GLENCORE

Baar, Switzerland
1 March 2019

2018 Annual Report of Glencore plc

Glencore plc ("Glencore" or the "Company") has today:

- published its Annual Report for the year ended 31 December 2018 on its website www.glencore.com as required by DTR 6.3.5 R (3); and
- submitted a copy of the Annual Report to the UK National Storage Mechanism in accordance with LR 9.6.1 R.

The 2018 Annual Report will shortly be available for inspection on the National Storage Mechanism: www.morningstar.co.uk/uk/NSM

Glencore will hold its 2019 Annual General Meeting in Zug on 9 May 2019. Further details will be available in the notice of meeting, which will be released in March 2019.

The Appendix to this announcement contains the following additional information which has been extracted from the 2018 Annual Report for the purposes of compliance with DTR 6.3.5 only:

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

The Appendix should be read in conjunction with Glencore's Preliminary Results Announcement issued on 20 February 2019 (including the notice on forward looking statements at the end of that announcement). Together these constitute the material required by DTR 6.3.5 to be communicated to the media in unedited full text through a Regulatory Information Service. This announcement should be read in conjunction with and is not a substitute for reading the full 2018 Annual Report.

Page and note references in the text below refer to page numbers and notes in the 2018 Annual Report and terms defined in that document have the same meanings in these extracts.

APPENDIX

Glencore's Principal risks and uncertainties

The following has been extracted from pages 24 - 35 of the 2018 Annual Report:

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

The Board assesses and approves our overall risk appetite, monitors our risk exposure and sets the Group-wide limits, which are reviewed on an ongoing basis. This process is supported by the Audit and HSEC Committees, whose roles include evaluating and monitoring the risks inherent in their respective areas as described on pages 104–106.
The current assessment of our principal risks, according to exposure and impact, is detailed on the following pages. 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 look at risk appetite from the context of severity of the consequences should the risk materialise, factors influencing the risk and the Company's ability to mitigate it.

The commentary on the risks in this section should be read in conjunction with the explanatory text under *Understanding the information on risks* which is set out on page 26.

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

- Our liquidity risk management policy requires us to maintain (via a $3 billion minimum prescribed level) sufficient cash and cash equivalents and other sources of committed funding available to meet anticipated and unanticipated funding needs, including ensuring that the quantum of bonds maturing in any one year does not exceed some $3 billion;
- Making use of credit enhancement products, such as letters of credit, insurance policies and bank guarantees and imposing limits on open accounts extended; and
- Our management of marketing risk, including daily analysis of Group value at risk (VaR).

Changes in principal risks

We believe that our principal risks have remained the same although our assessment of their possible negative effect and the scale of impact has altered. In particular we believe that geopolitical and compliance impacts have increased.
Also, pressure for divestment from coal and coal producing companies continues to grow. In formulating a more focused set of risks, we have (i) combined "Reductions in commodity prices" and "Fluctuations in supply of or demand for commodities" into "Supply, demand

and prices of commodities"; and (ii) incorporated "Skills availability and retention" into "Operating".

2018 developments

Highest impact risks

Significant changes were:

1. Supply, demand and prices of commodities: there has been considerable volatility in commodity prices over the past 12 months. Any significant downturn in the current commodity price environment, especially in copper, coal or zinc would have a severe drag on our financial performance.
   Additionally, the potential effects of new trade barriers could reduce demand for certain of our commodities or restrict our supplies. As a result, this continues to be the Group's foremost risk.

2. Currency exchange rates: 2018 reflected a generally stronger US dollar versus producer country currencies. While beneficial over the short term to our locally denominated operating costs, this can be indicative of challenges in world economic conditions and resulting risks to commodities' demand and prices. Additionally, rates can change for reasons unlinked to commodities, which could result in mismatched impact of pricing and currency movements, resulting in income volatility.

3. Geopolitical, permits and licences to operate: this risk has become more prominent in 2018, particularly in light of the various developments in the DRC.

4. Laws and enforcement: the DOJ investigation has considerably heightened the importance of this risk, together with other relevant examples, including sanctions imposition by US authorities.

5. Liquidity: while our net debt and net funding are relatively stable, and cash flow coverage is healthy, we remain cognisant that access to credit is vital and that debt markets can be volatile.

6. Cyber: actual and attempted attacks on organisations continued to be prevalent. Over time, we have invested in our security platforms and data protection, and we continue to develop our approach and responses to this evolving risk.

7. Health, Safety, Environment: a serious failure in HSE management could result in an emergency or catastrophe within the business, which could result in injuries or fatalities and also impact employees safety, production and Glencore's reputation. In particular, catastrophic hazards such as tailings dam failures and collapses of pit walls or underground structures represent significant unquantifiable risks. Despite our efforts, our safety performance, particularly as to fatalities, continues to be challenging, mainly reflecting the location and nature of many of our operations.

In response to the above challenges, capital expenditure remains at controllable levels and initiatives continue to ensure we operate at optimal working capital levels. The Group is committed to maintaining a strong BBB/Baa investment grade rating balance sheet, which should support growth and shareholder returns regardless of the commodity price environment, noting also the additional principal risks which the Group faces.

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 2019. 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 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.

These scenarios included:

- A prolonged downturn in the price and demand of commodities most impacting Glencore's operations
- Foreign exchange movements to which the Group is exposed as a result of its global operations
- An increase in costs associated with open regulatory investigations and adverse geopolitical developments
- Consideration of the potential impact of adverse movements in macro-economic assumptions and their effect on certain 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 the information on risks

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

We have sought to provide examples of specific risks. However, in every case these do not attempt to be an exhaustive list. These principal risks and uncertainties should be considered in connection with any forward looking statements in this document as explained on page 237.

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, the interests are mostly taken as being referred to in analysing these risks, and "business" refers to these and any business of the Group
- Where we refer to natural hazards, events of nature or similar phraseology we are referring to matters such as earthquake, flood, severe weather and other natural phenomena
- Where we refer to "mitigation" we do not intend to suggest that we eliminate the risk, but rather it shows 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 2018 financial statements
- A reference to the sustainability report is our 2018 sustainability report to be published in April 2019

EXTERNAL RISKS

1. Supply, demand and prices of commodities

Risk movement in 2018 - Stable

Risk appetite - Low. Outside of the inherent risk of commodity prices on unmined reserves/resources, flat price exposure on extracted or trading related positions is to be hedged, when possible. Additionally, we seek to ensure this risk is minimised through scale of operations and diversity of product.

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

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.

These reasons also include technological developments, e.g. commodity substitutions, fluctuations in global production capacity, global and regional weather conditions, natural disasters and diseases, all of which impact global markets and demand for commodities. Furthermore, changes in expected supply and demand conditions impact the expected future prices (and thus the price curve) of each commodity.

Comments/impacts to the Group - A significant downturn in the price of commodities generally results in a decline in our cash flow and profitability, and could potentially result in impairment and balance sheet constraints. It is especially harmful to profitability in the industrial activities, which are more directly exposed to price risk due to the higher level of fixed costs. Government policy decisions can be very important, e.g. in reducing the demand for coal or increasing its pricing (via carbon taxes) – see Climate change below.

New or improved energy production or technologies can also reduce the demand for some commodities such as coal. Major decisions by governments can also lead to lower growth of some countries or regions, such as US/China trade decisions and Brexit.

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.

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), taking into consideration the "greening" of the global economy.

This risk is currently prevalent in various commodities, such as steel, coal and oil. In particular, many analysts believe that demand for coal will reduce sooner than previously expected due to significant cost reductions in renewable and alternate capacity.

The dependence of the Group (especially our industrial business) on commodity prices, supply and demand of commodities, make this the Group's foremost risk. See the Chief Executive Officer's review on page 4 and the financial review on page 52.

Mitigating factors - Achieving operational efficiencies and enhanced focus on cost control. Diversification of our portfolio of commodities, geographies, currencies, assets and liabilities. Maintaining a global portfolio of customers and contracts.

Preparing for shifts in commodity demand by putting a special focus on the parts of the business that will potentially grow with the anticipated increase of electric vehicles and battery production and closely monitor fossil fuel (particularly thermal coal) demands.

See the Chief Executive Officer's review on page 4 and the financial review on page 52.

2. Currency exchange rates

Risk movement in 2018 - Stable

Risk appetite - Low. Where possible foreign exchange ("FX") exposure to non-operating foreign exchange risk are to be hedged.

Risk description - The vast majority of our transactions are denominated in U.S. dollars, while operating costs are spread across many different countries, the currencies of which fluctuate against the U.S. dollar. A depreciation in the value of the U.S. dollar against one or more of these currencies will result in an increase in the cost base of the relevant operations in U.S. 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 62.

Comments/impacts to the Group - Currency fluctuations tend to move in inverse correlation to commodity prices and supply and demand fundamentals as noted above, such that decreases in commodity prices are generally associated with increases in the U.S. dollar relative to local producer currencies and vice versa. If this occurs then it is detrimental to us through higher equivalent U.S. dollar operating costs at the relevant operations. This negative, however, would usually be offset to some extent by the increases in commodity prices which had influenced this change.

Mitigating factors - The FX inverse correlation described above usually provides a natural partial FX hedge for the industrial business. In respect of commodity purchase and sale transactions denominated in currencies other than U.S. 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.

3. Geopolitical, permits and licences to operate

Risk movement in 2018 - Increase

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

Risk description - We operate and own assets in a large number of geographic regions and countries, some of which are categorised as developing, complex or having unstable political or social climates. As a result, we are exposed to a wide range of political, economic, regulatory, social and tax environments. The Group transacts business in locations where it is exposed to a risk of overt or effective expropriation – resource nationalism continues to be a challenging issue in many countries. 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.

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.

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 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.

Comments/impacts to the Group - Policies or laws in the countries in which we do business may change in a manner that may be adverse for us, even those with stable political environments e.g. many governments have sought additional sources of revenue by increasing rates of taxation, royalties or resource rent taxes or may increase sustainability obligations.

We have no control over changes to policies, laws and taxes.

In 2018 our operations have been subject to significant tax increases in the DRC (see below) and Zambia. Some other tax authorities have taken a tougher approach to engaging with the Group which has in some cases led to litigation. See also 4 below.

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.

In July 2018, a New DRC Mining Code came into effect. The New DRC Mining Code introduced amongst other measures (1) a cap on a Company's ability to repatriate excess capital earned above its initial investment amount; (2) significantly higher taxes and royalties; and (3) potential state ownership in certain projects of up to 10%.

Mitigating factors - The Group's industrial assets are diversified across various countries.

Also, the Group continues to actively engage with governmental authorities in light of upcoming changes and developments in legislation and enforcement policies.

See map on pages 2 - 3 which sets out our global operational footprint.

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 below). This commitment is essential to effectively manage 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.

In 2018, we also published our third Payments to Governments report. This detailed total government contributions in 2017 of over $4 billion. It also set out details of payments on a project by project basis. We also continue to be an active member of the Extractive Industries Transparency Initiative (EITI).

4. Laws and enforcement

Risk movement in 2018 - Increase

Risk appetite - Medium. The Group maintains programmes which seek to ensure that we comply with or exceed the laws and external requirements applicable to our operations and products.

However, some of our industrial activities are located in countries that are categorised as developing, complex or having political or social climates and/or where corruption is generally understood to exist.

Risk description - We are exposed to extensive laws including those relating to bribery and corruption, sanctions, taxation, anti-trust, financial markets 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 may be uncertain so that we may be unable to enforce our understanding of our rights. Successful lawsuits based upon damage resulting from operations could lead to the imposition of substantial penalties, the cessation of operations, compensation and remedial and/or preventative orders. Moreover, the costs associated with legal compliance, including 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 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 exposed to the risks of fraud, corruption, sanctions breaches and other unlawful activities both internally and externally. Our marketing operations are large in scale, which may make fraudulent or accidental transactions difficult to detect.

In addition, some of our industrial activities are located in countries, where corruption is generally seen. Corruption and sanctions risks remain highly relevant for businesses operating in international markets as shown by recent regulatory enforcement actions both inside and outside the resources sector.

Comments/impacts to the Group – During the year:

1) Following the designation by the US Government ("USG") of Dan Gertler and affiliated companies as Specially Designated Nationals (SDNs), thereby imposing blocking sanctions on them and companies owned 50% or more by them, the Group had to consider whether it was able to satisfy contractual obligations to make royalty and pas-de-porte payments in respect of KCC and Mutanda. Following litigation processes and negotiations, these obligations are now being satisfied other than in US dollars and without the involvement of US persons, which Glencore believes appropriately addresses all applicable sanctions regulations.

2) United Company Rusal plc was designated by the USG as a SDN, which led to Mr Glasenberg resigning from his position as a director of Rusal and required careful monitoring of the trading relationship with Rusal.

3) A dispute between Katanga Mining Limited ("KML") and La Generales des Carrieres et des Mines ("Gecamines") led to a $5.6 billion recapitalisation of KCC and additional settlement costs totalling $248 million, see note 33 of the financial statements.

4) On 3 July 2018, a subsidiary received a subpoena from the US Department of Justice (DOJ) to produce documents and other records with respect to compliance by the Group with the Foreign Corrupt Practices Act and US money laundering statutes. The requested documents related to our business in Nigeria, the DRC and Venezuela from 2007.

   In the event that the DOJ investigation identifies wrong doing, the costs to the Group, whether by way of legal fees, penalties, ongoing monitoring, reputational or otherwise, could be material.

5) The Ontario Securities Commission ("OSC") approved a settlement pursuant to which KML, a subsidiary, acknowledged that it had (i) misstated its financial position and results; (ii) failed to maintain adequate disclosure and internal controls; (iii) failed to disclose material weaknesses in its internal controls; and (iv) failed to adequately describe the heightened risks associated with its operating environment, specifically the elevated risk of corruption in the DRC and its reliance on individuals and entities associated with Dan Gertler. Adverse findings were also made against certain of its former directors and officers ("FDOs").

   KML agreed to make voluntary payments to the OSC totalling C$30m and to submit to a review by an independent consultant of its metal accounting. The FDOs have been subjected to fines and costs orders and director and officer bans of up to C$2.5m and six years.

6) In December 2018, investigations were commenced relating to transactions in Brazil with Petrobras by a number of trading companies, including Glencore.

7) Other investigations concerning Glencore which commenced during the year include an investigation by PRC authorities into shipments of lead materials into China.

8) See Risk 3 concerning adverse tax matters.

Mitigating factors - We seek to ensure compliance through our commitment to complying with or exceeding the laws and external requirements 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 which is described on page 104. The Group has dedicated Legal and Compliance resources in place and internal policies, procedures and control with compliance to assist Group businesses. Furthermore, the Group conducts training and awareness, with active monitoring. However, there can be no assurance that such policies, procedures and controls will adequately protect the Group against fraud, corruption, sanctions breaches or other unlawful activities.
In response to the heightened risks, the Board has established a committee that focuses on monitoring ethics and compliance, and seeking to ensure that business practices are aligned with the Company's culture, see page 100.

5. Liquidity

Risk movement in 2018 – Stable

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

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

Liquidity risk is the risk that we are unable to meet our payment obligations when due, or are unable, on an ongoing basis, to borrow funds in the market 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 suppliers, customers or ourselves.

Comments/impacts to the Group - 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.

This is particularly the case during the current period when the US Federal Reserve and European Central Bank are adopting tighter monetary policies, which could lead to the credit markets contracting and becoming more expensive.

Note 26 details our financial and capital risk management including liquidity risk.
Note 28 details the fair value of our financial assets and liabilities.

Mitigating factors - 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 Baa2 (positive 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. This financial policy facilitates access to funds, even in periods of market volatility.

The Financial Review on page 52 sets out the Group's Net Funding and Net Debt in 2018. However, it should be noted that the credit ratings agencies apply a haircut to the value of our RMI, such that their calculated net debt is higher.

We remain cognisant that access to credit is vital and that market conditions can change rapidly. As such, we have over the years reduced our bond portfolio significantly and optimised our bond debt maturity profile to no more than c.$3 billion of bonds maturing per annum.

As at 31 December 2018, the Group had available undrawn committed credit facilities and cash amounting to $10.2 billion (31 December 2017: $12.8 billion), comfortably ahead of our $3 billion minimum prescribed level.

BUSINESS RISKS

6. Counterparty credit and performance

Risk movement in 2018 – Stable

Risk appetite - Low. Where possible, credit exposure is covered through credit mitigation products.

Risk description - 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.

Comments/impacts to the Group - Non-performance by suppliers, customers and hedging counterparties may occur and cause losses in a range of situations, such as:

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

Mitigating factors - We monitor the credit quality of our counterparties and seek to reduce the risk of customer non-performance by requiring credit support from creditworthy financial institutions including making extensive use of credit enhancement products, such as letters of credit, bank guarantees and insurance policies. Specific credit risk policy rules apply to open account risk with an established threshold for referral of credit positions by departments to central management. In addition, note 26 details our financial and capital risk management approach.

7. Operating

Risk movement in 2018 – Stable

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

Risk description - Our industrial activities are subject to numerous risks and hazards normally associated with the initiation, development, operation and/or expansion of natural resource projects, many of which are beyond our control. These include unanticipated variations in grade and other geological problems (so that anticipated or stated reserves, 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 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 they may be exposed to other hazardous conditions.

Comments/impacts to the Group - 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 structures in place which seek to protect its position where it does not exercise control, these 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.

Infrastructure availability remains a key risk, e.g. availability of continuous high-voltage power to our copper operations in the Democratic Republic of Congo. We are continuing to monitor the progress of long-term power solutions via the Inga dam refurbishment.

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.

Mitigating factors - Development and operating risks and hazards are managed through our continuous 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 quarterly our production results and annually our assessment of reserves and resources based on available drilling and other data sources. Conversion of resources to reserves and, eventually, reserves to production is an ongoing process that takes into account technical and operational challenges, economics of the particular commodities concerned and the impact on the communities in which we operate.

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.

Details of the significant impairments recorded during the year are contained in note 6. Deterioration in the price outlook or operating difficulties may result in additional impairments.

One of the key factors in our success is a good and trustworthy relationship with our people. This priority is reflected in the principles of our sustainability programme and related guidance, which require regular, open, fair and respectful communication, zero tolerance for human rights violations, fair remuneration and, above all, a safe working environment, as outlined on our website at: glencore.com/careers/our-culture and in the Our People section on page 47.

8. Cyber

Risk movement in 2018 – Stable

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

Risk description - 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 cyber-crime.

A cyber security 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 exposures.

Although Glencore invests heavily to monitor, maintain and regularly upgrade its systems, processes and networks, absolute security is not possible.

Comments/impacts to 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.

On 25 May 2018, the General Data Protection Regulation (GDPR) came into force across the European Union (EU) and the European Economic Area (EEA) which required us to verify that our systems and processes are compliant.

Our IT security monitoring platforms frequently detect attempts to breach our networks and systems. During 2018, none of these events resulted in a material breach of our IT environment nor resulted in a material business impact.

Mitigating factors - We have invested in global IT security platforms in order to proactively monitor and manage our cyber risks. We conduct routine third party penetration tests to independently confirm the security of our IT systems and we seek to enhance monitoring of our Operational Technology (OT) platforms. We publish security standards and educate our employees in order to raise awareness of cyber security threats.

We have started a programme to evaluate the cyber security posture of third parties that hold materially sensitive information about Glencore.

Our IT Security Council sets the global cyber security strategy, conducts regular risk assessments and designs cyber security solutions that seek to defend against emerging malware, virus, vulnerabilities and other cyber threats. Our Cyber Defence Centre is responsible for day-to-day monitoring of cyber vulnerabilities across the world 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. Climate change

Risk movement in 2018 – Increase

Risk appetite - High. Our business involves producing and consuming fossil fuels along with processing minerals which inevitably entails emitting harmful emissions.

Risk description - Climate change is a material issue that affects our business and creates both risks and opportunities. As a significant producer and consumer of energy products, energy is a key input and cost to our business as well as being a material source of our carbon emissions. Proposals for a transition to a low-carbon economy and its associated public policy development, may increase costs for fossil fuels, impose levies for emissions and increase costs for monitoring and reporting and to reduce demand for our energy products. Third parties, including potential or actual investors, may also introduce policies adverse to the Company due to its interest in fossil fuels.

A number of national governments have already introduced, or are contemplating the introduction of regulatory responses to greenhouse gas emissions. This includes countries where we have assets such as Australia, Canada and Chile, as well as customer markets such as China, India and Europe.

Climate change may increase physical risks to our industrial assets, largely driven from water related risks such as flooding or water scarcity.

Comments/impacts to the Group - Many developed countries are pledging to stop using fossil fuels (specifically coal) in power generation. In December 2018, global investors collectively representing $11.5tn have set out their requirements to investee power companies to set out transition plans consistent with the goal of the Paris Agreement. They also expect explicit time lines and commitments for the rapid elimination of coal use by utilities in EU and OECD countries by 2030.

As a result of these factors, some other market participants and analysts have a more bearish view (some strongly so) in relation to coal and oil and believe that many fossil fuel assets could become “stranded”, i.e. no longer capable of operating for an economic return with the capital invested being irretrievably lost. Some investors may not invest in our shares or divest their holdings due to our significant operations in fossil fuels.

This is particularly relevant for us as the world’s largest producer of seaborne thermal coal and a significant marketer of fossil fuels. We are one of the major producers of key metals (including copper, cobalt, nickel) that are currently essential for electric vehicles and the transition to a low-carbon economy, although technological change may over time reduce their requirement.

Mitigating factors - Through our sustainability programme, we strive to ensure emissions and climate change issues are identified, understood and monitored in order to meet international best practice standards and ensure regulatory compliance.

We openly and transparently disclose our energy and carbon emissions footprint. This supports our identification, understanding and monitoring of emissions and climate change issues.

We seek to manage our coal business tightly around cash generation, including ensuring that ongoing/further investment has relatively quick cost pay-backs so as to mitigate “stranded-assets” risk.

We review and analyse high-level climate change trends, including regulatory compliance and physical and reputational impacts for our operating regions. We monitor revisions to energy and carbon scenarios and their potential impact on our business.

Following engagement with investor signatories of the Climate Action 100+ initiative, we have furthered our commitment to a low-carbon economy, amongst others by limiting our coal production capacity broadly to current levels. Please refer to pages 20–21 for further details.

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, as well as the steps we need to put in place to meet our group-wide carbon emission intensity reduction target of 5% on 2016 levels by 2020. We are continuing to invest in a range of emission reduction projects.

We participate in a wide range of public policy discussions on carbon and energy issues and seek to ensure that there is a balanced debate with regard to the ongoing use of fossil fuels.

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

10. Community relations and human rights

Risk movement in 2018 – Stable

Risk appetite - Low. It is our policy to ensure we proactively engage with local communities to maintain our social licence to operate.

Risk description - Our operations have a significant effect on our workforce, and surrounding communities and on society as a whole. We recognise the contribution our business activities make to the national and local economies in which we operate. As a result, the continued success of our existing operations and our future projects are in part dependent on broad support and a healthy relationship with the communities surrounding our operations as well as our ability to promote diversified and resilient local economies.

Comments/impacts to the Group - A perception that we are not respecting human rights or generating local sustainable benefits could have a negative impact on our "social licence to operate", our ability to secure access to new resources and our financial performance. The consequences of adverse community reaction 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. Locally based events could escalate to disputes with regional and national governments as well as with other stakeholders and potentially result in reputational damage and social instability that may affect the perceived and real value of our assets..

Mitigating factors - We take a proactive and strategic approach to our stakeholder and community engagement. We support the advancement of the interests of both our host communities and our assets. We take a cross-functional approach to understanding and managing our socio-economic contributions to deliver shared value while managing our impact on society.

We uphold and respect the human rights of our people and our local communities. Where we may cause adverse impacts on our stakeholders, we seek to apply relevant international standards to understand, control and mitigate the impact. We also seek to apply the Voluntary Principles on Security and Human Rights in regions where there is a high risk to human rights.

We seek to make our grievance mechanisms available to the community members impacted by our operations. We review all complaints received and take actions when necessary to address the issues raised.

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

11. Health, safety, environment

Risk movement in 2018 – Increase

Risk appetite - Low. It is our policy to ensure we comply with or exceed the health, safety and environmental laws and external requirements applicable to our operations and products.

Risk description - 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.
Our operations at assets around the world can have direct and indirect impacts on the environment. Our ability to manage and mitigate these impacts may result in the loss of our operating licences as well as affecting future projects and acquisitions.

Our operations are often sited 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.

Comments/impacts to the Group – Our diversity, in terms of geographical locations, working conditions, organisational cultures and workforce, means that we need to take a local approach to transforming attitudes towards catastrophic hazard management, including safety and health practices as well as resolving environmental challenges.

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.

A number of our assets are in regions with poor approaches towards personal safety, little or no access to health facilities, and poor working conditions, organisational cultures and workforce. As a result, we need to take a flexible local approach to transforming our workforces' safety and health attitudes and culture.

We recognise the contribution a healthy community makes towards the robustness of our production processes. Community members are often our employees, contractors, procurement partners and service providers. 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 HIV/AIDS, malaria and tuberculosis.

We regret that we recorded thirteen fatalities at our operations in 2018.

Mitigating factors – Our approach to sustainability and our expectations of our workers and our business partners are outlined in our sustainability framework. This underpins our approach towards social, environmental, safety and compliance indicators, providing clear guidance on the standards we expect all our operations to achieve. Through the reporting function within the programme, our Board and senior management receive regular updates and have a detailed oversight on how our business is performing across all of the sustainability indicators.

We monitor catastrophic risks, in particular, across our portfolio and operate emergency response programmes.

Compliance with international and local regulations and standards is a requirement.

We remain focused on the significant risks facing our industry arising from operational catastrophes such as the tailings dam collapses in Canada (Mount Polley) and in Brazil (Samarco and Brumadinho) in the last five years, and mine wall collapses at our operations in DRC and Colombia. Tailing dams in particular remain a significant risk and will be a greater area of focus via our dam safety assurance programme, regular surveillance/inspections and verification of all corrective actions taken. We seek to learn from these events, and proactively assess our exposure to similar incidents and implement measures to avoid these.

Considerable ongoing investment continues in the Group's SafeWork health and safety programme.

See also the Sustainability review on page 36 and the HSEC Committee report on page 112.

Further details will also be published in our 2018 sustainability report.

Related Party Transactions

The following has been extracted from page 207 of the 2018 Annual Report.

In the normal course of business, Glencore enters into various arm's length transactions with related parties, including fixed price commitments to sell and to purchase commodities, forward sale and purchase contracts, agency agreements and management service agreements. Outstanding balances at period end are unsecured and settlement occurs in cash (see notes 11, 13 and 24).

There have been no guarantees provided or received for any related party receivables or payables.

All transactions between Glencore and its subsidiaries are eliminated on consolidation along with any unrealised profits and losses between its subsidiaries, associates and joint ventures. In 2018, sales and purchases with associates and joint ventures amounted to \$1,690 million (2017: \$1,859 million) and \$5,744 million (2017: \$7,485 million) respectively.

Remuneration of key management personnel

Glencore's key management personnel are the members of the Board of Directors, CEO, CFO and the heads of the operating segments. The remuneration of Directors and other members of key management personnel recognised in the consolidated statement of income including salaries and other current employee benefits amounted to \$22 million (2017: \$22 million). There were no other long-term benefits or share-based payments to key management personnel (2017: \$Nil). Further details on remuneration of Directors are set out in the Directors' remuneration report on page 113.

Statement of Directors' responsibilities

The following responsibility statement is repeated here solely for the purpose of complying with DTR 6.3.5. This statement relates to and is extracted from page 121 of the 2018 Annual Report.

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for the Company for each financial year.

The financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and International Financial Reporting Standards as adopted for use in the European Union (together "IFRS"). The financial statements are required by law to be properly prepared in accordance with the Companies (Jersey) Law 1991. International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the preparation and presentation of financial statements".

In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, the Directors are also required to:

- Properly select and apply accounting policies
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- Make an assessment of the Company's ability to continue as a going concern

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. The legislation governing the preparation and dissemination of the Company's financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board

John Burton
Company Secretary
1 March 2019

For further information please contact:

Investors

Martin Fewings	t: +41 41 709 2880	m: +41 79 737 5642	martin.fewings@glencore.com
Ash Lazenby	t: +41 41 709 2714	m: +41 79 543 3804	ash.lazenby@glencore.com

Media

Charles Watenphul	t: +41 41 709 24 62	m: +41 79 904 33 20	charles.watenphul@glencore.com

Company Secretarial

John Burton	t:+41 41 709 2619	m: +41 79 944 5434	john.burton@glencore.com
Nicola Leigh	t:+41 41 709 2755	m: +41 79 735 3916	nicola.leigh@glencore.com
Lionel Mateo	t: +41 41 709 2847	m: +41 79 152 0905	lionel.mateo@glencore.com

www.glencore.com

Glencore LEI: 2138002658CPO9NBH955

Notes for Editors

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

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

Glencore's customers are industrial consumers, such as those in the automotive, steel, power generation, oil and food processing sectors. We also provide financing, logistics and other services to producers and consumers of commodities. Glencore's companies employ around 158,000 people, including contractors.

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

www.facebook.com/Glencore
www.flickr.com/photos/glencore
www.instagram.com/glencoreplc
www.linkedin.com/company/8518
www.slideshare.net/glencore
www.twitter.com/glencore
www.youtube.com/glencorevideos