries where corruption is more commonly seen; and some of our counterparties have in the past, and may in the future, become the targets of economic sanctions. Corruption and sanctions risks remain highly relevant for businesses operating in international markets, as shown by recent enforcement actions both inside and outside the resources sector.

Governmental and other authorities have commenced, and may in the future commence, investigations against the Group (including those listed on page 212) in relation to alleged non-compliance with these laws, and/or may bring proceedings against the Group in relation to alleged non-compliance. The cost of cooperating with the existing investigations and/or defending proceedings is substantial. Investigations or proceedings could lead to reputational damage, the imposition of material fines, penalties, redress or other restitution requirements, or other civil or criminal sanctions on the Group (and/or on individual employees of the Group), the curtailment or cessation of operations, orders to pay compensation, orders to remedy the effects of violations and/or orders to take preventative steps against possible future violations. The impact of any monetary fines, penalties, redress or other restitution requirements, and the reputational damage that could be associated with them as a result of proceedings that are decided adversely to the Group, could be material.

External risks continued

In addition, the Group may be the subject of legal claims brought by private parties in connection with alleged non-compliance with these laws, including class action suits in connection with governmental and other investigations and proceedings, and lawsuits based upon damage resulting from operations. Any successful claims brought against the Group could result in material damages being awarded against the Group, the cessation of operations, compensation and remedial and/or preventative orders.

DEVELOPMENTS

On 19 June 2020, the Company was notified by the Office of the Attorney General of Switzerland (OAG) that it had opened a criminal investigation into Glencore International AG for failure to have the organisational measures in place to prevent alleged corruption in the DRC.

The current main investigations are summarised in note 31. The Group is continuing to cooperate fully with each of the relevant authorities concerning these investigations. The Investigations Committee of the Board manages the Group's responses to these investigations.

It is also possible that the various investigations may expand and/or other authorities may open investigations into the Group.

The final scope and outcome of the investigations listed above is not possible to predict or estimate.

MITIGATING FACTORS

We seek to ensure compliance through our commitment to complying with or exceeding the laws and regulations applicable to our operations and products and through monitoring of legislative requirements, engagement with government and regulators, and compliance with the terms of permits and licences.

We seek to mitigate the risk of breaching applicable laws and external requirements through our risk management framework.

We have implemented a Group Ethics and Compliance programme that includes a range of policies, standards, procedures, guidelines, training and awareness, monitoring and investigations.

We have increased in recent years our focus on, and resources dedicated to, the Group Ethics and Compliance programme, including through increasing the number of dedicated compliance professionals, enhancing our compliance policies and procedures and controls and strengthening the Group's Raising Concerns programme and investigations function – see pages 42.

However, there can be no assurance that such policies, standards, procedures and controls will adequately protect the Group against fraud, corruption, market abuse, sanctions breaches or other unlawful activities.

5

Liquidity

Risk movement in 2020: Increase

Link to strategic priorities

RISK APPETITE

Low. It is the Group's policy to operate a strong BBB rated balance sheet and to ensure that a minimum level of cash and/or committed funding is available at any given time.

DESCRIPTION AND POTENTIAL IMPACT

Liquidity risk is the risk that we are unable to meet our payment obligations when due, or are unable, on an ongoing basis, to borrow funds in the market at an acceptable price to fund our commitments. While we adjust our minimum internal liquidity threshold from time to time in response to changes in market conditions, this minimum internal liquidity target may be breached due to circumstances we are unable to control, such as general market disruptions, sharp movements in commodity prices or an operational problem that affects our banks, suppliers, customers or ourselves.

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

A lack of liquidity may mean that we will not have sufficient funds available for our marketing and industrial activities, both of which employ substantial amounts of capital. If we do not have funds available for these activities then they will decrease.

Debt costs may rise owing to ratings agency downgrades and the possibility of more restricted access to funding.

DEVELOPMENTS

Note 27 details the fair value of our financial assets and liabilities. Note 26 details our financial and capital risk management including liquidity risk.

The Group's Net debt has reduced from \$19.7 billion at 30 June 2020 to \$15.8 billion at year end. The elevated debt position earlier in 2020, coupled with the prevailing market uncertainty and the adoption of a cautious approach from a broader stakeholder and rating agencies perspective, led to the Board's decision not to proceed with a 2020 cash distribution.

Our net funding at 30 December 2020 was \$35.4 billion (31 December 2019: \$34.4 billion).

The Group's business model relies on ready access to substantial borrowings at reasonable cost, which has continued to be forthcoming, noting the Group's successful issuance of circa \$3.5 billion long-term bonds in Q3 2020 at attractive interest rates.

Covid-19 initially resulted in lower commodity prices for many of our key commodities, though this reversed during H2 as noted in the section on our Marketing business. During the very volatile end of Q1 period, Glencore refinanced and extended its core revolving credit facilities, thereby maintaining and lengthening our committed available liquidity levels at around \$10 billion.

Business risks

MITIGATING FACTORS

Diversification of our funding sources (bank borrowings, bonds and trade finance, further diversified by currency, interest rate and maturity).

In light of the Group's extensive funding activities, maintaining investment grade credit rating status is a financial priority. The Group's credit ratings are currently Baa1 (negative outlook) from Moody's and BBB+ (stable outlook) from Standard & Poor's. Glencore's publicly stated objective, as part of its overall financial policy package, is to seek and maintain strong Baa/BBB credit ratings from Moody's and Standard & Poor's respectively. In support of this, Glencore targets a maximum 2x Net debt/Adjusted EBITDA ratio through the cycle, augmented by an upper Net debt cap of ~$16 billion, excluding marketing lease liabilities (c.$650 million as at 31 December 2020). This financial policy facilitates access to funds, even in periods of market volatility. It is a priority to reduce the Net debt balance over the medium term to the lower end of the $10-16bn range (below $13bn by the end of 2021), which is being aided by the current healthy free cash flow generation.

It should be noted that the credit ratings agencies make certain adjustments, including a discount to the value of our Readily Marketable Inventory, such that their calculated net debt is considerably higher.

6

Counterparty credit and performance

Risk movement in 2020: Increase

Link to strategic priorities

RISK APPETITE

Medium. Where possible, credit exposures are to be covered through credit mitigation products.

DESCRIPTION AND POTENTIAL IMPACT

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

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

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

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

Open account risk is taken but this is generally guided by the Group-wide Credit Risk Policy for higher levels of credit risk exposure, with an established threshold for referral of credit decisions by department heads to CFO/CEO, relating to unsecured amounts in excess of $75 million with BBB or lower rated counterparts, which occurs from time to time, in respect of various key strategic relationships.

DEVELOPMENTS

Many of our customers and suppliers are experiencing uncertainty and in some cases, financial hardship. We have regular contact with our key counterparties and, in the vast majority of cases, deliveries and payments have continued in the normal course of business.

Additionally, due to Covid-19 related uncertainties, certain accounts receivable insurance limits have been significantly reduced.

Exposures relating to material oil pre-payments are a particular area of focus.

Our trade receivables were approximately $2 billion lower year on year, in a generally higher commodity price environment, reflecting steady collections.

The Group's accounts receivable balance, including assessment of doubtful accounts, is set out in note 13.

MITIGATING FACTORS

We seek to diversify our counterparties.

We place limits on open accounts, and we monitor these.

The Group continues to make extensive use of credit enhancement tools, seeking letters of credit, insurance cover, discounting and other means of reducing credit risk with counterparts.

We monitor the credit quality of our physical and hedge counterparties and seek to reduce the risk of customer default or non-performance by requiring credit support from creditworthy financial institutions.

Our teams monitor and report regularly to the management on financial and operating results.

Business risks continued

7

Operating

Risk movement in 2020: Increase

Link to strategic priorities

RISK APPETITE

Low. It is the Company's strategic objective to focus on its people and to conduct safe, reliable and efficient operations.

DESCRIPTION AND POTENTIAL IMPACT

Our industrial activities are subject to numerous risks and hazards normally associated with the initiation, development, operation and/or expansion of natural resource projects, many of which risks and hazards are beyond our control. These include unanticipated variations in grade and other geological problems (so that anticipated or stated reserves, may not conform to expectations). Other examples include natural hazards, processing problems, technical malfunctions, unavailability of materials and equipment, unreliability and/or constraints of infrastructure, industrial accidents, labour force challenges, disasters, protests, force majeure factors, cost overruns, delays in permitting or other regulatory matters, vandalism and crime.

The maintenance of positive employee and union relations and engagement, and the ability to attract and retain skilled workers, including senior management, are key to our success. This attraction and retention of highly qualified and skilled personnel can be challenging, especially, but not only, in locations experiencing political or civil unrest, or in which employees may be exposed to other hazardous conditions.

Many employees, especially at the Group's industrial activities, are represented by labour unions under various collective labour agreements. Their employing company may not be able to satisfactorily renegotiate its collective labour agreements when they expire and may face tougher negotiations or higher wage demands than would be the case for non-unionised labour. In addition, existing labour agreements may not prevent a strike or work stoppage.

The development and operating of assets may lead to future upward revisions in estimated costs, delays or other operational difficulties or damage to properties or facilities. This may cause production to be reduced or to cease and may further result in personal injury or death, third party damage or loss or require greater infrastructure spending. Also, the realisation of these risks could require significant additional capital and operating expenditures.

Some of the Group's interests in industrial assets do not constitute controlling stakes. Although the Group has various agreements in place which seek to protect its position where it does not exercise control, the management of such operations and other shareholders may have interests or goals that are inconsistent with ours. They may take action contrary to the Group's interests or be unable or unwilling to fulfil their obligations.

Severe operating or market difficulties may result in impairments, details of which are recorded in note 6.

DEVELOPMENTS

Business continuity planning has been challenging in many countries. The response to the pandemic has varied by jurisdiction, with authorities imposing different requirements, often changing as the crisis evolved. Almost all operations were impacted by changed protocols / working practises, while many were required to fully suspend production for a period of time.

The Group engaged with relevant government authorities and advisors to seek to ensure that its responses and measures focused on the health of its workforce and communities, while allowing its operations to continue, where reasonably practicable. Management ensured that Business Continuity Plans (BCP) were in place across its business.

Cost control and reduction remains a significant area of management focus, noting that in the context of mineral resources, absolute costs will tend to increase over time as incremental resources are likely further from the processing plant and/or deeper, and dilution factors may be higher. A number of operations have adopted structured programmes to analyse their costs, identify marginal savings and implement these. Maintenance and, where possible, reduction of unit costs is regularly reviewed by management.

Infrastructure availability remains a key risk, though this has been mitigated by certain long-term measures taken. Katanga's metallurgical plant received sufficient continuous high-voltage power to deliver on its ramp-up on schedule, although we are not complacent and continue to monitor the situation. In South Africa, the operations at our Ferroalloys smelters were impacted by power disruptions and an explosion occurred at Astron Energy refinery resulting in the loss of two lives and a lengthy shutdown.

Despite the challenges created by the global pandemic, we have maintained engagement campaigns with employees to receive direct feedback on the Group's culture and practices.

MITIGATING FACTORS

Development and operating risks and hazards are managed through our ongoing project status evaluation and reporting processes and ongoing assessment, reporting and communication of the risks that affect our operations along with updates to the risk register.

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

Local cost control measures are complemented by global procurement that leverages our scale to seek to achieve favourable terms on high-consumption materials such as fuel, explosives and tyres.

One of the key factors in our success is a good and trustworthy relationship with our people and developing a direct engagement with them. This priority is reflected in the principles of our programme and related guidance, which require regular, open, fair and respectful communication, zero tolerance for human rights violations, fair remuneration and, above all, a safe working environment as outlined on our website at: **glencore.com/careers/our-culture** and in the Our people section on page 27.

Business risks continued

8

Cyber

Risk movement in 2020: Increase

Link to strategic priorities

RISK APPETITE

Low. Where possible, cyber exposure risks are mitigated through layered cyber security, proactive monitoring and cyber security penetration testing to confirm the security of systems.

DESCRIPTION AND POTENTIAL IMPACT

Cyber risks for firms have increased significantly in recent years owing in part to the proliferation of new digital technologies, increasing degree of connectivity and a material increase in monetisation of cybercrime.

A cybersecurity breach, incident or failure of Glencore's IT systems could disrupt our businesses, put employees at risk, result in the disclosure of confidential information, damage our reputation and create significant financial and legal exposure for the Group.

Our activities depend on technology for industrial production, efficient operations, environmental management, health and safety, communications, transaction processing and risk management. We recognise that the increasing convergence of IT and Operational Technology (OT) networks will create new risks and demand additional management time and focus. We also depend on third parties in long supply chains that are exposed to the same cyber risks but which are largely outside our control.

The security of long interconnected commodity supply chains is an area of increasing concern that we monitor closely. Although Glencore invests heavily to monitor, maintain and regularly upgrade its systems, processes and networks, absolute security is not possible.

DEVELOPMENTS

Our IT security monitoring platforms frequently detect attempts to breach our networks and systems. During 2020, none of these events resulted in a material breach of our IT environment nor resulted in a material business impact.

In March 2020, we initiated our BCP to facilitate a significant degree of remote working at our operations globally in response to the Covid-19 pandemic. With more of our people working from home, we are more reliant, not only on our own corporate network, but also Internet service providers to the home. Our IT security monitoring platforms also detected a material increase in phishing fraud attempts linked to Covid-19.

The emergence of machine learning and artificial intelligence will increase the volume and sophistication of fraud attempts. The rise of "Deepfake" technology using machine learning makes it easier to manipulate audio content that could be used in phishing or fraud attacks by impersonating senior executives. We continue to monitor developments in this space.

We also expect an increase in "supply chain attacks" through which legitimate third party software is manipulated in an attempt to spread malware or gain access to systems.

MITIGATING FACTORS

We publish IT security standards and proactively educate our employees in order to raise awareness of cyber security threats.

Where possible, cyber exposure risks are mitigated through layered cyber security, proactive monitoring and cyber security penetration testing to confirm the security of systems.

We seek to keep our system software patches up to date and have global platforms to manage patch compliance. We have adopted strict privileged access management to ensure administrator rights on critical systems are protected. We have multiple layers of email security and harden our computers and servers to protect against malware. Corporate applications and communications are secured with multiple layers of security including two-factor authentication and VPN technology for remote access.

We use global IT security platforms in order to proactively monitor and manage our cyber risks. We routinely conduct third party penetration tests to independently assess the security of our IT systems. We have a dedicated programme to enhance the monitoring and security of our OT platforms.

Our IT Security Council sets the global cybersecurity strategy, conducts regular risk assessments and designs cyber security solutions that seek to defend against emerging malware, viruses, vulnerabilities and other cyber threats. Our Cyber Defence Centre is responsible for day-to-day monitoring of cyber vulnerabilities across the Group and driving remediation of threats. We have an incident response team that is responsible for coordinating the response in the event of a major cyber incident.

Sustainability risks

9

Health, safety, environment

Risk movement in 2020: Stable

Link to strategic priorities

RISK APPETITE

Medium. We impose HSEC policies and standards designed to protect our people and ensure we comply with laws and external regulations.

DESCRIPTION AND POTENTIAL IMPACT

We are committed to ensuring the safety and wellbeing of our people and the communities and environment around us. Catastrophic events that take place in the natural resource sector can have disastrous impacts on workers, communities, the environment and corporate reputation, as well as a substantial financial cost.

The success of our business is dependent on a safe and healthy workforce. Managing risks to the safety and health of our people is essential for their long-term wellbeing. It also helps us to maintain our productivity and reduce the likelihood of workplace compensation claims.

A number of our assets are in regions with little or no access to health facilities and, due to cultural and/or historical reasons,

Sustainability risks continued

have poor working conditions, organisational cultures and approaches towards personal safety. Our presence in these regions can address these challenges through implementing strong occupational health and safety management systems. Our operations can have direct and indirect impacts on the environment. Our ability to manage and mitigate these may impact our operating licences as well as affect future projects and acquisitions.

Our operations are often located close to communities with limited healthcare. Local health services might be in the early stages of development, or local authorities may not have the resources to cope with the scale of need.

We work with national and regional authorities to identify how Glencore's presence can support domestic healthcare programmes.

Environmental, safety and health regulations may result in increased costs or, in the event of non-compliance or incidents causing injury or death or other damage at or to our facilities or surrounding areas, may result in significant losses. These include, those arising from (1) interruptions in production, litigation and imposition of penalties and sanctions and (2) having licences and permits withdrawn or suspended while being forced to undertake extensive remedial clean-up action or to pay for government-ordered remedial clean-up actions.

Liability may also arise from the actions of any previous or subsequent owners or operators of the property, by any past or present owners of adjacent properties, or by third parties.

We operate in some countries characterised with complex and challenging political and/or social climates. This results in a residual risk for compliance with our HSEC policies and standards, as well as with external laws and regulations.

DEVELOPMENTS

In response to Covid-19, Glencore focused on efforts to ensure the resilience of the business, including daily monitoring of global conditions, anticipation of potential impacts, and development of action plans and controls to mitigate risks. At the start of the crisis, the corporate Covid-19 Global Response Steering Committee and Incident Management Team were established to maintain continuous communication and response support for our global industrial and marketing teams, resolving potential threats to business continuity, and focusing on the health and well-being of our workforce.

During 2020, we have also remained focused on other significant risks facing our industry, arising from operational catastrophes such as the mining dam collapses in Brazil in the last five years. During 2020, the HSEC Committee continued to sponsor and monitor the Group's sustainability risks assurance process. Its focus continues to be on the Group's HSEC catastrophic hazards. As well, we continued implementation of our Group-wide Tailings Storage Facility and Dam Management Standard, throughout the business and participated in the development of the new Global Industry Standard on Tailings Management (GISTM), in association with International Council on Mining & Metals (ICMM) member companies.

We continue to take a flexible local approach to transforming our workforces' safety and health attitudes and culture. We review and strengthen our policies as technology and methodologies change and regularly assess their implementation. We continue to strive to achieve our ambitions of zero workplace fatalities or catastrophic environmental incidents.

We regret that we have recorded 8 fatalities at our operations (2019: 17). Our Board and senior management are committed to ongoing efforts to improve practices in order to provide a safe working environment. To underscore these efforts and commitment, we initiated a comprehensive review of our safety performance expectations and aim to relaunch our SafeWork programme in early 2021 – see page 35. No major or catastrophic environmental (category 4-5 and above) incidents have occurred during the year.

MITIGATING FACTORS

Our approach to the management of health, safety and environment, and our expectations of our workers and our business partners are outlined in our policies and standards. These underpin our approach towards social, environmental, safety and compliance indicators, providing clear guidance on the standards we expect all our operations to achieve.

In 2020 a new corporate Health, Safety, Environment, and Community and Human Rights team was established under the Head of Industrial Assets and Head of HSEC-HR. The objective of this team is to enhance group-level HSEC-HR governance and technical standards to ensure an efficient and consistent approach to managing HSEC-HR related issues across the business. We conducted a review of our SafeWork program, which is Glencore's approach to eliminating fatalities. The programme focuses on identifying and managing the hazards in every workplace and is built on a set of minimum expectations and mandatory protocols, standards, behaviours and safety tools. Well-led, consistent application of SafeWork will drive operating discipline and prevent fatal accidents at our assets. This will be launched in Q1 2021.

Our commitment to complying with or exceeding the health, safety and environmental laws, regulations and best practice guidelines applicable to our operations and products is driven through our sustainability framework.

We remain focused on the significant risks facing our industry arising from operational catastrophic events. For example, the considerable verification work and enhanced monitoring of tailings storage facilities is assisting in greater visibility and control of these risks, and we continue to undertake work to improve the safety and stability of these facilities.

We monitor catastrophic risks across our portfolio and operate emergency response programmes. We are working towards creating a workplace without fatalities, injuries or occupational diseases through establishing a positive safety culture.

We work with local authorities, local community representatives and other partners, such as NGOs, to help to overcome major public health issues in the regions where we work, such as Covid-19, HIV/AIDS, malaria and tuberculosis.

See also the Sustainability review on page 35 and the HSEC Committee report on page 96. Further details will also be published in our 2020 Sustainability Report.

There can be no assurances that our policies and procedures will protect the Group against health, safety and environmental risks.

Sustainability risks continued

10

Climate change

Risk movement in 2020: Increase

Link to strategic priorities

RISK APPETITE

High. Climate change is a material issue that can affect our business through regulations to reduce emissions, carbon pricing mechanisms, extreme climatic events, access to capital, permitting risks and energy costs, as well as changing demand for the commodities we produce and market. We consider our risk appetite as high due to our significant exposure to coal producing assets.

DESCRIPTION AND POTENTIAL IMPACT

A number of governments have already introduced, or are contemplating the introduction of regulatory responses to support the achievement of the goals of the Paris Agreement and the transition to a low-carbon economy. This includes countries where we have assets such as Australia, Canada, Chile and South Africa, as well as our customer markets such as China, South Korea, Japan and Europe.

A transition to a low-carbon economy and its associated public policy and regulatory developments may lead to:

- the imposition of new regulations, and climate change related policies adverse to our interests in fossil fuels by actual or potential investors, customers and banks, potentially impacting Glencore's reputation, access to capital and financial performance
- increased costs for energy and for other resources, which may impact the productivity of our assets and associated costs
- the imposition of levies related to greenhouse gas emissions
- increased costs for monitoring and reporting related to our carbon footprint
- impacts on the development or maintenance of our assets due to restrictions in operating permits, licences or similar authorisations

Variations in commodity use from emerging technologies, moves towards renewable energy generation and policy changes may affect demand for our products, both positively and negatively.

Climate change may increase physical risks to our assets and related infrastructure, largely driven from extreme weather events and water related risks such as flooding or water scarcity.

There has been a significant increase in litigation (including class actions), in which climate change and its impacts are a contributing or key consideration, including administrative law cases, tortious cases and claims brought by investors. In particular, a number of lawsuits have been brought against companies with fossil fuel operations in various jurisdictions seeking damages related to climate change.

DEVELOPMENTS

Due to falling demand for coal in Europe, and fall in oil price respectively, during 2020, the Group wrote down the value of its Colombian coal and Chad oil assets by c.$2.2 billion.

During the year, the Covid-19 global pandemic led to a projected 8% decrease in global energy demand for 2020-2021, which affected all energy providers and resulted in a lower demand for coal, including in Asia, as well as for seaborne coal. As global economies recover from the pandemic's impacts, demand for coal is expected to improve. However, the likely focus of government stimulus packages on low carbon technologies and ongoing reductions in the cost of renewables has the potential to accelerate the reduction in demand for fossil fuels over the medium to long term.

The commitments made by a number of countries, including China, to achieve carbon neutrality by 2050 or 2060 are a strong indicator of the pace of change and the longer-term global trajectory. New European regulation, particularly the 'EU Taxonomy' and the "EU Green Deal' is likely to accelerate the flow of capital to products and technologies needed in the low-carbon economy, and place greater scrutiny on the carbon footprint of European industrial companies, as well as on those importing products into the Eurozone. This is relevant for Glencore as a large producer of seaborne thermal coal and a marketer of fossil fuels more generally.

As a result of these factors, some market participants and analysts take a bearish view (some strongly so) on the market fundamentals for coal and oil. Some may choose not to invest in or transact with us, due to our fossil fuels operations.

MITIGATING FACTORS

We integrate climate considerations, such as energy and climate policies in countries where we operate and sell our products, expectations of our value chains, and the various commitments to achieve the goals of the Paris Agreement, into our strategic decisions and day-to-day operational management.

Our internal, cross-function and multi-commodity working group, led by our Chairman, co-ordinates our understanding and planning for the effects of climate change on our business.

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

This commitment is supported by our diverse portfolio, which uniquely allows us to reduce our Scope 3 emissions through investing in our metals portfolio, reducing our coal production over time and supporting deployment of low emission technologies.

Through our focused climate change programme, we strive to ensure emissions and climate change issues are identified, understood and monitored in order to meet international best practice standards, ensure regulatory compliance and meet the commitments we have made in support of the goals of the Paris Agreement.

We continuously monitor and report our Scope 1, 2 and 3 emissions, and use this data in managing our operational carbon footprint, as well as the development and tracking of our targets.

To understand better and plan for the effects of climate change on our business, we have a framework for identifying, understanding, quantifying and, ultimately, managing climate-related challenges and opportunities facing our portfolio:

- Government policy: we take an active and constructive role in public policy development of carbon and energy issues, both directly and through our industry organisations. We seek to ensure that there is a balanced debate with regard to the ongoing use of fossil fuels

Sustainability risks continued

- Lobbying activities: we acknowledge IIGCC Investor Expectations on Corporate Climate Lobbying and recognise the importance of ensuring that our membership in relevant trade associations does not undermine our support for the Paris Agreement and its Goals
- Carbon pricing: we operate successfully in multiple jurisdictions that have direct and indirect carbon pricing or regulation. We have identified some parts of our business that would likely experience financial stress in a high carbon price environment. However, our conclusion is that our business overall remains resilient. We consider local regulation and carbon price sensitivities as part of our ongoing business planning for existing industrial assets, new investments and as part of our marketing activities. We are working with relevant industry organisations on developing lifecycle analysis to calculate our commodities' carbon footprint
- Energy costs: we consider energy costs and our carbon footprint in our annual business planning process. Commodity departments are required to provide energy and GHG emissions forecasts for each asset over the forward planning period and provide details of mitigation projects that may reduce such emissions, including identifying and developing renewable energy generation opportunities.
- Physical impacts: we track changing weather conditions and amend operating processes as appropriate, as well as incorporate climate risk into our design and planning. We regularly review the integrity of our assets, including tailings storage facilities, against the potential impact of extreme weather events.
- Access to capital: we regularly review our banks' climate change-related policies and evolving applicable restrictions, if any. Through maintaining a strong relationship with our lenders, we continue to have a broad range of sources from which to access funds.
- Permitting risk: we engage with a broad range of stakeholders on diverse topics including climate change and related areas of concern. Our engagement with our local communities and those directly affected by our operations is transparent and honest. Where we identify differing opinions, we look for opportunities to find constructive solutions.
- Product demand: we track and respond to regulatory and technology developments. There are near-term opportunities in positively repositioning many of our products that enable the decarbonisation transition.
- Litigation: our climate change programme strives to ensure that we identify, understand and monitor our emissions and climate change issues in order to meet international best practice standards, ensure regulatory compliance and meet our commitments that support the goals of the Paris Agreement.

Further information is available at: **glencore.com/sustainability/climate-change**

11

Community and human rights

Risk movement in 2020: Increase

Link to strategic priorities

RISK APPETITE

Low. Our approach is to minimise the impacts of our business, engage openly and honestly to build lasting relationships and foster socio-economic resilient communities

DESCRIPTION AND POTENTIAL IMPACT

Respecting human rights and building strong relationships are fundamental to the current and future viability of our business.

Due to the scale and nature of our business, we have the potential to make a significant positive contribution to local communities, countries and broader society. Positive impacts range from the production of the raw materials for social progress, payment of taxes and royalties to governments and provision of employment and business opportunities. Conversely, we must also identify, mitigate and manage any potential negative risks inherent in our operations. Areas that we carefully monitor and manage to avoid negative impacts include health and safety of our workforce and surrounding communities, environmental management of air, land and water and interactions with individuals and groups who live and work in or near our local communities. Poor performance could contribute to social instability and the perceived and real value depreciation of our assets.

We have a geographically diverse business, operating in both developed and developing countries in an array of different contexts. In a number of regions where we operate, the socio-political environment is complex which presents additional business, social and security risks if not well understood and managed. While our Group policies and standards apply to all our businesses, we tailor our community approach to be relevant and appropriate to the local context

A perception that we are not respecting human rights or generating local sustainable benefits could have a negative impact on our ability to operate effectively, our ability to secure access to new resources, our capacity to attract and retain the best talent and ultimately, our financial performance. The consequences of adverse community reactions or allegations of human rights incidents could also have a material adverse impact on the cost, profitability, ability to finance or even the viability of an operation and the safety and security of our workforce and assets. In addition, global connectivity means that local issues can quickly escalate to a regional, national and global level potentially resulting in reputational damage and social instability.

Some of our mining operations are in remote areas where they are a major employer in the region. This presents particular social challenges when the mine's resources are depleted to an extent that it is no longer economic to operate and must be closed. Robust planning and stakeholder engagement are key to mitigate environmental and social closure risks.

Sustainability risks continued

DEVELOPMENTS

During 2020, Covid-19 impacted people's quality-of-life and increased uncertainty around the world.

The ensuing economic impacts of Covid-19 have amplified existing inequalities around the world, resulting in an escalation of civil unrest in many countries. In the Espinar region of Peru, social protests impacted our Antapaccay operation. The government deployed public security to return law and order in the region around the operation without harm to community members, security forces or our workforce.

We expect the economic impacts of the pandemic to continue for some time and our operations will continue to respond by providing social support, in partnership with governments and development organisations.

Artisanal and small-scale mining (ASM) continues to be a challenge at certain operations, most notably in the DRC.

The destruction of Indigenous cultural heritage during mining activities in Australia has highlighted the need for effective management processes and engagement, to protect areas and items of cultural significance, and to avoid business and reputation risks.

MITIGATING FACTORS

We strive to uphold and respect the human rights of our workforce, local communities and others who may be affected by our activities, in line with the United Nations Guiding Principles on Business and human rights (UN GPs). We have processes to identify, prevent and mitigate human rights risks and impacts across our business. In the event that we cause or contribute to a negative impact on human rights, we strive to provide appropriate remedy to those affected in line with the UN GPs.

We seek to apply the UN Voluntary Principles on Security and human rights in regions where there is a high risk to human rights from the deployment of public and private security forces.

We respect communities' perspectives and actively seek them to inform our decision-making. Our ambition is to be a responsible, engaged and valued company wherever we operate and contribute to healthy, resilient communities. We support the advancement of the interests of both our host communities and our assets.

We seek to build enduring and trusting relationships by engaging openly and honestly and participating as an active member of society. We focus our social investments on initiatives and programs to deliver long-term benefits fostering socio-economic resilience.

We implement locally appropriate complaints and grievance processes and welcome feedback and comments on our performance. We review all complaints received and take actions when necessary to address the issues raised.

Our first and foremost priority during the Covid-19 pandemic has been the health and wellbeing of our employees and communities, especially vulnerable groups. At the beginning of the pandemic, we responded to the immediate medical crisis in our communities by augmenting communication programs to promote prevention measures, providing basic sanitation and medical materials and supporting local health systems and services. As time progresses, we will adapt our programs to support economic recovery of our communities and regions.

During 2020, we revised our approach to ASM to explore how ASM and large-scale mining can sustainably co-exist as distinct yet complementary sectors of a successful mining industry. We believe that legal ASM can play an important and sustainable role in many economies when carried out responsibly and transparently, including the DRC. One manifestation of our new approach is our partnership with the Fair Cobalt Coalition, an NGO aiming to positively transform ASM in the DRC. It is working towards eliminating child and forced labour, improving work practices in ASM operations and supporting alternative livelihoods to help increase incomes and reduce poverty.

Further information is available on our website at: **glencore.com/sustainability/community-and-human-rights**