GLENCORE

**NEWS RELEASE**

Baar, 5 August 2021

# 2021 Half-Year Report

## Highlights

Glencore's Chief Executive Officer, Gary Nagle, commented:

*"I am pleased to report strong progress and group performance over the first half of 2021. Our Industrial assets recorded a much improved safety performance, our strengthened climate commitments are amongst the most ambitious in the sector, group half-year Adjusted EBITDA of $8.7 billion was a record, Net debt targets were achieved early and shareholder returns have been topped up.*

*"Following Covid-19's severe global impacts in early 2020, the subsequent economic recovery has seen prices of most of our commodities surging to multi-year highs amid accelerating demand and lingering supply constraints. Fiscal and monetary stimulus, successful vaccine roll-outs and increasing momentum in relation to decarbonisation of energy systems should continue to underpin sector sentiment going forward.*

*"Our marketing business excelled in this environment, recording Adjusted EBIT of $1.8 billion. In contrast to the outsized oil earnings that dominated last year's record first-half results, strong trading performances were delivered by all key commodity teams during this year. In the Industrial business, Adjusted EBITDA of $6.6 billion was up 152%, benefiting from strong metals prices and expanded mining margins. While our coal business was impacted by relatively weak pricing and lower volumes earlier in the year, we anticipate a significantly improved finish to 2021, buoyed by the strong recovery in both thermal and coking coal prices from Q2.*

*"Against such first-half backdrop, cash generation was strong, with FFO almost doubling to $7.3 billion, and Net debt of $10.6 billion correspondingly moving to the lower end of our target range. Accordingly, and aided by the robust cashflow currently being generated within the business, I am pleased to announce additional shareholder returns, comprising a c.$0.5 billion special cash distribution ($0.04/share) for payment in September and a $650 million share buyback to be completed by the release of our full year results next year. This overall top-up lifts planned 2021 shareholder returns to c.$2.8 billion.*

*"The strength of Glencore's enviable portfolio today reflects Ivan's persistent pursuit of value creation and his vision in unlocking the enhanced benefits and synergies from combining a large diversified suite of Industrial assets with related Marketing activities. Our company is ideally positioned in terms of commodity mix and business model and I look forward to working with all our stakeholders to realise our ambition of meeting the expected resource needs of the future, while creating sustainable long-term value."*

| US$ million | **H1 2021** | H1 2020 | Change % | 2020 |
|---|---|---|---|---|
| **Key statement of income and cash flows highlights[1]:** | | | | |
| Revenue | 93,805 | 70,961 | 32 | 142,338 |
| Adjusted EBITDA◊ | 8,654 | 4,833 | 79 | 11,560 |
| Adjusted EBIT◊ | 5,305 | 1,472 | 260 | 4,416 |
| Net income/(loss) attributable to equity holders | 1,277 | (2,600) | n.m. | (1,903) |
| Earnings/(loss) per share (Basic) (US$) | 0.10 | (0.20) | n.m. | (0.14) |
| Funds from operations (FFO)[2◊] | 7,310 | 3,686 | 98 | 8,325 |
| Cash generated by operating activities before working capital changes | 7,181 | 4,317 | 66 | 8,568 |
| Net purchase and sale of property, plant and equipment[2◊] | 1,767 | 1,700 | 4 | 3,921 |

| US$ million | **30.06.2021** | 31.12.2020 | Change % |
|---|---|---|---|
| **Key financial position highlights:** | | | |
| Total assets | 122,419 | 118,000 | 4 |
| Net funding[2,3◊] | 31,854 | 35,428 | (10) |
| Net debt[2,3◊] | 10,624 | 15,844 | (33) |
| **Ratios:** | | | |
| FFO to Net debt[2,3,4◊] | 112.5% | 52.5% | 114 |
| Net debt to Adjusted EBITDA[3,4◊] | 0.69 | 1.37 | (50) |

1 Refer to basis of presentation on page 4.

2 Refer to page 8.

3 Includes $1,005 million (2020: $652 million) of Marketing related lease liabilities.

4 H1 2021 ratios based on last 12 months' FFO and Adjusted EBITDA, refer to APMs section for reconciliation.

◊ Adjusted measures referred to as Alternative performance measures (APMs) which are not defined or specified under the requirements of International Financial Reporting Standards; refer to APMs section on page 64 for definitions and reconciliations and to note 3 of the financial statements for reconciliation of Adjusted EBIT/EBITDA.

**HIGHLIGHTS**
continued

HIGHER COMMODITY PRICES DRIVE SIX MONTH ADJUSTED EBITDA TO $8.7 BILLION

- Industrial Adjusted EBITDA of $6.6 billion (H1 2020: $2.6 billion) reflects a significantly improved Adjusted EBITDA mining margin of 38% (H1 2020: 22%)
- Strong Marketing Adjusted EBIT performance of $1.8 billion, albeit down $220 million (11%) on H1 2020, reflecting the exceptional oil trading conditions in the prior period. All key commodity departments materially contributed
- Full year Marketing Adjusted EBIT expected at the top end of our long-term $2.2-3.2 billion p.a. range

INDUSTRIAL UNIT COSTS IN LINE WITH EXPECTATIONS

- H1 unit costs were: Copper 85¢/lb, zinc -18¢/lb (18¢/lb ex-gold), nickel (ex Koniambo) 254¢/lb and thermal coal $54/t
- Full year estimated unit costs: Copper 80¢/lb, zinc -13¢/lb (28¢/lb ex-gold), nickel (ex Koniambo) 277¢/lb and thermal coal $55/t (all including by-product credits as appropriate)
- H1 Industrial capex was $1.8 billion (H1 2020: $1.8 billion); full year expected around $5.0 billion

NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF $1.3 BILLION

- Stated after the required accounting recycling to the statement of income of Mopani’s non-controlling interests upon its disposal and a non-cash impairment of Koniambo ($625 million)

NET DEBT OF $10.6 BILLION (INCLUDING $1.0 BILLION OF MARKETING-RELATED LEASE LIABILITIES)

- Towards the low end of our $10-16 billion target range; well below our current c.1x Net debt/ Adjusted EBITDA target
- Continued healthy cashflow generation expected for balance of 2021, basis current performance and prices
- Available committed liquidity of $9.3 billion at 30 June 2021
- Announced today an additional cash distribution of c. $530 million ($0.04/share) and a $650 million share buyback
- Brings total shareholder returns for 2021 to $2.8 billion, being the 12¢/share base distribution announced in February and the above “top-up” elements

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**GLENCORE PLC**

(Incorporated in Jersey under the Companies (Jersey) Law 1991)

(Registration number 107710)

JSE Share Code: GLN

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**Notes for Editors**
Glencore is one of the world’s largest global diversified natural resource companies and a major producer and marketer of more than 60 responsibly-sourced commodities that advance everyday life. The Group's operations comprise around 150 mining and metallurgical sites and oil production assets.

With a strong footprint in over 35 countries in both established and emerging regions for natural resources, Glencore's industrial activities are supported by a global network of more than 30 marketing offices. Glencore's customers are industrial consumers, such as those in the automotive, steel, power generation, battery manufacturing and oil sectors. We also provide financing, logistics and other services to producers and consumers of commodities. Glencore's companies employ around 145,000 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. Our ambition is to be a net zero total emissions company by 2050.

# CHIEF EXECUTIVE OFFICER'S REVIEW

I am pleased to report strong progress and group performance over the first half of 2021. Our Industrial assets recorded a much improved safety performance, our strengthened climate commitments are amongst the most ambitious in the sector, group half-year Adjusted EBITDA of $8.7 billion was a record, Net debt targets were achieved early and shareholder returns have been topped up.

Following Covid-19's severe global impacts in early 2020, the subsequent economic recovery has seen prices of most of our commodities surging to multi-year highs amid accelerating demand and lingering supply constraints. Average prices for our key commodities' benchmarks were up c.40% period-on-period, with thermal coal and copper even higher at c.60% compared to H1 2020. Fiscal and monetary stimulus, successful vaccine roll-outs and increasing momentum in relation to decarbonisation of energy systems should continue to underpin sector sentiment going forward.

## 2021 HALF YEAR FINANCIAL SCORECARD

Group Adjusted EBITDA of $8.7 billion was a half-year record, up 79% period-on-period, against a favourable economic backdrop, comprising strong marketing conditions and industrial asset margins. Net income before significant items, increased from
$825 million in the first half of 2020 to $3.2 billion, while significant items reduced Net income attributable to equity holders to
$1.3 billion, mainly reflecting the required accounting recycling to the statement of income of Mopani's non-controlling interests upon its disposal and an impairment charge related to our Koniambo nickel operation.

Marketing again posted a strong performance with Adjusted EBIT of $1.8 billion, albeit 11% lower than the comparable prior year period. In contrast to the exceptional oil earnings that dominated last year's first-half results, strong trading performances were delivered by all key commodity units during this reporting period. In the Industrial business, Adjusted EBITDA improved to
$6.6 billion, up 152%, benefiting from the significantly higher average commodity prices.

The strong business performance results in delivery of our leverage position already in the lower end of our $10 to $16 billion target range. Net funding and Net debt fell to $31.9 billion and $10.6 billion respectively over the half from levels of $35.4 billion and
$15.8 billion at the start of the year. Subject to overall balance sheet needs into the future and market conditions/outlook, we can now look to prioritise higher levels of investor cash flow payouts going forward.

## SHAREHOLDER RETURNS

I am pleased to announce additional shareholder returns of some $1.2 billion that recognises the strong performance of the business in the first half, comprising an additional $0.04 per share cash distribution amounting to approximately $530 million for payment in September and a $650 million buy back to be completed by the release of our full year results in February next year. In addition to the base cash distribution of $1.6 billion ($0.12 per share) already declared and being paid this year ($0.06 paid in May and $0.06 due in September), these additional amounts increase announced shareholder returns to approximately $2.8 billion for the year.

## CORPORATE GOVERNANCE AND SUSTAINABILITY

These results are also testament to the dedication of our employees to operate safely and responsibly amid the challenges of Covid-19. We relaunched "SafeWork" earlier this year to address underlying issues in historical safety performance. Unfortunately, we recorded the loss of one life at Glencore's managed operations in the first half of 2021. This is still unacceptable, and we remain focused on being a fatality-free business.

We also recently launched our newly refreshed Code of Conduct that reflects our Purpose to responsibly source the commodities that advance everyday life, as well as reinforces our Values of safety, integrity, responsibility, openness, simplicity and entrepreneurialism. The updated code sets out the key principles and expectations for how we conduct ourselves around the world.

Our sector leading approach to climate change was also strengthened during the half with a commitment to more aggressive total emissions (scope 1, 2 and 3) reduction targets. We increased our medium-term target to a 50% reduction by 2035 and introduced a new short-term target of a 15% reduction by 2026.

## MANAGEMENT CHANGES AND SUCCESSION

With the retirements of Ivan Glasenberg as CEO on 30 June and Tony Hayward as Chairman on 30 July, the transition of Glencore's leadership to the next generation is now complete. I look forward to working with our new Chair, Kalidas Madhavpeddi, and the rest of the Board and senior management team, to implement our strategy of being a leader in enabling decarbonisation of energy systems, helping to meet the continued and expected exponential demand growth in the metals needed in everyday life, as well as the energy needs of today.

## LOOKING AHEAD

The strength of Glencore's enviable portfolio today reflects Ivan's persistent pursuit of value creation and his vision in unlocking the enhanced benefits and synergies from combining a large diversified suite of Industrial assets with related Marketing activities. Our company is ideally positioned in terms of commodity mix and business model and I look forward to working with all our stakeholders to realise our ambition of meeting the resource needs of the future, while creating sustainable long-term value.

Gary Nagle

Chief Executive Officer

# FINANCIAL AND OPERATIONAL REVIEW

## BASIS OF PRESENTATION

The financial information in the Financial and Operational Review is presented on a segmental measurement basis, including all references to revenue (see note 3) and has been prepared on the basis as outlined in note 2 of the condensed consolidated interim financial statements, with the exception of the accounting treatment applied to relevant material associates and joint ventures for which Glencore's attributable share of revenues and expenses are presented. In addition, the Peruvian listed Volcan, while a subsidiary of the Group, is accounted for using the equity method for internal reporting and analysis due to the relatively low economic interest (23%) held by the Group.

The Group's results are presented on an "adjusted" basis, using alternative performance measures (APMs) which are not defined or specified under the requirements of IFRS, but are derived from the financial statements, prepared in accordance with IFRS, reflecting how Glencore's management assess the performance of the Group. The APMs are provided in addition to IFRS measures to aid in the comparability of information between reporting periods and segments and to aid in the understanding of the activities taking place across the Group by adjusting for Significant items and by aggregating or disaggregating (notably in the case of relevant material associates and joint ventures accounted for on an equity basis) certain IFRS measures. APMs are also used to approximate the underlying operating cash flow generation of the operations (Adjusted EBITDA). Significant items (see reconciliation below) are items of income and expense, which, due to their nature and variable financial impact or the expected infrequency of the events giving rise to them, are separated for internal reporting, and analysis of Glencore's results, to aid in providing an understanding and comparative basis of the underlying financial performance.

Alternative performance measures are denoted by the symbol ◊ and are further defined and reconciled to the underlying IFRS measures in the APMs section on page 64.

## MARKET CONDITIONS

### Select average commodity prices

| | **Spot 30 Jun 2021** | Spot 31 Dec 2020 | **Average H1 2021** | Average H1 2020 | Change in average % |
|---|---|---|---|---|---|
| S&P GSCI Industrial Metals Index | 460 | 382 | 433 | 290 | 49 |
| S&P GSCI Energy Index | 243 | 164 | 208 | 133 | 56 |
| | | | | | |
| LME (cash) copper price ($/t) | 9,352 | 7,749 | 9,089 | 5,502 | 65 |
| LME (cash) zinc price ($/t) | 2,967 | 2,729 | 2,831 | 2,049 | 38 |
| LME (cash) lead price ($/t) | 2,265 | 1,976 | 2,069 | 1,763 | 17 |
| LME (cash) nickel price ($/t) | 18,212 | 16,554 | 17,470 | 12,477 | 40 |
| Gold price ($/oz) | 1,770 | 1,898 | 1,806 | 1,648 | 10 |
| Silver price ($/oz) | 26 | 26 | 27 | 17 | 59 |
| Metal Bulletin cobalt standard grade, in-warehouse Rotterdam ($/lb) | 23 | 15 | 22 | 16 | 38 |
| Ferro-chrome 50% Cr import, CIF main Chinese ports, contained Cr (¢/lb) | 103 | 73 | 97 | 70 | 39 |
| Iron ore (Platts 62% CFR North China) price ($/DMT) | 211 | 154 | 178 | 87 | 105 |
| | | | | | |
| Coal API4 ($/t) | 115 | 93 | 98 | 64 | 53 |
| Coal Newcastle (6,000) ($/t) | 128 | 82 | 99 | 62 | 60 |
| Oil price – Brent ($/bbl) | 75 | 52 | 65 | 42 | 55 |

### Currency table

| | **Spot 30 Jun 2021** | Spot 31 Dec 2020 | **Average H1 2021** | Average H1 2020 | Change in average % |
|---|---|---|---|---|---|
| AUD : USD | 0.75 | 0.77 | 0.77 | 0.66 | 17 |
| USD : CAD | 1.24 | 1.27 | 1.25 | 1.36 | (8) |
| EUR : USD | 1.19 | 1.22 | 1.20 | 1.10 | 9 |
| GBP : USD | 1.39 | 1.37 | 1.39 | 1.27 | 9 |
| USD : CHF | 0.93 | 0.89 | 0.91 | 0.97 | (6) |
| USD : KZT | 427 | 421 | 424 | 406 | 4 |
| USD : ZAR | 14.29 | 14.69 | 14.54 | 16.67 | (13) |

## FINANCIAL RESULTS

Amid the strong economic recovery that commenced in H2 2020, our assets reported significantly improved margins, driven by higher commodity prices and the favourable cost structures embedded across our industrial portfolio. Marketing similarly performed well, as improving fundamentals fostered a supportive commercial environment for our core commodities. Combining these factors, net income attributable to equity holders increased from a loss of $2,600 million in H1 2020 to an income of $1,277 million in H1 2021, in both years, which includes contributions from our associates and joint ventures and is after recognising various significant items discussed below. EPS increased from negative $0.20 per share to positive $0.10 per share.

After a year of challenging pandemic fuelled economic conditions and declining commodity prices, the recovery seen in late 2020 continued into the first half of 2021, as major governments and central banks initiated and sustained the provision of material stimulus to the global economy. This more supportive environment buoyed fundamentals for our key commodities, with average period-over-period price increases in copper, cobalt, nickel, zinc and coal (Newc) of 65%, 38%, 40%, 38% and 60% respectively. Adjusted EBITDA was $8,654 million and Adjusted EBIT was $5,305 million in H1 2021, increases of 79% and 260% respectively compared to H1 2020, primarily driven by the higher commodity prices. The positive impact of the higher prices on Adjusted EBITDA was somewhat tempered by modest cost inflation and the effects of a weaker US dollar against most producer country currencies, including average period-over-period declines against the Australian dollar (17%) and South African rand (13%). Adjusted EBITDA mining margins were 44% in our metal operations and 26% in our energy operations, compared to 26% and 22% respectively during H1 2020. See page 17.

### Adjusted EBITDA/EBIT◊

Adjusted EBITDA by business segment is as follows:

| | **H1 2021** | | | H1 2020 | | | |
|---|---|---|---|---|---|---|---|
| US$ million | Marketing activities | Industrial activities | Adjusted EBITDA | Marketing activities | Industrial activities | Adjusted EBITDA | Change % |
| Metals and minerals | 1,232 | 5,891 | 7,123 | 852 | 2,167 | 3,019 | 136 |
| Energy products | 875 | 1,091 | 1,966 | 1,399 | 742 | 2,141 | (8) |
| Corporate and other[1] | (62) | (373) | (435) | (36) | (291) | (327) | 33 |
| **Total** | **2,045** | **6,609** | **8,654** | **2,215** | **2,618** | **4,833** | **79** |

Adjusted EBIT by business segment is as follows:

| | **H1 2021** | | | H1 2020 | | | |
|---|---|---|---|---|---|---|---|
| US$ million | Marketing activities | Industrial activities | Adjusted EBIT | Marketing activities | Industrial activities | Adjusted EBIT | Change % |
| Metals and minerals | 1,185 | 3,905 | 5,090 | 786 | 181 | 967 | 426 |
| Energy products | 672 | (13) | 659 | 1,265 | (419) | 846 | (22) |
| Corporate and other[1] | (62) | (382) | (444) | (36) | (305) | (341) | 30 |
| **Total** | **1,795** | **3,510** | **5,305** | **2,015** | **(543)** | **1,472** | **260** |

1 Corporate and other Marketing activities includes $196 million (2020: $118 million) of Glencore's equity accounted share of Viterra.

### Marketing activities

Marketing continued to deliver strong results, as supportive market conditions prevailed in H1 2021 as noted above. Notwithstanding these excellent results, marketing Adjusted EBITDA and EBIT, at $2,045 million and $1,795 million respectively, was lower by 8% and 11% compared to the H1 2020 record half, a period in which our oil department capitalised on the exceptional price movements and dislocations across crude oil and refined products and the soaring demand for and prices of storage and logistics.

Metals and minerals Adjusted EBIT was up 51% over H1 2020 with strong contributions from all key commodity departments, due to the improving fundamental market conditions, including healthy underlying demand. Energy products Adjusted EBIT was down 47% over the comparable period as an improved coal contribution partially offset the impact of a significantly lower oil contribution, relative to the exceptional comparative prior period as noted above. Our 50% share of earnings from the Viterra agricultural business (captured within Corporate and Other) was $196 million (post-interest and tax) compared to $118 million over the comparable period, as it too benefited from higher procurement and processing margins on the back of strong market conditions.

### Industrial activities

Industrial Adjusted EBITDA increased by 152% to $6,609 million (Adjusted EBIT was $3,510 million, compared to negative $543 million in 2020). As noted above, the increase was primarily driven by stronger average period-over-period commodity prices, notably copper, cobalt, zinc, silver, ferrochrome, nickel and coal. Noteworthy was the contribution from the African copper assets (up $884 million), as Katanga delivered steady state copper and cobalt production, following its progressive ramp-up over the past few years.

## Earnings

A summary of the differences between reported Adjusted EBIT and income attributable to equity holders, including significant items, is set out in the following table:

| US$ million | **H1 2021** | H1 2020 |
|---|---|---|
| Adjusted EBIT◊ | 5,305 | 1,472 |
| Net finance and income tax expense in relevant material associates and joint ventures[1] | (566) | (167) |
| Proportionate adjustment Volcan[1] | 80 | (70) |
| Net finance costs | (598) | (794) |
| Income tax expense[2] | (1,001) | (18) |
| Non-controlling interests | (7) | 402 |
| **Income attributable to equity holders of the Parent pre-significant items◊** | **3,213** | **825** |
| Earnings per share (Basic) pre-significant items (US$)◊ | 0.24 | 0.06 |
| | | |
| **Significant items◊** | | |
| Share of Associates' significant items[3] | (11) | (83) |
| Movement in unrealised inter-segment profit elimination[4] | (83) | (85) |
| Loss on disposals of non-current assets[5] | (969) | (5) |
| Other income/(expense) – net[6] | (282) | 88 |
| Impairments[7] | (862) | (5,531) |
| Income tax (expense)/credit[2] | (68) | 675 |
| Non-controlling interests' share of significant items[8] | 339 | 1,516 |
| **Total significant items** | **(1,936)** | **(3,425)** |
| **Income/(loss) attributable to equity holders of the Parent** | **1,277** | **(2,600)** |
| Earnings/(loss) per share (Basic) (US$) | 0.10 | (0.20) |

1 Refer to note 3 of the interim financial statements and to APMs section for reconciliations.
2 Refer to other reconciliations section for the allocation of the total income tax expense between pre-significant and significant items.
3 Recognised within share of income from associates and joint ventures, see note 3 of the interim financial statements.
4 Recognised within cost of goods sold, see note 3 of the interim financial statements.
5 Refer to note 5 of the interim financial statements and to APMs section for reconciliations.
6 Recognised within other income/(expense) – net, see note 6 of the interim financial statements and to APMs section for reconciliations.
7 Refer to notes 7 and 11 of the interim financial statements and to APMs section for reconciliations.
8 Recognised within non-controlling interests, refer to APMs section.

## Significant items

Significant items are items of income and expense, which, due to their nature and variable financial impact or the expected infrequency of the events giving rise to them, are separated for internal reporting, and analysis of Glencore's results, to aid in providing an understanding and comparative basis of the underlying financial performance.

In H1 2021, Glencore recognised a net expense, after tax and non-controlling interests, of $1,936 million (2020: $3,425 million) in significant items comprised primarily of:

- Expenses of $11 million (2020: $83 million) relating to Glencore's share of significant expenses recognised directly by our associates.
- Loss on disposals of non-current assets of $969 million (2020: $5 million) primarily related to the required accounting recycling to the statement of income of Mopani's non-controlling interests upon disposal (see note 21).
- Income tax expense of $68 million (2020: credit of $675 million) – see income taxes below.
- Other net income/(expense) – net expense of $282 million (2020: $88 million income) see note 6. Balance primarily comprises:
  - $69 million (2020: $69 million) of mark-to-market gains on equity investments / derivative positions accounted for as held for trading, included the commodity price linked deferred consideration related to the sale of Mototolo in 2018.
  - $161 million net loss (2020: gain of $59 million) of net foreign exchange movements.
  - $216 million (2020: $56 million) relating to various legal matters, comprising the ongoing investigations (legal, expert and compliance) related costs and associated costs for on-going legal matters (see note 25).
- Impairments of $862 million (2020: $5,531 million), see note 7. The corresponding net impact, after income taxes and non-controlling interests was $520 million (2020: $3,155 million). The 2021 charge primarily relates to:
  - Koniambo ($625 million), due to lower throughput and recovery assumptions, and the emergence of higher discounts on non-battery application nickel relative to the LME benchmark, such having been reassessed following failures in the power generation unit and a slag leak at the metallurgical plant.
  - Net $116 million due to the restructuring of certain loans and physical advances following various non-performance factors.
  - $101 million relating to continued challenge and non-performance by certain government authorities in settling long outstanding VAT claims.

The 2020 impairment related primarily to the Chad oil operations ($673 million), Prodeco coal operations ($710 million), Mopani copper operations ($1,144 million), Volcan Zinc operations ($2,285 million), Lydenburg ferrochrome smelter ($116 million) and advances and loans ($254 million).

## Net finance costs

Net finance costs were $598 million during H1 2021, a 25% decrease compared to $794 million in the comparable reporting period, due to lower average base rates (mainly US$ Libor) and lower net funding period over period. Interest expense was $652 million, down 24 % compared to H1 2020 and interest income was $54 million, down from $69 million in H1 2020.

## Income taxes

An income tax expense of $1,069 million was recognised during H1 2021, compared to a credit of $657 million during H1 2020. Adjusting for a $68 million income tax expense (2020: $675 million credit) relating to significant items (primarily impairments and tax losses not recognised), the H1 2021 pre-significant items income tax expense was $1,001 million (2020: $18 million). The 2021 calculated effective tax rate, pre-significant items, was 33.0%, compared to 30.4% in H1 2020.

# STATEMENT OF FINANCIAL POSITION

## Current and non-current assets

Total assets were $122,419 million as at 30 June 2021, compared to $118,000 million as at 31 December 2020. Current assets increased from $43,212 million to $48,956 million, due primarily to an increase in marketing inventories and receivables, including margin calls paid in respect of the Group's hedging activities, on account of higher commodity prices at period end relative to 31 December 2020. Non-current assets decreased from $74,788 million to $73,463 million, primarily due to capital expenditure over the period being below depreciation and amortisation expense and a $645 million impairment to property, plant and equipment.

## Current and non-current liabilities

Total liabilities were $87,547 million as at 30 June 2021, compared to $83,598 million as at 31 December 2020. Current liabilities increased from $39,441 million to $45,417 million, primarily due to an increase in accounts payable and fair value of our derivative hedging instruments (other financial liabilities), on account of the higher commodity prices noted above and the accrual of the second tranche of our earlier approved shareholder distribution, offset by a decrease in current borrowings (see note 19). Non-current liabilities decreased from $44,157 million to $42,130 million, primarily due to a decrease of non-current borrowings (see note 19).

Movements relating to current and non-current borrowings are set out below in the net funding and net debt movement reconciliation and in note 19.

## Equity

Total equity was $34,872 million as at 30 June 2021, compared to $34,402 million as at 31 December 2020, the movements being primarily the income for the period of $945 million, including non-controlling interests and an increase in other comprehensive income noted below, offset by the base distribution declaration ($1.6 billion).

## Other comprehensive income/(loss)

An income of $342 million was recognised during H1 2021, compared to a loss of $1,681 million during H1 2020, primarily relating to mark-to-market adjustments with respect to various minority investments (see note 11), remeasurements on defined benefit plans and exchange gains on translation of foreign operations, primarily our South African ZAR-denominated subsidiaries.

## Cash flow and net funding/debt

### Net funding

| US$ million | **30.06.2021** | 31.12.2020 |
|---|---|---|
| Total borrowings as per financial statements | 35,020 | 37,479 |
| Proportionate adjustment – net funding[2] | (620) | (553) |
| Cash and cash equivalents | (2,546) | (1,498) |
| **Net funding◊** | **31,854** | **35,428** |

## Cash and non-cash movements in net funding

| US$ million | **H1 2021** | H1 2020 | H2 2020 |
|---|---|---|---|
| Cash generated by operating activities before working capital changes | 7,181 | 4,317 | 4,251 |
| Proportionate adjustment – Adjusted EBITDA[1] | 1,650 | 701 | 1,229 |
| Non-cash adjustments included within EBITDA | 3 | 4 | 11 |
| Net interest paid[1] | (434) | (586) | (456) |
| Tax paid[1] | (1,104) | (763) | (426) |
| Dividends received from associates[1] | 14 | 13 | 30 |
| **Funds from operations◊** | **7,310** | **3,686** | **4,639** |
| Net working capital changes[2] | (536) | (3,231) | (1,087) |
| Acquisition and disposal of subsidiaries – net[2] | – | – | (222) |
| Purchase and sale of investments – net[2] | 161 | (84) | 97 |
| Purchase and sale of property, plant and equipment – net[2] | (1,767) | (1,700) | (2,221) |
| Net margin (calls)/receipts in respect of financing related hedging activities | (372) | 256 | 784 |
| Acquisition of non-controlling interests in subsidiaries | – | (39) | (17) |
| Distributions paid and transactions of own shares – net | (1,077) | (122) | (5) |
| **Cash movement in net funding** | **3,719** | **(1,234)** | **1,968** |
| Change in lease obligations | (620) | (438) | (19) |
| Foreign currency revaluation of borrowings and other non-cash items | 475 | (323) | (1,016) |
| **Total movement in net funding** | **3,574** | **(1,995)** | **933** |
| Net funding◊, beginning of period | (35,428) | (34,366) | (36,361) |
| **Net funding◊, end of period** | **(31,854)** | **(36,361)** | **(35,428)** |
| Less: Readily marketable inventories[1] | 21,230 | 16,666 | 19,584 |
| **Net debt◊, end of period** | **(10,624)** | **(19,695)** | **(15,844)** |

1 Refer to APMs section for definition and reconciliations.

2 Refer to Other reconciliations section.

The reconciliation in the table above is the method by which management reviews movements in net funding and net debt and comprises key movements in cash and any significant non-cash items.

Net funding as at 30 June 2021 decreased by $3.6 billion to $31,854 million and net debt (net funding less readily marketable inventories) decreased by $5.2 billion over the period to $10,624 million, as funds from operations of $7,310 million significantly exceeded the $1,767 million of net capital expenditure and $1,077 million of distributions to shareholders and non-controlling interests.

### Business and investment acquisitions and disposals

Net inflows from business acquisitions were $161 million over the period, compared to an outflow of $123 million in H1 2020. The net inflow comprises various disposals of a number of minority interest investments, none of which were individually material. The net outflow in 2020 was primarily the acquisition of a 30% interest in PT CITA Mineral Investindo Tbk.

### Liquidity and funding activities

In 2021, the following significant financing activities took place:

- In March 2021, issued:
  - 8 year EUR600 million, 0.750% coupon bond
  - 12 year EUR500 million, 1.250% coupon bond
- In April 2021, issued:
  - 5 year $600 million, 1.625% coupon bond
  - 10 year $600 million, 2.850% coupon bond
  - 30 year $500 million, 3.875% coupon bond

During the period, Glencore extended and voluntarily cancelled a portion of its committed revolving credit facilities, such that as at 30 June 2021, the facilities comprise:

- a $6,572 million one-year revolving credit facility with a one-year borrower’s term-out option (to May 2023)
- a $450 million medium-term revolving credit facility (to May 2025); and
- a $4,200 million medium-term revolving credit facility (to May 2026).

As in previous years, these committed unsecured facilities contain no financial covenants, no rating triggers, no material adverse change clauses and no external factor clauses.

As at 30 June 2021, Glencore had available committed liquidity amounting to $9,263 million (31 December 2020: $10,259 million).

## CREDIT RATINGS

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) 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 thereof, Glencore targets a maximum 2x Net debt/Adjusted EBITDA ratio through the cycle, augmented by an upper Net debt cap of c.$16 billion, excluding Marketing related lease liabilities.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Group is exposed to a number of risks and uncertainties in its business which could impact its ability to effectively execute its strategy over the remaining six months of the year and cause actual results to differ materially from expected and/or historical results. The Directors consider that the principal risks and uncertainties as summarised below and detailed in the Glencore 2020 Annual Report on pages 70 to 84, available at www.glencore.com, remain appropriate for the remainder of 2021, when read together with the information provided in this report.

### External risks:

- Supply, demand and prices of commodities
- Currency exchange rates
- Geopolitical, permits and licences to operate
- Laws and enforcement
- Liquidity

### Business risks:

- Counterparty credit and performance
- Operating
- Cyber

### Sustainability risks:

- Health, Safety, Environment
- Climate change
- Community and human rights

## GOING CONCERN

As at 30 June 2021, Glencore had available committed liquidity amounting to $9,263 million. Based on these available liquidity resources and the Group's financial forecasts and projections, which take into account reasonably possible changes in performance and consideration of the principal risks and uncertainties noted above, the Directors believe the Group can continue as a going concern for the foreseeable future, a period not less than 12 months from the date of this report.

## INVESTIGATIONS

The Investigations Committee, is continuing to manage the Company's response to the government investigations (see note 25) and the Company continues to fully cooperate with the various authorities. The timing and outcome of the various investigations remain uncertain.

## VALUE AT RISK

One of the tools used by Glencore to monitor and limit its primary market risk exposure, namely commodity price risk related to its physical marketing activities, is the use of a value at risk (VaR) computation. VaR is a risk measurement technique, which estimates the potential loss that could occur on risk positions as a result of movements in risk factors over a specified time horizon, given a specific level of confidence. The VaR methodology is a statistically defined, probability based approach that takes into account market volatilities, as well as risk diversification by recognising offsetting positions and correlations between commodities and markets. In this way, risks can be measured consistently across all markets and commodities and risk measures can be aggregated to derive a single risk value. Glencore has a consolidated VaR limit (1 day 95%) of $100 million, representing some 0.2% of equity. Glencore uses a one-day VaR approach based on a Monte Carlo simulation with a weighted data history computed at a 95% confidence level.

Average market risk VaR (1 day 95%) during H1 2021 was $43 million, with an observable high of $63 million and a low of $27 million, while average equivalent VaR during H1 2020 was $47 million.

There were no limit breaches during the period.

## SHAREHOLDER RETURNS

Earlier in 2021 and approved at the Company’s AGM, the Directors recommended a cash distribution, in respect of the 2020 financial year, of $0.12 per share amounting to some $1.6 billion, accounting for own shares held as at 31 December 2020. The first tranche of the distribution of $0.06 per ordinary share amounting to $794 million was paid on 21 May 2021. The second tranche of $0.06 per ordinary share is due on 21 September 2021, in accordance with the Company’s announcement of the 2021 Distribution timetable made on 16 February 2021.

The Directors have now declared a further cash distribution of $0.04 per ordinary share, amounting to approximately $530 million to be paid concurrently with the $0.06 per ordinary share second tranche of the previously approved distribution. The Company will also conduct a buy-back of its own shares to the value of up to $650 million, with intended completion by the time of the Group’s full year results announcement in February 2022.

The cash distribution is to be effected as a reduction of the capital contribution reserves of the Company. As such, this distribution would be exempt from Swiss withholding tax. As at 30 June 2021, Glencore plc had CHF 26 billion of such capital contribution reserves in its statutory accounts.

The distribution is ordinarily paid in US dollars. Shareholders on the Jersey register may elect to receive the distribution in sterling, euros or Swiss francs, the exchange rates of which will be determined by reference to the rates applicable to the US dollar at the time. Shareholders on the Johannesburg register will receive their distribution in South African rand. Further details on distribution payments, together with currency election and distribution mandate forms, are available from the Group’s website (www.glencore.com) or from the Company’s Registrars.

## BOARD CHANGES

Tony Hayward retired as Chairman and Kalidas Madhavpeddi was appointed as the new Chairman effective 30 July 2021.

Ivan Glasenberg retired as CEO and as a member of the Glencore Board on 30 June 2021, with Gary Nagle being appointed as CEO and Director with effect from 1 July 2021.

John Mack retired as a Non-Executive Director on 29 April 2021.

# MARKETING ACTIVITIES

## HIGHLIGHTS

Marketing continued to deliver strong results. Adjusted EBITDA in H1 2021 was $2,045 million and Adjusted EBIT was $1,795 million, down 8% and 11% respectively, from the H1 2020 record half, a period in which our oil department capitalised on the exceptional price movements and dislocations that presented across crude oil and refined product markets and the soaring demand for and prices of storage and logistics.

Metals and minerals Adjusted EBIT was up 51% over H1 2020 with strong contributions from all key commodity departments as improving fundamentals in our industrial commodities, including copper, cobalt, zinc, aluminium and nickel, benefited from more constructive market conditions, generally evidenced by lower inventories and higher premiums.

Over H1 2020, oil markets experienced one of their most volatile periods in history, reflective of the wider economic panic and lack of timely effective supply response from OPEC+. Prices reached multi-year lows and even briefly traded negative in some markets. Faced with collapsing demand and increasing supply, significant oil overproduction was forced into storage, triggering the necessary market incentives. These exceptional price movements and dislocations enabled our oil department to deliver a record half-yearly performance in H1 2020. H1 2021 energy adjusted EBIT was down 47% over the comparable period to $672 million, as an improved contribution from coal, partially offset a return by oil back to within its more normal range, albeit towards the top end.

| US$ million | **Metals and minerals** | **Energy products** | **Corporate and other[1]** | **H1 2021** | Metals and minerals | Energy products | Corporate and other[1] | H1 2020 |
|---|---|---|---|---|---|---|---|---|
| Revenue◊ | 36,956 | 46,963 | – | 83,919 | 25,813 | 36,218 | – | 62,031 |
| Adjusted EBITDA◊ | 1,232 | 875 | (62) | 2,045 | 852 | 1,399 | (36) | 2,215 |
| Adjusted EBIT◊ | 1,185 | 672 | (62) | 1,795 | 786 | 1,265 | (36) | 2,015 |
| Adjusted EBITDA margin◊ | 3.3% | 1.9% | n.m. | 2.4% | 3.3% | 3.9% | n.m. | 3.6% |

1 Corporate and other Marketing activities includes $196 million (2020: $118 million) of Glencore's equity accounted share of Viterra.

## Selected marketing volumes sold

| | Units | **H1 2021** | H1 2020 | Change % |
|---|---|---|---|---|
| Copper metal and concentrates[1] | mt | 1.6 | 1.8 | (11) |
| Zinc metal and concentrates[1] | mt | 1.4 | 1.4 | – |
| Lead metal and concentrates[1] | mt | 0.5 | 0.4 | 25 |
| Gold | toz | 922 | 968 | (5) |
| Silver | toz | 34,092 | 31,162 | 9 |
| Nickel | kt | 93 | 84 | 11 |
| Ferroalloys[2] | mt | 4.9 | 3.6 | 36 |
| Alumina/aluminium | mt | 4.8 | 3.5 | 37 |
| Iron ore | mt | 25.7 | 32.1 | (20) |
| Thermal coal[2] | mt | 31 | 35 | (10) |
| Metallurgical coal[2] | mt | 1.8 | 0.7 | 157 |
| Crude oil | mbbl | 377 | 437 | (14) |
| Oil products | mbbl | 350 | 340 | 3 |

1 Estimated metal unit contained.

2 Includes agency volumes.

## COPPER

During H1 2021, the copper price averaged $9,089/t, 65% higher than H1 2020 as a result of an improved global demand outlook, supported by economic stimulus measures following the outbreak of Covid-19 in 2020. Copper prices reached a record high of $10,748/t in mid-May, in response to continued demand growth from China, the improved demand outlook from other major economies and the growing realisation of copper's role in the clean energy transition, as well as support by net-speculative positioning reaching the highest levels in recent years. Copper demand growth continues to be supported by the significant monetary and fiscal stimulus undertaken globally, as the roll out of Covid-19 vaccination programs continues. Prices ended H1 at $9,375/t, having started the year below $8,000/t.

Strong domestic refined production in China, and increased imports of secondary materials during H1 2021 as a result of higher copper prices and increased industrial activity, have been contributing factors to the deterioration of cathode import premiums to China in Q2, decreasing to their lowest levels in recent years. North American cathode premiums, however, continued to reach multi-year highs during H1 2021, due to a strong economic recovery across the region and improved demand from the manufacturing sectors. Visible refined copper inventories continue to decrease, albeit at a slower rate following the Chinese New Year period, compared to prior years. Smelter treatment and refining charges reached multi-year lows in April, driven by constrained mine supply and smelting capacity growth in China, which led to strong competition for concentrates. Treatment and refining charges have since moved higher, supported by planned smelter maintenance in China and some increasing mine supply.

Mine supply, however, continues to be constrained, particularly from South and Central America, as a result of measures taken to contain the spread of Covid-19. Going forward, various projects under construction are likely to experience delays, while mine supply growth is limited by ageing assets, declining ore grades and a diminished project pipeline. In the near term, we expect the improved demand conditions for copper to continue, supported by economic stimulus measures, continued demand growth for copper in its traditional markets and its crucial role in accelerating the clean energy transition, from renewable power generation and distribution, to energy storage and electric vehicles (EVs).

## COBALT

The cobalt metal price averaged $22/lb in H1 2021, considerably higher than last year. Commencing the year at $15.30/lb, prices rallied 65% through Q1 to reach a high of $25.30/lb in mid-March. This rally marked the end of a protracted supply chain destocking combined with a period of significantly improved demand conditions.

A level of stockpiling of key strategic materials, particularly in China, has further supported metal demand, while Chinese metal producers have also exercised significant supply discipline as demand segments recover. In other markets, a number of metal demand segments are exhibiting post-Covid recovery. Following significant demand contraction in 2020, the important aerospace sector is anticipated to stage progressive demand recovery from H2 2021.

Cobalt hydroxide supply bottlenecks had already eased during H2 2020, but stronger lithium ion battery demand from both EV and non-EV applications (e.g. phones, laptops, tablets) resulted in hydroxide payables marking a high of 94% in early 2021, with major producers having limited spot availability. Payables averaged 90% during H1, versus 80% in December 2020.

Momentum in the EV sector continues with market participants continuing to upgrade EV sales projections on the back of mounting investment and adoption appetite. Chinese and European EV sales markets are vying for the global number one position, while the North American market is now a major EV growth region with key OEMs deploying tens of billions of dollars in investment to boost EV market share. The diminishing cobalt per kWh through R&D gains is vastly outstripped by the rate of EV sales growth, underpinning strong cobalt demand.

## ZINC

Following deep Covid-19 disruptions during 2020, zinc metal demand has recovered strongly, with prices responding accordingly, as mine supply has lagged expectations. Ex-China mine supply was expected to recover by c. 0.8Mtu, or c. 75% of the estimated production lost in 2020 due to Covid. Most recent estimates point to c. 0.6-0.7Mtu growth, reflecting delayed investments and some continued restrictions hindering logistics and productivity, mainly in Latin America.

Zinc concentrates imports into China are down by 7% YTD to June 2021. Given such lower availability, annual benchmark terms were agreed at $159/dmt, down from $299.75/dmt in 2020. H1 2021 spot TCs ($75/dmt) dropped considerably vs H1 2020 ($235/dmt). Global metal production is expected to grow c. 0.4Mt or c. 3% YOY as smelter capacity recovers from 2020’s Covid-related constraints.

The restart of manufacturing economic activity resulted in a strong demand environment for zinc metal, particularly in steel production. A number of zinc metal consumers underestimated the extent of the recovery, which meant they needed to source additional metal in the spot market, driving up premiums. This led to a partial drawdown of the visible stocks accumulated during 2020. At June 2021, such stocks were 425kt or c. 11 days of metal consumption, slightly up from December 2020 of 405kt, but down from February 2021’s 595kt, when the 2020 surplus became visible. SHFE stocks reduced from 98kt in H1 2020 to 35kt in H1 2021, despite an increase of c. 200kmtu in Chinese metal supply YOY to June 2021, suggesting a continuing demand recovery in China.

Going forward, the current zinc price and low spot TC environment will continue to incentivise mined supply wherever possible, and metal production will continue to increase. With customer order books still healthy and a number of infrastructure projects under way, we expect that metal supply growth will be absorbed by increased demand.

The lead market exhibited similar trends to zinc, with an average LME price of $2,069/mt in H1 2021 (+14% vs FY 2020) and 2021 annual benchmark terms agreed at $136/dmt (-25% vs FY 2020). However, a recent decreasing trend in spot TCs suggests that mine supply of lead concentrates might be lagging demand even further. The June 2021 spot TC ($45/dmt) is significantly lower than average H1 2021 spot TC of $81/dmt and 2020’s average of $136/dmt.

## IRON ORE

Global crude steel and pig iron production each showed double digit growth YOY, driven by the recovery in the global economy. At the same time, there was only a marginal increase in seaborne iron ore supply. Healthy steel margins supported higher iron ore prices and premiums for high-grade sinter fines, lump and pellets.

## NICKEL

After a swift rebound in 2020, stainless steel production in China, which accounts for more than half of global primary nickel demand, has shown no sign of correction and exceeded historical highs. Recovery in Europe and the U.S. has followed, supported by robust manufacturing activity, stainless steel scrap tightness and rising raw material prices. Batteries remain the fastest growing demand segment, supported by the sharp rise of EV registrations, while alloy and special steel demand is expected to recover as oil & gas and aerospace end-use segments gradually normalise.

The demand strength has surpassed disrupted supply, evidenced by an unexpectedly weak performance from traditional suppliers. Consequently, the H1 2021 shows a nickel market deficit. The medium and longer-term outlook will be influenced by the competing dynamics of demand growth linked to the energy transition and the increased supply of Nickel Pig Iron (NPI) and high-pressure acid leach (HPAL) projects in Indonesia.

## FERROALLOYS

Global ferrochrome consumption increased 23% (H1 2021 versus H1 2020) as stainless steel melt rates grew by 26%. China and Indonesia produced at historic high levels on the back of strong downstream demand and increased capacity. Ferrochrome production shutdowns in China, the result of revised power reform policy, caused significant price increases.

A recovery in vanadium consumption globally absorbed excess stock levels from 2020 and led to higher prices. In the first 5 months of 2021, carbon steel output, the main application of vanadium, was 14% higher year over year, recovering to pre-Covid levels.

## ALUMINIUM

Like most other commodities, the aluminium market continued its positive price trend in H1 2021. With limited idled capacity capable of coming online, the supply side could not fully meet the demand increase. Soaring freight rates, decreasing inventories and high levels of speculative positioning all pushed prices higher. Also influenced by a weakening US dollar during April and May, the LME three-month contract reached a multi-year high of $2,603/t in mid-May.

Responding to demand recovery, the US Delivered Midwest premium increased to record highs, from 15.5¢/lb to end H1 at 28¢/lb. The CIF Main Japanese Port premium finished the half year at $177.50/t, up from $125/t at the beginning of the period, competing against the open Chinese arbitrage window.

With alumina prices not following the general commodity upswing, global smelter margins were supported by a historically low alumina-to-aluminium price ratio (at its lowest sub-11%).

## COAL

Strong demand recovery, coupled with supply shortages, supported a continuation of the price increases that commenced in September 2020. At the end of June 2021, Newcastle, API4, API2 and HCC prices were 157%, 109%, 136% and 63% respectively above August 2020 levels.

Reduced supply from Colombia, following the closure of Prodeco, combined with geological, logistical and weather impacts in Australia, South Africa and Indonesia contributed to a net YOY decline in exports in H1 2021.

In China, ongoing safety checks restricted supply growth (up 7% YOY), while strong power demand (up 13.7% YOY) and a delayed start to the hydro generation season, increased thermal power generation by 15% YOY. Domestic thermal coal prices increased to above 950RMB/t, a level last seen in July 2008, equivalent to c.$110/t (basis 5500kcal/kg nar) FOB Newcastle. YTD June export data has Chinese seaborne thermal coal demand up 3% or 4Mt over 2020.

Strong Asian demand drove Asian LNG prices to record levels, reinstating coal as the lowest cost fuel source for baseload power generation. Coal to LNG switching, which occurred during 2020 while LNG prices were at record lows, has reversed somewhat, supporting additional coal demand. Despite ongoing Covid-19 impacts, India’s imported thermal coal demand until the end of May was 6Mt above prior year levels.

Seaborne coking coal demand increased by 20Mt over the period. Chinese import restrictions from Australia provided an opportunity for non-Australian producers to shift additional volumes to the higher priced Chinese market, necessitating buyers in Europe and South America in particular, to source additional Australian coal, thereby rebalancing trade flows and ultimately closing the arbitrage between Australian FOB and Chinese CFR prices.

## OIL

The first half of 2021 marked a year from a period when world oil markets experienced an unprecedented demand contraction. Oil prices have continued a steady march higher, with a sustained rally into and throughout H1 2021, with Brent topping $75 per barrel. The oil price strength was driven by stronger fundamentals and financial markets, benefitting, like many assets, from the favourable fiscal and monetary environment, a synchronized expansion in the business cycle, a boost to public infrastructure spending, growing momentum in vaccination programs and investors seeing commodities as a prime means of investing in the global economic recovery in anticipation of higher inflation trends, even spurring talk of a new commodities super-cycle, amidst looming medium-term supply shortfalls.

The improved fundamental outlook was underpinned by stronger demand and continued OPEC+ production restraint that caused inflated world oil inventories that built up during the prior year’s Covid-19 demand shock to return to more normal levels. The fall in oil inventories contributed to a crude price backwardation, pushing inventory holders to drawdown storage surpluses. Towards the latter part of the first half, supply side uncertainties emerged surrounding Iran’s potential return to the oil market and a lack of information about the OPEC+ strategy beyond July 2021, but this was insufficient to derail the price trajectory. Due to a steady increasing oil price trend this year, volatility was rather muted, with Brent near-dated implied volatility around the 30% level.

Refining margins also improved from 2020, largely driven by the recovery in transportation fuel markets and demand. A rise in both planned maintenance as well as prolonged unplanned outages led to a tighter overall products market, which saw margins improve from the lows registered last year, although jet still weighs on the complex as air travel demand recovery lags.

In shipping, tanker freight markets remained depressed, largely reflecting the OPEC+ production cuts and the particularly deep reduction announced by Saudi Arabia early in the year. Most segments of the tanker market still have a certain degree of surplus capacity to contend with, so much so that even the exceptional blockage of the Suez Canal in March 2021 had minimal impact.

# INDUSTRIAL ACTIVITIES

HIGHLIGHTS

Industrial Adjusted EBITDA increased by 152% to $6,609 million compared to $2,618 million in H1 2020. The increase was primarily driven by higher commodity prices, offset by modest cost inflation and the effects of a weaker US dollar (on average) against many of our key producer country currencies.

Adjusted EBITDA contribution from Metals and minerals assets was $5,891 million, up 172% compared to the prior period, with substantial improvements across almost all operations, primarily due to higher average commodity prices, notably copper, cobalt, zinc, silver, nickel and ferrochrome. Noteworthy was the contribution from the African copper assets (up $884 million), as Katanga delivered steady state copper and cobalt production, following its progressive ramp-up over the past few years.

Adjusted EBITDA contribution from Energy products assets was $1,091 million, up 47% compared to H1 2020, mainly due to the significant increase in average realised export thermal coal prices period over period and to a lesser extent, higher oil prices.

Reflecting the above, Adjusted EBITDA mining margins were 44% (26% in H1 2020) in our metals operations and 26% (H1 2020: 22%) in our energy operations.

Industrial capex at $1.8 billion was consistent with the comparable period.

| US$ million | **Metals and minerals** | **Energy products** | **Corporate and other** | **H1 2021** | Metals and minerals | Energy products | Corporate and other | H1 2020 |
|---|---|---|---|---|---|---|---|---|
| Revenue◊ | 20,328 | 7,344 | 3 | 27,675 | 11,912 | 6,031 | 2 | 17,945 |
| Adjusted EBITDA◊ | 5,891 | 1,091 | (373) | 6,609 | 2,167 | 742 | (291) | 2,618 |
| Adjusted EBIT◊ | 3,905 | (13) | (382) | 3,510 | 181 | (419) | (305) | (543) |
| Adjusted EBITDA mining margin◊ | 44% | 26% | | 38% | 26% | 22% | | 22% |

## Production from own sources – Total[1]

| | | **H1 2021** | H1 2020 | Change % |
|---|---|---|---|---|
| Copper | kt | 598.0 | 588.1 | 2 |
| Cobalt | kt | 14.8 | 14.3 | 3 |
| Zinc | kt | 581.8 | 550.1 | 6 |
| Lead | kt | 117.0 | 127.9 | (9) |
| Nickel | kt | 47.7 | 55.2 | (14) |
| Gold | koz | 423 | 411 | 3 |
| Silver | koz | 15,984 | 14,185 | 13 |
| Ferrochrome | kt | 773 | 466 | 66 |
| *Coal – coking* | *mt* | *4.1* | *3.7* | *11* |
| *Coal – semi-soft* | *mt* | *2.6* | *2.6* | *–* |
| *Coal – thermal* | *mt* | *42.0* | *51.8* | *(19)* |
| Coal | mt | 48.7 | 58.1 | (16) |
| Oil (entitlement interest basis) | kboe | 2,557 | 2,612 | (2) |

1 Controlled industrial assets and joint ventures only. Production is on a 100% basis, except for joint ventures, where the Group's attributable share of production is included.

## FINANCIAL INFORMATION

| US$ million | H1 2021 | H1 2020 | Change % |
|---|---|---|---|
| **Revenue◊** | | | |
| **Copper assets** | | | |
| Africa (Katanga, Mutanda, Mopani) | 2,101 | 1,105 | 90 |
| Collahuasi[1] | 1,269 | 703 | 81 |
| Antamina[1] | 869 | 314 | 177 |
| Other South America (Antapaccay, Lomas Bayas) | 1,243 | 595 | 109 |
| Australia (Mount Isa, Ernest Henry, Townsville, Cobar) | 1,368 | 834 | 64 |
| Custom metallurgical (Altonorte, Pasar, Horne, CCR) | 5,342 | 3,588 | 49 |
| Intergroup revenue elimination | (137) | (131) | – |
| **Copper** | **12,055** | **7,008** | **72** |
| | | | |
| **Zinc assets** | | | |
| Kazzinc | 1,750 | 1,270 | 38 |
| Australia (Mount Isa, McArthur River) | 882 | 553 | 59 |
| European custom metallurgical (Portovesme, San Juan de Nieva, Nordenham, Northfleet) | 1,836 | 433 | 324 |
| North America (Matagami, Kidd, CEZ Refinery) | 961 | 804 | 20 |
| Other Zinc (Argentina, Bolivia, Peru) | 332 | 122 | 172 |
| **Zinc** | **5,761** | **3,182** | **81** |
| | | | |
| **Nickel assets** | | | |
| Integrated Nickel Operations (Sudbury, Raglan, Nikkelverk) | 929 | 678 | 37 |
| Australia (Murrin Murrin) | 305 | 294 | 4 |
| Koniambo | 90 | 120 | (25) |
| **Nickel** | **1,324** | **1,092** | **21** |
| | | | |
| **Ferroalloys** | **1,188** | **630** | **89** |
| **Metals and minerals revenue◊** | **20,328** | **11,912** | **71** |
| | | | |
| Coking Australia | 459 | 556 | (17) |
| Thermal Australia | 2,439 | 2,368 | 3 |
| South Africa | 564 | 498 | 13 |
| Cerrejón[1] | 219 | 145 | 51 |
| Prodeco | 10 | 291 | (97) |
| **Coal revenue (own production)** | **3,691** | **3,858** | **(4)** |
| **Coal other revenue (buy-in coal)** | **267** | **238** | **12** |
| Oil E&P | 166 | 79 | 110 |
| Oil refining | 3,220 | 1,856 | 73 |
| **Energy products revenue◊** | **7,344** | **6,031** | **22** |
| | | | |
| **Corporate and other revenue** | **3** | **2** | **50** |
| **Total Industrial activities revenue◊** | **27,675** | **17,945** | **54** |

1 Represents the Group's share of these JVs.

## INDUSTRIAL ACTIVITIES
continued

| | Adjusted EBITDA◊ | | | Adjusted EBIT◊ | | |
|---|---|---|---|---|---|---|
| US$ million | **H1 2021** | H1 2020 | Change % | **H1 2021** | H1 2020 | Change % |
| **Copper assets** | | | | | | |
| Africa | 910 | 26 | 3,400 | 658 | (245) | – |
| Collahuasi[1] | 1,051 | 511 | 105 | 907 | 362 | 150 |
| Antamina[1] | 696 | 193 | 261 | 541 | 70 | 673 |
| Other South America | 673 | 291 | 131 | 402 | 58 | 593 |
| Australia | 323 | 125 | 158 | 191 | (34) | – |
| Polymet | (9) | (12) | (25) | (9) | (12) | – |
| Custom metallurgical | 234 | 150 | 56 | 156 | 66 | 136 |
| **Copper** | **3,878** | **1,284** | **202** | **2,846** | **265** | **974** |
| *Adjusted EBITDA mining margin[2]◊* | *53%* | *32%* | | | | |
| **Zinc assets** | | | | | | |
| Kazzinc | 641 | 475 | 35 | 421 | 273 | 54 |
| Australia | 379 | 89 | 326 | 173 | (126) | – |
| European custom metallurgical | 136 | 92 | 48 | 69 | 21 | 229 |
| North America | 164 | 67 | 145 | 98 | (13) | – |
| Volcan | 4 | (27) | – | 4 | (27) | – |
| Other Zinc | 76 | (48) | – | 2 | (135) | – |
| **Zinc** | **1,400** | **648** | **116** | **767** | **(7)** | **–** |
| *Adjusted EBITDA mining margin[2]◊* | *37%* | *27%* | | | | |
| **Nickel assets** | | | | | | |
| Integrated Nickel Operations | 433 | 281 | 54 | 233 | 77 | 203 |
| Australia | 55 | 57 | (4) | 41 | 45 | (9) |
| Koniambo | (103) | (130) | (21) | (152) | (178) | – |
| **Nickel** | **385** | **208** | **85** | **122** | **(56)** | **–** |
| *Adjusted EBITDA mining margin◊* | *29%* | *19%* | | | | |
| *Adjusted EBITDA mining margin excl. Koniambo◊* | *40%* | *35%* | | | | |
| **Ferroalloys** | **339** | **52** | **552** | **281** | **4** | **6,925** |
| **Aluminium/Alumina** | **(110)** | **(24)** | **–** | **(110)** | **(24)** | **–** |
| **Iron ore** | **(1)** | **(1)** | **–** | **(1)** | **(1)** | **–** |
| **Metals and minerals Adjusted EBITDA/EBIT◊** | **5,891** | **2,167** | **172** | **3,905** | **181** | **2,057** |
| *Adjusted EBITDA mining margin[2]◊* | *44%* | *26%* | | | | |
| Coking Australia | 51 | 215 | (76) | (51) | 92 | (155) |
| Thermal Australia | 687 | 590 | 16 | 14 | (19) | – |
| South Africa | 121 | 66 | 83 | (72) | (72) | – |
| Cerrejón[1] | 86 | 14 | 514 | 43 | (53) | – |
| Prodeco | (33) | (16) | – | (38) | (66) | – |
| **Coal** | **912** | **869** | **5** | **(104)** | **(118)** | **–** |
| *Adjusted EBITDA margin[3]◊* | *25%* | *23%* | | | | |
| Oil E&P | 91 | (8) | – | 40 | (114) | – |
| Oil refining | 88 | (119) | – | 51 | (187) | – |
| **Energy products Adjusted EBITDA/EBIT◊** | **1,091** | **742** | **47** | **(13)** | **(419)** | **–** |
| *Adjusted EBITDA margin[3]◊* | *26%* | *22%* | | | | |
| **Corporate and other** | **(373)** | **(291)** | **–** | **(382)** | **(305)** | **–** |
| **Industrial activities Adjusted EBITDA/EBIT◊** | **6,609** | **2,618** | **152** | **3,510** | **(543)** | **–** |
| *Adjusted EBITDA margin◊* | *38%* | *22%* | | | | |

1 Represents the Group's share of these JVs.

2 Adjusted EBITDA mining margin for Metals and Minerals is Adjusted EBITDA excluding non-mining assets as described below ($5,463 million (H1 2020: $1,909 million)) divided by Revenue excluding non-mining assets and intergroup revenue elimination ($12,326 million (H1 2020: $7,218 million) i.e. the weighted average EBITDA margin of the mining assets. Non-mining assets are the Copper custom metallurgical assets, Zinc European custom metallurgical assets, Zinc North America (principally smelting/ processing), the Aluminium/Alumina group and Volcan (equity accounted with no relevant revenue) as noted in the table above.

3 Energy products EBITDA margin is Adjusted EBITDA for coal and Oil E&P (but excluding Oil refining) ($1,003 million (H1 2020: $861 million)), divided by the sum of coal revenue from own production and Oil E&P revenue ($3,857 million (H1 2020: $3,937 million)).

| US$ million | H1 2021 Sustaining | H1 2021 Expansion | H1 2021 Total | H1 2020 Sustaining | H1 2020 Expansion | H1 2020 Total |
|---|---|---|---|---|---|---|
| **Capital expenditure◊** | | | | | | |
| **Copper assets** | | | | | | |
| Africa | 108 | 27 | 135 | 85 | 102 | 187 |
| Collahuasi[1] | 150 | 38 | 188 | 117 | 16 | 133 |
| Antamina[1] | 118 | 3 | 121 | 66 | 4 | 70 |
| Other South America | 163 | 11 | 174 | 100 | 8 | 108 |
| Australia | 69 | – | 69 | 76 | – | 76 |
| Polymet | 4 | – | 4 | 5 | – | 5 |
| Custom metallurgical | 55 | – | 55 | 70 | – | 70 |
| **Copper** | **667** | **79** | **746** | **519** | **130** | **649** |
| | | | | | | |
| **Zinc assets** | | | | | | |
| Kazzinc | 100 | 53 | 153 | 95 | 108 | 203 |
| Australia | 51 | – | 51 | 86 | – | 86 |
| European custom metallurgical | 22 | 34 | 56 | 26 | 5 | 31 |
| North America | 17 | 2 | 19 | 22 | – | 22 |
| Other Zinc | 22 | – | 22 | 21 | – | 21 |
| **Zinc** | **212** | **89** | **301** | **250** | **113** | **363** |
| | | | | | | |
| **Nickel assets** | | | | | | |
| Integrated Nickel Operations | 161 | 165 | 326 | 50 | 143 | 193 |
| Australia | 37 | – | 37 | 7 | – | 7 |
| Koniambo | 12 | – | 12 | 30 | – | 30 |
| **Nickel** | **210** | **165** | **375** | **87** | **143** | **230** |
| | | | | | | |
| **Ferroalloys** | **44** | **16** | **60** | **29** | **6** | **35** |
| **Metals and minerals capital expenditure◊** | **1,133** | **349** | **1,482** | **885** | **392** | **1,277** |
| | | | | | | |
| Australia | 137 | 82 | 219 | 140 | 57 | 197 |
| South Africa | 63 | 2 | 65 | 58 | 16 | 74 |
| Cerrejón[1] | 16 | – | 16 | 13 | – | 13 |
| Prodeco | – | – | – | 40 | – | 40 |
| **Total Coal** | **216** | **84** | **300** | **251** | **73** | **324** |
| Oil E&P | 27 | – | 27 | 65 | – | 65 |
| Oil refining | 19 | – | 19 | 72 | – | 72 |
| **Energy products capital expenditure◊** | **262** | **84** | **346** | **388** | **73** | **461** |
| | | | | | | |
| **Corporate and other** | **–** | **15** | **15** | **–** | **39** | **39** |
| **Industrial activities capital expenditure◊** | **1,395** | **448** | **1,843** | **1,273** | **504** | **1,777** |

1 Represents the Group's share of these JVs.

PRODUCTION DATA

Production from own sources – Copper assets[1]

| | | **H1 2021** | H1 2020 | Change % |
|---|---|---|---|---|
| **African Copper (Katanga, Mutanda, Mopani)** | | | | |
| Copper metal | kt | 138.1 | 141.1 | (2) |
| Cobalt[2] | kt | 13.0 | 12.5 | 4 |
| **Collahuasi[3]** | | | | |
| Copper in concentrates | kt | 145.9 | 142.1 | 3 |
| Silver in concentrates | koz | 2,251 | 1,913 | 18 |
| Gold in concentrates | koz | 22 | 26 | (15) |
| **Antamina[4]** | | | | |
| Copper in concentrates | kt | 73.2 | 50.9 | 44 |
| Zinc in concentrates | kt | 80.2 | 53.3 | 50 |
| Silver in concentrates | koz | 3,135 | 2,002 | 57 |
| **Other South America (Antapaccay, Lomas Bayas)** | | | | |
| Copper metal | kt | 32.2 | 36.9 | (13) |
| Copper in concentrates | kt | 84.0 | 81.1 | 4 |
| Gold in concentrates and in doré | koz | 52 | 34 | 53 |
| Silver in concentrates and in doré | koz | 630 | 565 | 12 |
| **Australia (Mount Isa, Ernest Henry, Townsville, Cobar)** | | | | |
| Copper metal | kt | 62.5 | 64.4 | (3) |
| Copper in concentrates | kt | 19.2 | 22.8 | (16) |
| Gold | koz | 39 | 46 | (15) |
| Silver | koz | 536 | 564 | (5) |
| **Total Copper department** | | | | |
| **Copper** | **kt** | **555.1** | **539.3** | **3** |
| **Cobalt** | **kt** | **13.0** | **12.5** | **4** |
| **Zinc** | **kt** | **80.2** | **53.3** | **50** |
| **Gold** | **koz** | **113** | **106** | **7** |
| **Silver** | **koz** | **6,552** | **5,044** | **30** |

## Production from own sources – Zinc assets[1]

| | | **H1 2021** | H1 2020 | Change % |
|---|---|---|---|---|
| **Kazzinc** | | | | |
| Zinc metal | kt | 71.0 | 84.9 | (16) |
| Lead metal | kt | 9.2 | 12.3 | (25) |
| Copper metal[5] | kt | 13.6 | 17.5 | (22) |
| Gold | koz | 303 | 294 | 3 |
| Silver | koz | 1,301 | 1,780 | (27) |
| **Australia (Mount Isa, McArthur River)** | | | | |
| Zinc in concentrates | kt | 309.1 | 311.8 | (1) |
| Lead in concentrates | kt | 100.7 | 108.1 | (7) |
| Silver in concentrates | koz | 3,344 | 3,790 | (12) |
| **North America (Matagami, Kidd)** | | | | |
| Zinc in concentrates | kt | 53.2 | 57.4 | (7) |
| Copper in concentrates | kt | 17.6 | 16.8 | 5 |
| Silver in concentrates | koz | 767 | 929 | (17) |
| **Other Zinc: South America (Argentina, Bolivia, Peru)[6]** | | | | |
| Zinc in concentrates | kt | 68.3 | 42.7 | 60 |
| Lead in concentrates | kt | 7.1 | 7.5 | (5) |
| Copper in concentrates | kt | 0.9 | 0.6 | 50 |
| Silver in concentrates | koz | 3,860 | 2,418 | 60 |
| **Total Zinc department** | | | | |
| **Zinc** | **kt** | **501.6** | **496.8** | **1** |
| **Lead** | **kt** | **117.0** | **127.9** | **(9)** |
| **Copper** | **kt** | **32.1** | **34.9** | **(8)** |
| **Gold** | **koz** | **303** | **294** | **3** |
| **Silver** | **koz** | **9,272** | **8,917** | **4** |

## Production from own sources – Nickel assets[1]

| | | **H1 2021** | H1 2020 | Change % |
|---|---|---|---|---|
| **Integrated Nickel Operations (INO) (Sudbury, Raglan, Nikkelverk)** | | | | |
| Nickel metal | kt | 27.9 | 27.6 | 1 |
| Nickel in concentrates | kt | 0.1 | 0.2 | (50) |
| Copper metal | kt | 6.6 | 6.3 | 5 |
| Copper in concentrates | kt | 4.2 | 7.6 | (45) |
| Cobalt metal | kt | 0.6 | 0.2 | 200 |
| Gold | koz | 7 | 11 | (36) |
| Silver | koz | 160 | 224 | (29) |
| Platinum | koz | 16 | 24 | (33) |
| Palladium | koz | 39 | 57 | (32) |
| Rhodium | koz | 2 | 2 | – |
| **Murrin Murrin** | | | | |
| Nickel metal | kt | 13.1 | 17.8 | (26) |
| Cobalt metal | kt | 1.2 | 1.6 | (25) |
| **Koniambo** | | | | |
| Nickel in ferronickel | kt | 6.6 | 9.6 | (31) |
| **Total Nickel department** | | | | |
| **Nickel** | **kt** | **47.7** | **55.2** | **(14)** |
| **Copper** | **kt** | **10.8** | **13.9** | **(22)** |
| **Cobalt** | **kt** | **1.8** | **1.8** | **–** |
| **Gold** | **koz** | **7** | **11** | **(36)** |
| **Silver** | **koz** | **160** | **224** | **(29)** |
| **Platinum** | **koz** | **16** | **24** | **(33)** |
| **Palladium** | **koz** | **39** | **57** | **(32)** |
| **Rhodium** | **koz** | **2** | **2** | **–** |

## Production from own sources – Ferroalloys assets[1]

| | | **H1 2021** | H1 2020 | Change % |
|---|---|---|---|---|
| Ferrochrome[7] | kt | 773 | 466 | 66 |
| Vanadium Pentoxide | mlb | 11.0 | 8.3 | 33 |

## Total production – Custom metallurgical assets[1]

| | | **H1 2021** | H1 2020 | Change % |
|---|---|---|---|---|
| **Copper (Altonorte, Pasar, Horne, CCR)** | | | | |
| Copper metal | kt | 254.8 | 247.1 | 3 |
| Copper anode | kt | 236.2 | 230.2 | 3 |
| **Zinc (Portovesme, San Juan de Nieva, Nordenham, Northfleet)** | | | | |
| Zinc metal | kt | 398.4 | 391.5 | 2 |
| Lead metal | kt | 102.2 | 99.3 | 3 |

## Coal assets[1]

| | | **H1 2021** | H1 2020 | Change % |
|---|---|---|---|---|
| Australian coking coal | mt | 4.1 | 3.7 | 11 |
| Australian semi-soft coal | mt | 2.6 | 2.6 | – |
| Australian thermal coal (export) | mt | 25.0 | 29.4 | (15) |
| Australian thermal coal (domestic) | mt | 2.6 | 3.7 | (30) |
| South African thermal coal (export) | mt | 7.7 | 7.2 | 7 |
| South African thermal coal (domestic) | mt | 3.1 | 5.0 | (38) |
| Cerrejón[8] | mt | 3.6 | 2.7 | 33 |
| Prodeco | mt | – | 3.8 | (100) |
| **Total Coal department** | **mt** | **48.7** | **58.1** | **(16)** |

## Oil assets

| | | **H1 2021** | H1 2020 | Change % |
|---|---|---|---|---|
| **Glencore entitlement interest basis** | | | | |
| Equatorial Guinea | kboe | 2,029 | 1,091 | 86 |
| Chad | kbbl | – | 1,112 | (100) |
| Cameroon | kbbl | 528 | 409 | 29 |
| **Total Oil department** | **kboe** | **2,557** | **2,612** | **(2)** |

1 Controlled industrial assets and joint ventures only. Production is on a 100% basis, except for joint ventures, where the Group's attributable share of production is included.
2 Cobalt contained in concentrates and hydroxides.
3 The Group's pro-rata share of Collahuasi production (44%).
4 The Group's pro-rata share of Antamina production (33.75%).
5 Copper metal includes copper contained in copper concentrates and blister.
6 South American production excludes Volcan Compania Minera.
7 The Group's attributable 79.5% share of the Glencore-Merafe Chrome Venture.
8 The Group's pro-rata share of Cerrejón production (33.3%).

OPERATING HIGHLIGHTS

## Copper assets

Own sourced copper production of 598,000 tonnes was broadly in line with H1 2020.

### African Copper

Own sourced copper production of 138,100 tonnes was in line with H1 2020. Mopani was sold to ZCCM with effect from 31 March 2021, noting that its reported production was also similar period on period.

Own sourced cobalt production of 13,000 tonnes was 500 tonnes higher than H1 2020, noting that this includes 1,100 tonnes of Mutanda-source material.

### Collahuasi

Attributable copper production of 145,900 tonnes was 3,800 tonnes (3%) higher than H1 2020, reflecting higher milling throughput.

### Antamina

April/May 2020 was impacted by operational suspensions as part of Peru's restrictions to control Covid-19.

Attributable copper production in H1 2021 of 73,200 tonnes, was thereby 22,200 tonnes (44%) higher than in H1 2020 and attributable zinc production, of 80,200 tonnes was 53,300 tonnes (50%) higher.

### Other South America

Copper production of 116,200 tonnes was in line with H1 2020, reflecting higher throughput at Antapaccay, offset by temporarily reduced production at Lomas Bayas due to the processing of ore impurities.

### Australia

Own sourced copper production of 81,700 tonnes was 5,400 tonnes (6%) lower than H1 2020, mainly reflecting temporary lower grades on account of mine sequencing at Cobar.

### Custom metallurgical assets

Copper cathode production of 254,800 tonnes and copper anode production of 236,200 tonnes were each broadly in line with H1 2020.

## Zinc assets

Own sourced zinc production of 581,800 tonnes was 31,700 tonnes (6%) higher than H1 2020, mainly reflecting the recovery from Covid-related suspensions in Q2 2020, particularly in Peru.

### Kazzinc

Own sourced zinc production of 71,000 tonnes was 13,900 tonnes (16%) lower than H1 2020, reflecting lower grades from Maleevsky mine (also affecting lead and copper noted below). Total smelter utilisation, including third-party material, was in line with H1 2020.

Own sourced lead production of 9,200 tonnes was 3,100 tonnes (25%) lower than H1 2020, and own sourced copper production of 13,600 tonnes was 3,900 tonnes (22%) down. Both smelters were taken down for maintenance during the period.

Own sourced gold production of 303,000 ounces was modestly ahead of H1 2020.

The new Zhairem zinc/lead mine was commissioned in May 2021.

### Australia

Zinc production of 309,100 tonnes was in line with H1 2020.

Lead production of 100,700 tonnes was 7,400 tonnes (7%) down on H1 2020, reflecting expected changes in Mount Isa grades.

### North America

Zinc production of 53,200 tonnes was 4,200 tonnes (7%) lower than H1 2020, reflecting the progressive production profile of both operations as they move towards end of mine life.

### South America

Operations were heavily impacted by Covid-related suspensions in H1 2020. Accordingly, zinc production of 68,300 tonnes was up 25,600 tonnes (60%) on H1 2020.

### European custom metallurgical assets

Zinc metal production of 398,400 tonnes and lead metal production of 102,200 tonnes were each broadly in line with H1 2020.

## Nickel assets

Own sourced nickel production of 47,700 tonnes was 7,500 tonnes (14%) below H1 2020 due to planned maintenance at Murrin and various operational issues at Koniambo.

### Integrated Nickel Operations (INO)

Own sourced nickel production was in line with H1 2020.

### Murrin Murrin
The plant's periodic major statutory maintenance shut was carried out across 5 weeks in May and June 2021. Accordingly, own sourced nickel production of 13,100 tonnes was down 4,700 tonnes (26%) compared to H1 2020.

### Koniambo
The metallurgical plant started the year as a single line operation in line with an operational improvement strategy implemented in 2020. During the year, the planned return to a two-line operation was impacted by failure of an onsite power generator and furnace #2 suffering a slag leak during its recommissioning phase. Extensive investigation into the leak continues. A two-line operation is currently expected to recommence in August.

Noting the above, nickel production of 6,600 tonnes was 3,000 tonnes (31%) lower than H1 2020.

## Ferroalloys assets
Attributable ferrochrome production of 773,000 tonnes was 307,000 tonnes (66%) higher than H1 2020, reflecting that mining and smelting operations were suspended for much of Q2 2020 due to the South African national lockdown.

Vanadium pentoxide production of 11.0 million pounds was 2.7 million pounds (33%) higher than H1 2020, also mainly reflecting the national lockdown in the base period.

## Coal assets
Coal production of 48.7 million tonnes was 9.4 million tonnes (16%) lower than H1 2020, reflecting a full period of Prodeco care and maintenance (3.8 million tonnes), various movements in the Australian portfolio, mainly reflecting the continued market-driven supply reductions initiated in H2 2020 (5.0 million tonnes) and reduced export rail capacity in South Africa (1.4 million tonnes), partly offset by the recovery at Cerrejón from its Covid-related restrictions in the base period.

### Australian coking
Production of 4.1 million tonnes was 0.4 million tonnes (11%) higher than H1 2020, mainly reflecting additional metallurgical-quality material from Collinsville.

### Australian thermal and semi-soft
Production of 30.2 million tonnes was 5.5 million tonnes (15%) lower than H1 2020, mainly reflecting market-related supply reductions initiated in H2 2020.

### South African thermal
Production of 10.8 million tonnes was 1.4 million tonnes (12%) lower than H1 2020, mainly reflecting lower domestic production on account of weaker local demand conditions, and planned overall curtailments to match reduced export rail capacity.

### Cerrejón
Attributable production of 3.6 million tonnes was 0.8 million tonnes (33%) higher than H1 2020, reflecting a Covid-related temporary suspension in the base period.

## Oil assets
### Exploration and production
Entitlement interest production of 2.6 million barrels of oil equivalent (boe) was broadly in line with H1 2020, reflecting the offsetting effects of the Chad oil fields placed on care and maintenance in April 2020 and the gas phase of the Equatorial Guinea project commencing in February 2021.

# RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- the condensed set of consolidated financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as endorsed and adopted by the United Kingdom;
- the interim report includes a fair review of the information required by DTR 4.2.7R (being an indication of important events that have occurred during the first six months of the financial year, and their impact on the interim report and a description of the principal risks and uncertainties for the remaining six months of the financial year); and
- the interim report includes a fair review of the information required by DTR 4.2.8R (being disclosure of related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period and any changes in the related party transactions described in the last annual report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year).

By order of the Board,

Steven Kalmin
Chief Financial Officer

4 August 2021

# INDEPENDENT REVIEW REPORT TO GLENCORE PLC

We have been engaged by Glencore plc ("the Company") to review the condensed consolidated interim financial statements in the half-yearly financial report for the six months ended 30 June 2021 (the "2021 Half-Year Report"), which comprises the condensed consolidated statement of income, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and related notes 1 to 28. We have read the other information contained in the 2021 Half-Year Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial statements.

## DIRECTORS' RESPONSIBILITIES

The 2021 Half-Year Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the 2021 Half-Year Report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

The annual financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the United Kingdom and as issued by the International Accounting Standards Board ("IASB"). The condensed consolidated interim financial statements included in the 2021 Half-Year Report have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the United Kingdom.

## OUR RESPONSIBILITY

Our responsibility is to express to the Company a conclusion on the condensed consolidated interim financial statements in the 2021 Half-Year Report based on our review.

## SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial statements in the 2021 Half-Year Report for the six months ended 30 June 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the United Kingdom and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

## USE OF OUR REPORT

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP

Deloitte LLP
Recognised Auditor

London, United Kingdom

4 August 2021

# CONDENSED CONSOLIDATED STATEMENT OF INCOME

**FOR THE SIX MONTHS ENDED 30 JUNE (UNAUDITED)**

| US$ million | Notes | **2021** | 2020 |
|---|---|---|---|
| Revenue | 4 | 93,805 | 70,961 |
| Cost of goods sold | | (89,070) | (69,214) |
| Selling and administrative expenses | | (1,034) | (950) |
| Share of income from associates and joint ventures | 11 | 1,018 | 13 |
| Loss on disposals of non-current assets | 5 | (969) | (5) |
| Other income | 6 | 95 | 144 |
| Other expense | 6 | (377) | (56) |
| Impairments of non-current assets | 7 | (746) | (5,032) |
| Impairments of financial assets | 7 | (116) | (254) |
| Dividend income | 11 | 6 | 12 |
| Interest income | | 54 | 69 |
| Interest expense | | (652) | (863) |
| **Income/(loss) before income taxes** | | **2,014** | **(5,175)** |
| Income tax (expense)/credit | 8 | (1,069) | 657 |
| **Income/(loss) for the period** | | **945** | **(4,518)** |
| | | | |
| **Attributable to:** | | | |
| Non-controlling interests | | (332) | (1,918) |
| Equity holders of the Parent | | 1,277 | (2,600) |
| | | | |
| **Earnings/(loss) per share:** | | | |
| Basic (US$) | 17 | 0.10 | (0.20) |
| Diluted (US$) | 17 | 0.10 | (0.20) |

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

**FOR THE SIX MONTHS ENDED 30 JUNE (UNAUDITED)**

| US$ million | Notes | **2021** | 2020 |
|---|---|---|---|
| Income/(loss) for the period | | 945 | (4,518) |
| **Other comprehensive income/(loss)** | | | |
| Items not to be reclassified to the statement of income in subsequent periods: | | | |
| Defined benefit plan remeasurements, net of tax of $48 million (2020: $28 million) | | 136 | (84) |
| Gain/(loss) on equity investments accounted for at fair value through other comprehensive income | 11 | 19 | (429) |
| Losses due to changes in credit risk on financial liabilities accounted for at fair value through profit and loss | | (18) | (2) |
| **Net items not to be reclassified to the statement of income in subsequent periods** | | **137** | **(515)** |
| Items that have been or may be reclassified to the statement of income in subsequent periods: | | | |
| Exchange gain/(loss) on translation of foreign operations | | 201 | (924) |
| Gain/(loss) on cash flow hedges, net of tax of $Nil (2020: $Nil) | | 14 | (116) |
| Cash flow hedges reclassified to the statement of income, net of tax of $Nil (2020: $3 million) | | (3) | (8) |
| Share of other comprehensive loss from associates and joint ventures | 11 | (7) | (118) |
| **Net items that have been or may be reclassified to the statement of income in subsequent periods** | | **205** | **(1,166)** |
| **Other comprehensive income/(loss)** | | **342** | **(1,681)** |
| **Total comprehensive income/(loss)** | | **1,287** | **(6,199)** |
| **Attributable to:** | | | |
| Non-controlling interests | | (326) | (1,977) |
| Equity holders of the Parent | | 1,613 | (4,222) |

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**AS AT 30 JUNE 2021 AND 31 DECEMBER 2020**

| US$ million | Notes | **2021 (unaudited)** | 2020 (audited) |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 9 | 45,638 | 47,110 |
| Intangible assets | 10 | 6,458 | 6,467 |
| Investments in associates and joint ventures | 11 | 12,474 | 12,400 |
| Other investments | 11 | 1,664 | 1,733 |
| Advances and loans | 12 | 3,766 | 3,042 |
| Other financial assets | 22 | 711 | 1,106 |
| Inventories | 13 | 653 | 678 |
| Deferred tax assets | | 2,099 | 2,252 |
| | | **73,463** | **74,788** |
| **Current assets** | | | |
| Inventories | 13 | 24,756 | 22,852 |
| Accounts receivable | 14 | 18,048 | 15,154 |
| Other financial assets | 22 | 3,038 | 1,998 |
| Income tax receivable | | 312 | 444 |
| Prepaid expenses | | 256 | 220 |
| Cash and cash equivalents | | 2,546 | 1,498 |
| | | **48,956** | **42,166** |
| Assets held for sale | 15 | – | 1,046 |
| | | **48,956** | **43,212** |
| **Total assets** | | **122,419** | **118,000** |
| | | | |
| **Equity and liabilities** | | | |
| **Capital and reserves – attributable to equity holders** | | | |
| Share capital | 16 | 146 | 146 |
| Reserves and retained earnings | | 37,409 | 37,491 |
| | | **37,555** | **37,637** |
| Non-controlling interests | 27 | (2,683) | (3,235) |
| **Total equity** | | **34,872** | **34,402** |
| | | | |
| **Non-current liabilities** | | | |
| Borrowings | 19 | 27,651 | 29,227 |
| Deferred income | | 2,320 | 2,590 |
| Deferred tax liabilities | | 4,721 | 4,721 |
| Other financial liabilities | 22 | 518 | 688 |
| Provisions including post-retirement benefits | | 6,920 | 6,931 |
| | | **42,130** | **44,157** |
| **Current liabilities** | | | |
| Borrowings | 19 | 7,369 | 8,252 |
| Accounts payable | 20 | 29,746 | 24,038 |
| Deferred income | | 979 | 1,070 |
| Provisions | | 756 | 693 |
| Other financial liabilities | 22 | 5,444 | 4,276 |
| Income tax payable | | 1,123 | 927 |
| | | **45,417** | **39,256** |
| Liabilities held for sale | 15 | – | 185 |
| | | **45,417** | **39,441** |
| **Total equity and liabilities** | | **122,419** | **118,000** |

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

**FOR THE SIX MONTHS ENDED 30 JUNE (UNAUDITED)**

| US$ million | Notes | **2021** | 2020 |
|---|---|---|---|
| **Operating activities** | | | |
| Income/(loss) before income taxes | | 2,014 | (5,175) |
| **Adjustments for:** | | | |
| Depreciation and amortisation | | 3,105 | 3,136 |
| Share of income from associates and joint ventures | 11 | (1,018) | (13) |
| Streaming revenue and other non-current provisions | | (37) | (53) |
| Loss on disposals of non-current assets | 5 | 969 | 5 |
| Unrealised mark-to-market movements on other investments | 6 | (69) | (69) |
| Impairments | 7 | 862 | 5,286 |
| Other non-cash items – net[1] | | 757 | 406 |
| Interest expense – net | | 598 | 794 |
| **Cash generated by operating activities before working capital changes** | | **7,181** | **4,317** |
| **Working capital changes** | | | |
| (Increase)/decrease in accounts receivable[2] | | (3,492) | 2,783 |
| (Increase)/decrease in inventories | | (1,824) | 14 |
| Increase/(decrease) in accounts payable[3] | | 4,772 | (6,047) |
| **Total working capital changes** | | **(544)** | **(3,250)** |
| Income taxes paid | | (678) | (631) |
| Interest received | | 46 | 59 |
| Interest paid | | (504) | (661) |
| **Net cash generated/(used) by operating activities** | | **5,501** | **(166)** |
| **Investing activities** | | | |
| Purchase of investments | | (13) | (88) |
| Proceeds from sale of investments | | 174 | 4 |
| Purchase of property, plant and equipment | | (1,546) | (1,551) |
| Proceeds from sale of property, plant and equipment | | 41 | 21 |
| Dividends received from associates and joint ventures | 11 | 950 | 143 |
| **Net cash used by investing activities** | | **(394)** | **(1,471)** |

1 Includes certain non-cash items as disclosed in note 6, share based and deferred remuneration $489 million (2020: $373 million) and inventory net realisable value adjustments $Nil (2020: $32 million).

2 Includes movements in other financial assets, prepaid expenses and long-term advances and loans.

3 Includes movements in other financial liabilities, provisions and deferred income.

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

**FOR THE SIX MONTHS ENDED 30 JUNE (UNAUDITED)**

| US$ million | Notes | **2021** | 2020 |
|---|---|---|---|
| **Financing activities**[1] | | | |
| Proceeds from issuance of capital market notes[2] | | 3,479 | – |
| Repayment of capital market notes | | (985) | (1,095) |
| Repurchase of capital market notes | | (125) | (72) |
| Repayment of revolving credit facility | | (2,009) | (470) |
| Proceeds from other non-current borrowings | | 5 | 33 |
| Repayment of other non-current borrowings | | (385) | (44) |
| Repayment of lease liabilities | | (307) | (208) |
| Margin (payments)/receipts in respect of financing related hedging activities | | (372) | 256 |
| (Repayment of)/proceeds from current borrowings | | (2,991) | 2,643 |
| Proceeds from U.S. commercial papers | | 693 | 359 |
| Acquisition of non-controlling interests in subsidiaries | | – | (39) |
| Return of capital/distributions to non-controlling interests | | (152) | (122) |
| Purchase of own shares | | (131) | – |
| Distributions paid to equity holders of the Parent | 18 | (794) | – |
| **Net cash (used)/generated by financing activities** | | **(4,074)** | **1,241** |
| Increase/(decrease) in cash and cash equivalents | | 1,033 | (396) |
| Effect of foreign exchange rate changes | | 15 | (72) |
| Cash and cash equivalents, beginning of period | | 1,498 | 1,901 |
| **Cash and cash equivalents, end of period** | | **2,546** | **1,433** |
| Cash and cash equivalents reported in the statement of financial position | | **2,546** | **1,425** |
| Cash and cash equivalents attributable to assets held for sale | | **–** | **8** |

1 Refer to note 19 for reconciliation of movement in borrowings.

2 Net of issuance costs relating to capital market notes of $24 million (2020: $Nil).

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES OF EQUITY

**FOR THE SIX MONTHS ENDED 30 JUNE (UNAUDITED)**

| | Retained earnings | Share premium | Other reserves | Own shares | Total reserves and retained earnings | Share capital | Total equity attributable to equity holders | Non-controlling interests (Note 27) | Total equity |
|---|---|---|---|---|---|---|---|---|---|
| **1 January 2020** | **4,742** | **45,794** | **(4,971)** | **(5,437)** | **40,128** | **146** | **40,274** | **(1,038)** | **39,236** |
| Loss for the period | (2,600) | – | – | – | (2,600) | – | (2,600) | (1,918) | (4,518) |
| Other comprehensive loss | (203) | – | (1,419) | – | (1,622) | – | (1,622) | (59) | (1,681) |
| **Total comprehensive loss** | **(2,803)** | **–** | **(1,419)** | **–** | **(4,222)** | **–** | **(4,222)** | **(1,977)** | **(6,199)** |
| Own share disposal[1] | (32) | – | – | 133 | 101 | – | 101 | – | 101 |
| Equity-settled share-based expenses | (64) | – | – | – | (64) | – | (64) | – | (64) |
| Change in ownership interest in subsidiaries[2] | – | – | (20) | – | (20) | – | (20) | (19) | (39) |
| Distributions[4] | – | – | – | – | – | – | – | (122) | (122) |
| **30 June 2020** | **1,843** | **45,794** | **(6,410)** | **(5,304)** | **35,923** | **146** | **36,069** | **(3,156)** | **32,913** |
| | | | | | | | | | |
| **1 January 2021** | **2,849** | **45,794** | **(5,848)** | **(5,304)** | **37,491** | **146** | **37,637** | **(3,234)** | **34,403** |
| Income for the period | 1,277 | – | – | – | 1,277 | – | 1,277 | (332) | 945 |
| Other comprehensive income | 130 | – | 206 | – | 336 | – | 336 | 6 | 342 |
| **Total comprehensive income** | **1,407** | **–** | **206** | **–** | **1,613** | **–** | **1,613** | **(326)** | **1,287** |
| Own share disposal[1] | (78) | – | – | 173 | 95 | – | 95 | – | 95 |
| Own share purchases[1] | – | – | – | (131) | (131) | – | (131) | – | (131) |
| Equity-settled share-based expenses | (90) | – | – | – | (90) | – | (90) | – | (90) |
| Change in ownership interest in subsidiaries[2] | – | – | 31 | – | 31 | – | 31 | 12 | 43 |
| Acquisition/disposal of business[3] | – | – | – | – | – | – | – | 1,017 | 1,017 |
| Distributions[4] | – | (1,600) | – | – | (1,600) | – | (1,600) | (152) | (1,752) |
| **30 June 2021** | **4,088** | **44,194** | **(5,611)** | **(5,262)** | **37,409** | **146** | **37,555** | **(2,683)** | **34,872** |

1 See note 16.
2 See note 27.
3 See note 21.
4 See note 18.

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

## 1. Corporate information

Glencore plc (the "Company", "Parent", the "Group" or "Glencore") is a leading integrated producer and marketer of natural resources, with worldwide activities in the production, refinement, processing, storage, transport and marketing of metals and minerals and energy products. Glencore operates on a global scale, marketing and distributing physical commodities sourced from third party producers and own production to industrial consumers, such as those in the battery, electronic, construction, automotive, steel, energy and oil industries. Glencore also provides financing, logistics and other services to producers and consumers of commodities. In this regard, Glencore seeks to capture value throughout the commodity supply chain. Glencore's long experience as a commodity producer and merchant has allowed it to develop and build upon its expertise in the commodities which it markets and cultivate long-term relationships with a broad supplier and customer base across diverse industries and in multiple geographic regions.

Glencore is a publicly traded limited company incorporated in Jersey and domiciled in Switzerland. Its ordinary shares are traded on the London and Johannesburg stock exchanges.

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2021 were authorised for issue in accordance with a Directors' resolution on 4 August 2021.

## 2. Accounting policies

### BASIS OF PREPARATION

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board (IASB) and interpretations of the IFRS Interpretations Committee (IFRIC), IAS 34 Interim Financial Reporting as adopted by the United Kingdom, and the Disclosure and Transparency Rules of the Financial Conduct Authority effective for Glencore's reporting for the six months ended 30 June 2021. These unaudited condensed consolidated interim financial statements should be read in conjunction with the financial statements and the notes thereto included in the audited 2020 Annual Report of Glencore plc (2020 Annual Report) available at www.glencore.com. These condensed consolidated interim financial statements for the six months ended 30 June 2021 and 2020, and financial information for the year ended 31 December 2020 do not constitute statutory accounts. Certain financial information that is included in the audited annual financial statements but is not required for interim-reporting purposes has been condensed or omitted.

The 2020 Annual Report and audited consolidated financial statements for the year ended 31 December 2020 have been filed with the Jersey Registrar of Companies and the audit report on those consolidated financial statements was not qualified.

The condensed consolidated interim financial statements for the six months ended 30 June 2021 have been prepared on a going concern basis as the Directors believe there are no material uncertainties that lead to significant doubt that the Group can continue as a going concern in the foreseeable future, a period not less than 12 months from the date of this report. The Directors have made this assessment after consideration of the Group's forecast cash flows and related assumptions including appropriate stress testing of the identified uncertainties (being primarily commodity prices and currency exchange rates) and access to undrawn credit facilities and monitoring of debt maturities.

All amounts are expressed in millions of United States Dollars, unless otherwise stated, consistent with the predominant functional currency of Glencore's operations.

The impact of seasonality or cyclicality on operations is not regarded as significant to the unaudited condensed consolidated interim financial statements.

### ADOPTION OF NEW AND REVISED STANDARDS

These unaudited condensed consolidated interim financial statements are prepared using the same accounting policies as applied in the audited 2020 Annual Report, except for the adoption of a number of clarification revisions to existing accounting pronouncements that became effective as of 1 January 2021 and have been adopted by the Group.

#### (i) Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments introduce a practical expedient for modifications required by the reform, provide an exception that hedge accounting is not discontinued solely because of the IBOR reform, and introduces disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBOR's to alternative benchmark rates, and how the entity is managing this transition.

## 2. Accounting policies continued

### KEY JUDGEMENTS AND ESTIMATES

The critical accounting judgements and key sources of estimation uncertainty for the period ended 30 June 2021 are the same as those disclosed in the 2020 Annual report, and changes in these judgements and estimates and their impact on these interim financial statements are as noted below:

- Determination of control of subsidiaries and joint arrangements - see note 21;
- Classification of transactions which contain a financing element - see note 20;
- Critical judgement related to investigations by regulatory and enforcement authorities – see note 25;
- Recognition of deferred tax assets and uncertain tax positions - see note 8;
- Impairment and impairment reversals - see note 7;
- Restoration, rehabilitation and decommissioning – no significant change in estimates over the period;
- Fair value measurements – see notes 22 and 23; and
- Retirement benefits – no significant change in estimates over the period.

## 3. Segment information

Glencore is organised and operates on a worldwide basis in two core business segments – Marketing activities and Industrial activities, reflecting the reporting lines and structure used by Glencore's Management to allocate resources and assess the performance of Glencore.

The business segments' contributions to the Group are primarily derived from a) the net margin or premium earned from physical Marketing activities (net sale and purchase of physical commodities) and the provision of marketing and related value-add services and b) the net margin earned from Industrial asset activities (resulting from the sale of physical commodities over the cost of production and/or cost of sales). The marketing related operating segments have been aggregated under the Marketing reportable segment as their economic characteristics (historic and expected long-term Adjusted EBITDA margins and the nature of the marketing services provided) are similar. The industrial related operating segments have been aggregated under the Industrial reportable segment as the core activities (extracting raw material and / or processing it further into saleable product, as required, and then selling it at prevailing market prices), the exposure to long-term economic risks (price movements, technology, sovereign and production substitution) and the longer-term average Adjusted EBITDA margins are similar. The economic and operational characteristics of our coal operating and commercial units are not expected to change in the foreseeable future and continue to be included within the industrial assets and marketing reporting segments respectively.

Corporate and other: consolidated statement of income amount represents Group related income and expenses (including share of Viterra earnings and certain variable bonus charges). Statement of financial position amounts represent Group related balances.

The financial performance of the operating segments is principally evaluated by management with reference to Adjusted EBIT/EBITDA. Adjusted EBIT is the net result of segmental revenue (revenue including Proportionate adjustments as defined in the Alternative performance measure section) less cost of goods sold and selling and administrative expenses plus share of income from associates and joint ventures, dividend income and the attributable share of Adjusted EBIT of relevant material associates and joint ventures, which are accounted for internally by means of proportionate consolidation, excluding significant items. Adjusted EBITDA consists of Adjusted EBIT plus depreciation and amortisation, including the related Proportionate adjustments. In addition, Volcan, while a subsidiary of the Group, is accounted for under the equity method for internal reporting and analysis due to the relatively low economic ownership held by the Group.

The accounting policies of the operating segments are the same as those described in note 2 with the exception of relevant material associates, the Collahuasi joint venture and Volcan. Under IAS 28 and IFRS 11, Glencore's investments in the Antamina copper/zinc mine (34% owned) and the Cerrejón coal mine (33% owned) are considered to be associates as they are not subject to joint control and the Collahuasi copper mine (44% owned) is considered to be a joint venture. Associates and joint ventures are required to be accounted for in Glencore's financial statements under the equity method. For internal reporting and analysis, Glencore evaluates the performance of these investments under the proportionate consolidation method, reflecting Glencore's proportionate share of the revenues, expenses, assets and liabilities of the investments. For internal reporting and analysis, management evaluates the performance of Volcan under the equity method, reflecting the Group's relatively low 23.3% economic ownership in this fully ring-fenced listed entity, with its stand-alone, independent and separate capital structure. The balances as presented for internal reporting purposes are reconciled to Glencore's statutory disclosures in the following tables and/or in the Alternative performance measures section.

## 3. Segment information continued

Glencore accounts for intra-segment sales and transfers where applicable as if the sales or transfers were to third parties, i.e. at arm's length commercial terms.

**Six months ended 30 June 2021**

| US$ million | Marketing activities | Industrial activities | Inter-segment eliminations | Total |
|---|---|---|---|---|
| **Revenue** | | | | |
| Metals and minerals | 36,956 | 20,328 | (14,109) | 43,175 |
| Energy products | 46,963 | 7,344 | (1,784) | 52,523 |
| Corporate and other | – | 3 | – | 3 |
| **Revenue – segmental** | **83,919** | **27,675** | **(15,893)** | **95,701** |
| Proportionate adjustment – revenue[1] | – | (1,896) | – | (1,896) |
| **Revenue – reported measure** | **83,919** | **25,779** | **(15,893)** | **93,805** |
| **Metals and minerals** | | | | |
| Adjusted EBITDA | 1,232 | 5,891 | – | 7,123 |
| Depreciation and amortisation | (47) | (1,785) | – | (1,832) |
| Proportionate adjustment – depreciation[1] | – | (201) | – | (201) |
| **Adjusted EBIT** | **1,185** | **3,905** | **–** | **5,090** |
| **Energy products** | | | | |
| Adjusted EBITDA | 875 | 1,091 | – | 1,966 |
| Depreciation and amortisation | (203) | (1,061) | – | (1,264) |
| Proportionate adjustment – depreciation[1] | – | (43) | – | (43) |
| **Adjusted EBIT** | **672** | **(13)** | **–** | **659** |
| **Corporate and other** | | | | |
| Adjusted EBITDA[2] | (62) | (373) | – | (435) |
| Depreciation and amortisation | – | (9) | – | (9) |
| **Adjusted EBIT** | **(62)** | **(382)** | **–** | **(444)** |
| **Total Adjusted EBITDA** | **2,045** | **6,609** | **–** | **8,654** |
| Total depreciation and amortisation | (250) | (2,855) | – | (3,105) |
| Total depreciation proportionate adjustment | – | (244) | – | (244) |
| **Total Adjusted EBIT** | **1,795** | **3,510** | **–** | **5,305** |
| Share of associates' significant items[1,3] | | | | (11) |
| Movement in unrealised inter-segment profit elimination adjustments[4] | | | | (83) |
| Gain on disposals of non-current assets | | | | (969) |
| Other income/(expense) – net | | | | (282) |
| Impairments | | | | (862) |
| Interest expense – net | | | | (598) |
| Income tax expense | | | | (1,069) |
| Proportionate adjustment – net finance, impairment and income tax expense[1] | | | | (486) |
| **Income for the period** | | | | **945** |
| **Capital expenditure** | | | | |
| Metals and minerals | 117 | 1,482 | – | 1,599 |
| Energy products | 549 | 346 | – | 895 |
| Corporate and other | – | 15 | – | 15 |
| **Capital expenditure – segmental (30 June 2021)** | **666** | **1,843** | **–** | **2,509** |
| Proportionate adjustment – capital expenditure[1] | – | (259) | – | (259) |
| **Capital expenditure – reported measure[5] (30 June 2021)** | **666** | **1,584** | **–** | **2,250** |

| US$ million | Marketing activities | Industrial activities | Corporate and other | **Total** |
|---|---|---|---|---|
| **Total assets (as at 30 June 2021)** | **47,706** | **70,034** | **4,679** | **122,419** |

1 Refer to APMs section for definition.

2 Marketing activities include $196 million of Glencore's equity accounted share of Viterra.

3 Share of associates' significant items comprise Glencore's share of significant charges relating to impairments and other items booked directly by our associates, notably Trevali ($11 million).

4 Represents the required adjustment to eliminate unrealised profit or losses arising on inter-segment transactions, i.e. before ultimate sale to a third party. For Glencore, such adjustments arise on the sale of product, in the ordinary course of business, from its Industrial to Marketing operations. Management assesses segment performance prior to any such adjustments, as if the sales were to third parties.

5 Includes $704 million ($547 million in Marketing activities and $157 million in Industrial activities) of 'right-of-use assets' capitalised in accordance with IFRS 16 – Leases.

## 3. Segment information continued

**Six months ended 30 June 2020**

| US$ million | Marketing activities | Industrial activities | Inter-segment eliminations | **Total** |
|---|---|---|---|---|
| Revenue | | | | |
| Metals and minerals | 25,813 | 11,912 | (7,100) | 30,625 |
| Energy products | 36,218 | 6,031 | (933) | 41,316 |
| Corporate and other | – | 2 | – | 2 |
| **Revenue – segmental** | **62,031** | **17,945** | **(8,033)** | **71,943** |
| Proportionate adjustment – revenue[1] | – | (982) | – | (982) |
| **Revenue – reported measure** | **62,031** | **16,963** | **(8,033)** | **70,961** |
| **Metals and minerals** | | | | |
| Adjusted EBITDA | 852 | 2,167 | – | 3,019 |
| Depreciation and amortisation | (66) | (1,828) | – | (1,894) |
| Proportionate adjustment – depreciation[1] | – | (158) | – | (158) |
| **Adjusted EBIT** | **786** | **181** | **–** | **967** |
| **Energy products** | | | | |
| Adjusted EBITDA | 1,399 | 742 | – | 2,141 |
| Depreciation and amortisation | (134) | (1,094) | – | (1,228) |
| Proportionate adjustment – depreciation[1] | – | (67) | – | (67) |
| **Adjusted EBIT** | **1,265** | **(419)** | **–** | **846** |
| **Corporate and other** | | | | |
| Adjusted EBITDA[2] | (36) | (291) | – | (327) |
| Depreciation and amortisation | – | (14) | – | (14) |
| **Adjusted EBIT** | **(36)** | **(305)** | **–** | **(341)** |
| **Total Adjusted EBITDA** | **2,215** | **2,618** | **–** | **4,833** |
| Total depreciation and amortisation | (200) | (2,936) | – | (3,136) |
| Total depreciation proportionate adjustment | – | (225) | – | (225) |
| **Total Adjusted EBIT** | **2,015** | **(543)** | **–** | **1,472** |
| Share of associates' significant items[1,3] | | | | (83) |
| Movement in unrealised inter-segment profit elimination adjustments[4] | | | | (85) |
| Loss on disposals of non-current assets | | | | (5) |
| Other income/(expense) – net | | | | 88 |
| Impairments | | | | (5,286) |
| Interest expense – net | | | | (794) |
| Income tax credit | | | | 657 |
| Proportionate adjustment – net finance and income tax expense[1] | | | | (482) |
| **Loss for the period** | | | | **(4,518)** |
| **Capital expenditure** | | | | |
| Metals and minerals | 30 | 1,277 | – | 1,307 |
| Energy products | 444 | 461 | – | 905 |
| Corporate and other[1] | – | 39 | – | 39 |
| **Capital expenditure – segmental (30 June 2020)** | **474** | **1,777** | **–** | **2,251** |
| Proportionate adjustment – capital expenditure[1] | – | (182) | – | (182) |
| **Capital expenditure – reported measure[5] (30 June 2020)** | **474** | **1,595** | **–** | **2,069** |

| US$ million | Marketing activities | Industrial activities | Corporate and other | **Total** |
|---|---|---|---|---|
| **Total assets (as at 30 June 2020)** | **38,090** | **70,700** | **3,162** | **111,952** |

1 Refer to APMs section for definition.
2 Marketing activities include $118 million of Glencore's equity accounted share of Viterra.
3 Share of associates' significant items comprise Glencore's share of significant charges relating to impairments and other items booked directly by various associates, notably Trevali ($36 million) and HG Storage ($18 million).
4 Represents the required adjustment to eliminate unrealised profit or losses arising on inter-segment transactions, i.e. before ultimate sale to a third party. For Glencore, such adjustments arise on the sale of product, in the ordinary course of business, from its Industrial to Marketing operations. Management assesses segment performance prior to any such adjustments, as if the sales were to third parties.
5 Includes $518 million ($445 million in Marketing activities and $73 million in Industrial activities) of 'right-of-use assets' capitalised in accordance with IFRS 16 – Leases.

## 4. Revenue

| US$ million | **H1 2021** | H1 2020 |
|---|---|---|
| Sale of commodities | 92,568 | 69,264 |
| Freight, storage and other services | 1,237 | 1,697 |
| **Total** | **93,805** | **70,961** |

Revenue is derived principally from the sale of commodities, recognised once control of the goods has transferred from Glencore to the buyer. Revenue from sale of commodities includes $890 million (2020: $240 million) of mark-to-market related adjustments on provisionally priced sales arrangements. Revenue derived from freight, storage and other services is recognised over time as the service is rendered. Revenue is measured based on consideration specified in the contract with the customer and is presented net of amounts prepaid as incentives and/or rebates paid to customers, and excludes amounts collected on behalf of third parties. This is consistent with the revenue information disclosed for each reportable segment (see note 3).

## 5. Loss on disposals of non-current assets

| US$ million | | **H1 2021** | H1 2020 |
|---|---|---|---|
| Derecognition of non-controlling interest on disposal of Mopani | 21 | (1,022) | – |
| Net gain on sale of other investments/operations | | 50 | 2 |
| Gain/(loss) on disposal of property, plant and equipment | | 3 | (7) |
| **Total** | | **(969)** | **(5)** |

### DISPOSAL OF MOPANI

On 31 March 2021, Glencore completed the disposal of its 90% interest in Mopani to ZCCM Investments Holdings plc. The net loss on disposal reflects the derecognition to the statement of income of the previously recognised book value of the non-controlling interest equity balance, which largely related to the non-controlling interests' share of historical impairments and losses, and net liabilities in Mopani (see note 21).

## 6. Other income/(expense) – net

| US$ million | **H1 2021** | H1 2020 |
|---|---|---|
| Net foreign exchange gains | – | 59 |
| Net changes in mark-to-market valuations on investments | 69 | 69 |
| Other income – net | 26 | 16 |
| **Total other income** | **95** | **144** |
| Net foreign exchange losses | (161) | – |
| Legal related costs | (216) | (56) |
| **Total other expenses** | **(377)** | **(56)** |
| **Total other (expense)/income – net** | **(282)** | **88** |

Together with foreign exchange movements and mark-to-market movements on investments, other net income/(expenses) includes other items that, due to their nature and variable financial impact or infrequency of the events giving rise to these items, are reported separately from operating segment results.

### NET CHANGES IN MARK-TO-MARKET VALUATIONS ON INVESTMENTS

Primarily relates to movements on interests in investments (see note 11), the ARM Coal non-discretionary dividend obligation (see note 23) and deferred consideration related to Mototolo stake sale in 2018 (see notes 12 and 14), all carried at fair value.

### LEGAL RELATED COSTS

Comprises various investigations (legal, expert and compliance) related costs and associated costs for on-going legal matters of $216 million (2020: $56 million)(see note 25).

## 7. Impairments

| US$ million | Notes | **H1 2021** | H1 2020 |
|---|---|---|---|
| Property, plant and equipment and intangible assets | 9 | (645) | (4,943) |
| Investments | 11 | – | (89) |
| Advances and loans - current and non-current | | (116) | (254) |
| VAT receivable - non-current | | (101) | – |
| **Total impairments[1]** | | **(862)** | **(5,286)** |

1 Impairments recognised during the period are allocated to Glencore's operating segments as follows: Marketing activities $116 million (2020: $190 million) and Industrial activities $746 million (2020: $5,096 million).

As part of a regular portfolio review, Glencore carries out an assessment of whether there are indicators of cash-generating unit (CGU) or asset impairments or whether a previously recorded impairment may no longer be required.

The recoverable amounts of the property, plant and equipment and intangible assets were measured based on fair value less costs of disposal (FVLCD), or in certain cases value in use (VIU). In particular, market pressure relating to investment in coal mining operations has impacted the availability of an active market for acquiring such operations, and thus the recoverable amounts of our Coal CGUs have been measured using a VIU approach. The FVLCD or VIU of all CGUs are determined by discounted cash flow techniques based on the most recent approved financial budgets, underpinned and supported by the life of asset plans of the respective operations. The valuation models use a combination of internal sources and those inputs available to a market participant, which comprise the most recent reserve and resource estimates, relevant cost assumptions and where possible, market forecasts of commodity price and foreign exchange rate assumptions, discounted using operation specific post-tax real discount rates (unless otherwise indicated) ranging from 6.5% – 13.5% (2020: 6.1% – 11.4%). The valuations generally remain most sensitive to price and a deterioration / improvement in the pricing outlook may result in additional impairments/reversals. The determination of FVLCD uses Level 3 valuation techniques for both years. In providing sensitivity analysis (and particularly on commodity price assumptions), a 10% change, representing a typical deviation parameter common in the industry, has been provided. Where a higher percentage is reasonably possible on an operational assumption, that has been clearly identified.

As a result of the regular impairment assessment, the following significant impairment charges were recognised:

### 2021

### Property, plant and equipment and intangible assets

- During the period, Koniambo incurred failures at its power plant and in April, suffered a slag leak in line 2 of its metallurgical plant, resulting in a suspension of production. Extensive investigation into the cause of the leak is on-going. In the meantime, it has been determined to target lower throughput, revise certain grade and process recovery assumptions and increase the frequency of major maintenance shut-downs, with the intention of delivering more sustainable long-term operations. These revised changes in volume and cost assumptions and the emergence of higher discounts on non-battery application nickel relative to the LME nickel benchmark price result in a reduction of Koniambo's estimated recoverable value (Industrial activities segment) to $1,069 million and an impairment of $625 million. The valuation assumed a long-term realised nickel price of approximately $14,000/t and an operation specific discount rate of 9.4%. Further revisions to the operating plans are possible. A 10% reduction in the long-term realised nickel price could result in an additional impairment of $520 million. A 10% reduction in estimated annual production over the life of mine could result in an additional impairment of $675 million.
- The balance of the impairment charges on property, plant and equipment (none of which were individually material) relate to specific assets where utilisation is no longer required or to projects no longer progressed due to changes in production and development plans. As a result, the full carrying amount of these assets/projects was impaired, with $20 million recognised in our Industrial activities segment.

### Advances and loans – current and non-current

In H1 2021, net impairment charges on advances and loans of $116 million were recognised in our Marketing activities segment, comprising $152 million of impairment charges, net of $36 million of impairment reversals, following the restructuring of certain loans and physical advances due to various non-performance factors.

## VAT receivable – non-current

As a result of continued challenge and non-performance by certain government authorities in settling long outstanding VAT claims, a provision of $101 million was recognised in our Industrial activities segment.

## Estimation uncertainty – impairments and impairment reversals, CGUs with limited headroom

As disclosed in our 2020 Annual Report, key sources of estimation uncertainty are the estimates used to determine impairments or impairment reversals (particularly commodity price estimates). The Group assessed impairment and impairment reserval indicators as at 30 June 2021, and except for those CGUs noted above, none were identified. However, for certain CGUs where no impairment was recognised, should there be a significant deterioration in the key assumptions (mainly price curves and annual production over the life of mine), a material impairment could result in the next financial year. The sensitivities as disclosed in note 1 and note 6 of the 2020 Annual Report continue to remain appropriate.

## 7. Impairments continued

### 2020

### Property, plant and equipment and intangible assets

- Volcan is a listed zinc / silver mining entity in Peru, in which the Group acquired a 63% controlling (23% economic) interest at the end of 2017 (Industrial activities segment). The operations primarily comprise two cash-generating units (Yauli and Chungar) and at the time of the acquisition, approximately one third of the value was ascribed to realising the future potential of various projects / resources. Due to the impact Covid-19 had on the long-term outlook of the global economy a review of the life of mine plan and related expansion projects was carried out in Q2 2020. It was determined that the related risk / confidence levels in deploying capital to longer-term greenfield projects and the probability of approving development and realisation of these projects had reduced. This, along with the shift in long-term zinc pricing, led to an impairment of $2,285 million (and related deferred tax obligations of $716 million were released) to its estimated recoverable value of $1,383 million. The valuation assumed a long-term zinc and silver price of $2,400/t and $20.00/lb, respectively and an operation specific discount rate of 9.2%. As at 30 June 2020, had the zinc and silver price assumptions fallen by 10% (across the curve), a further impairment of $320 million would have been recognised. A 10% reduction in estimated annual production over the life of mine would have resulted in an additional impairment of $540 million.
- As a result of persistent operational challenges, further technical analysis resulting in a reduced life of mine forecast, delays in key development projects and cost increases owing to inflation, tax and other regulatory pressures, a decision was made, in Q2 2020, to place the Mopani copper operations in Zambia (Industrial activities segment) on care and maintenance subject to government approval. As a consequence of the operational, technical and cost factors, the Mopani operations were impaired in H1 2020 by $1,144 million, to their estimated recoverable value of $704 million, including tax receivables. In January 2021, an agreement was reached to sell Mopani to ZCCM (see note 15).
- During H1 2020, pressure on the API 2 European coal market (primary price reference market for our Colombian coal operations) increased as European economies continue to shift to a decarbonised environment, exacerbated by the significant drop in oil and gas prices (supply and demand factors). A review of Prodeco's operations determined that, in addition to a deteriorating market environment, there were increasing challenges with respect to obtaining several key approvals from government agencies and other key stakeholders. In Q2 2020, an application was therefore made to place Prodeco operations on extended care and maintenance until these conditions improve. Consequently, the Prodeco operations (Industrial activities segment) were impaired, at 30 June 2020, by $710 million (property, plant and equipment - $664 million and non-current advances and loans - $46 million) to its estimated recoverable amount of $354 million, which principally represents the balance of inventory on hand to be liquidated in H2 2020 plus an assessed $0.40/tonne base value for the remaining exploitable coal measured and indicated resources amounting to $133 million. In Q4 2020 following the decision to return the licenses, an additional impairment of $125 million was recognised, representing the balance of the carrying value at that time.
- As noted above, oil prices were significantly impacted by demand destruction from Covid-19 and the lack of timely effective supply response from OPEC+ and the longer term outlook for oil prices also deteriorated due to updated expectations surrounding decarbonisation. In addition, Covid-19 disrupted and restricted international mobility, which had a particularly significant impact on our workforce arrangements in Chad, resulting in these fields being placed on care and maintenance in March. As a result, in Q2 2020, the Chad oil operations (Industrial activities segment) were impaired by $673 million to its estimated recoverable amount of $145 million. The valuation remains sensitive to Covid-19 related disruptions on international mobility and a timely restart of the operations in a safe and economic manner. Should such restart have been prolonged for an extended period of time, an additional future impairment could result.
- In June 2020, it was determined to keep the Lydenburg chrome smelter on care and maintenance. This decision reflected the challenging operating and market environment across the South African ferrochrome industry, including unsustainably increasing electricity tariffs / supply interruption and other sources of real cost inflation. These macro factors outweigh the significant efforts made over the past years to make the operation more competitive, rendering its estimated fair value as negative. As a result, the entire carrying value of the Lydenburg smelter ($116 million) was impaired.
- The balance of the impairment charges on property, plant and equipment (none of which were individually material) relate to specific assets where utilisation is no longer required or to projects no longer progressed due to changes in production and development plans. As a result, the full carrying amount of these asses/projects was impaired, with $61 million recognised in our Industrial activities segment.

### Advances and loans – current and non-current

In H1 2020, loans of $103 million were impaired in full due to financial difficulties faced by one of the Group's associates (Marketing activities segment). The balance of the impairment charges on advances and loans (none of which were individually material) were recognised in our Marketing activities segment ($87 million) and our Industrial activities segment ($64 million), following the restructuring of certain loans and physical advances due to various non-performance factors.

## 8. Income taxes

Income taxes consist of the following:

| US$ million | H1 2021 | H1 2020 |
|---|---|---|
| Current income tax expense | (897) | (389) |
| Adjustments in respect of prior year current income tax | (77) | 40 |
| Deferred income tax (expense)/credit | (81) | 996 |
| Adjustments in respect of prior year deferred income tax | (14) | 10 |
| **Total tax (expense)/credit reported in the statement of income** | **(1,069)** | **657** |
| Deferred income tax (expense)/credit recognised directly in other comprehensive income | (48) | 31 |
| **Total tax (expense)/credit recognised directly in other comprehensive income** | **(48)** | **31** |

The effective Group tax rate is different from the statutory Swiss income tax rate applicable to the Company for the following reasons:

| US$ million | H1 2021 | H1 2020 |
|---|---|---|
| Income/(loss) before income taxes | 2,014 | (5,175) |
| Less: Share of income from associates and joint ventures | (1,018) | (13) |
| **Parent Company's and subsidiaries' income/(loss) before income tax and attribution** | **996** | **(5,188)** |
| Income tax (expense)/credit calculated at the Swiss income tax rate of 12% (2020: 12%) | (120) | 623 |
| Tax effects of: | | |
| Different tax rates from the standard Swiss income tax rate ($458 million (2020: $378 million) from recurring and $Nil (2020: $719 million) from non-recurring items) | (458) | 1,097 |
| Tax-exempt income ($239 million (2020: $99 million) from recurring items and $42 million (2020: $5 million) from non-recurring items) | 281 | 104 |
| Items not tax deductible ($391 million (2020: $431 million) from recurring items and $376 million (2020: $256 million) from non-recurring items) | (767) | (687) |
| Foreign exchange fluctuations | 19 | (64) |
| Changes in tax rates | 12 | 14 |
| Utilisation and changes in recognition of tax losses and temporary differences | 57 | (343) |
| Tax losses not recognised | (2) | (127) |
| Adjustments in respect of prior years | (91) | 40 |
| **Income tax (expense)/credit** | **(1,069)** | **657** |

The non-tax deductible items of $767 million (2020: $687 million) primarily relate to financing costs, impairments and various other expenses. The impact of tax-exempt income of $281 million (2020: $104 million) primarily relates to non-taxable intra-group dividends, income that is not effectively connected to the taxable jurisdiction, and various other items.

The tax impact of foreign exchange fluctuations relates to the foreign currency movements on deferred tax balances where the underlying tax balances are denominated in a currency different to the functional currency determined for accounting purposes.

## INCOME TAX RECEIVABLE / PAYABLE

| US$ million | **2021** | 2020 |
|---|---|---|
| Income tax receivable | 312 | 444 |
| Income tax payable | (1,123) | (927) |
| **Net income tax payable** | **(811)** | **(483)** |

## INCOME TAX JUDGEMENTS AND UNCERTAIN TAX LIABILITIES

Glencore assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. For those matters where it is probable that an adjustment will be made, the Group records its reasoned estimate of these tax liabilities, including related interest charges. These current open tax matters are spread across numerous jurisdictions and consist primarily of legacy transfer pricing matters that have been open for a number of years and may take several more years to resolve. In recognising a provision for these taxation exposures, consideration was given to the range of possible outcomes to determine the Group's best estimate of the amount to provide. As at 30 June 2021, the Group has recognised $752 million (2020: $1,189 million) of uncertain tax liabilities related to possible adverse outcomes of these open matters, of which, $258 million (2020: $579 million) has been recognised net of deferred tax assets, with the balance of $494 million (2020: $610 million) recognised as an income tax payable. The change in the total uncertain tax position during the period reflects the outcome of certain settlements and court rulings.

## 8. Income taxes continued

### Cobar Tax Audit

In May 2021, the High Court in Australia up-held the previous favourable rulings from the lower courts on a transfer pricing dispute covering the years 2007-2009 and as a result, provisions related to this matter were released.

### UK Tax Audit

In previous periods, HMRC have issued formal transfer pricing, unallowable purposes and diverted profits tax assessments for the 2008-2018 tax years, amounting to $837 million. The Group has appealed against, and continues to vigorously contest, these assessments, following, over the years, various legal opinions received and detailed analysis conducted, supporting its positions and policies applied. Therefore, the Group has not fully provided for the amount assessed. The matter is now proceeding through the Mutual Agreement Process, pursuant to article 24 of the Switzerland – United Kingdom Income Tax Treaty 1977. Management does not anticipate a significant risk of material changes in estimates in this matter over the following 12 months.

### DRC Tax Audit

In 2020, various tax authorities in the DRC issued assessments denying financing related costs and other items, along with customs related claims for alleged non-compliance or incorrect coding on certain filings. The Group has engaged with the tax authorities through a dispute resolution process and has resolved certain of the assessments that have been recognised in the financial statements as current income tax expenses and deferred income tax credits. There are other assessments in respect of which the discussions are ongoing. As the dispute resolution process is ongoing and its ultimate outcome remains uncertain, there remains a risk that the outcome could materially impact the recognised balances within the next financial year. It is impractical to provide further sensitivity estimates of potential downside variances.

## 9. Property, plant and equipment

| US$ million | Notes | Freehold land and buildings | Plant and equipment | Right-of-use assets[1] | Mineral and petroleum rights | Exploration and evaluation | Deferred mining costs | **Total** |
|---|---|---|---|---|---|---|---|---|
| **Net book value:** | | | | | | | | |
| 1 January 2021 | | 3,950 | 19,076 | 1,572 | 15,657 | 90 | 6,765 | 47,110 |
| Additions | | 81 | 1,198 | 704 | 31 | – | 231 | 2,245 |
| Disposals | | – | (37) | (82) | (1) | – | – | (120) |
| Depreciation | | (173) | (1,262) | (304) | (667) | – | (633) | (3,039) |
| Impairment | 7 | – | (247) | – | (335) | – | (63) | (645) |
| Effect of foreign currency exchange movements | | 3 | 38 | (1) | 41 | – | 10 | 91 |
| Other movements | | 275 | (443) | 7 | 72 | – | 85 | (4) |
| **Net book value 30 June 2021** | | **4,136** | **18,323** | **1,896** | **14,798** | **90** | **6,395** | **45,638** |

1 Net book value of recognised right-of-use assets relates to land and buildings ($601 million) and plant and equipment ($1,295 million).

During the period ended 30 June 2020, Glencore added property, plant and equipment with a cost of $2,065 million and disposed of property, plant and equipment with net book value of $108 million.

## 10. Intangible assets

| US$ million | Goodwill | Port allocation rights | Licences, trademarks and software | Customer relationships and other | **Total** |
|---|---|---|---|---|---|
| **Net book value:** | | | | | |
| 1 January 2021 | 5,000 | 1,065 | 243 | 159 | 6,467 |
| Additions | – | – | 2 | 3 | 5 |
| Amortisation | – | (30) | (18) | (18) | (66) |
| Effect of foreign currency exchange movements | – | 25 | 2 | 4 | 31 |
| Other movements | – | – | 12 | 9 | 21 |
| **Net book value 30 June 2021** | **5,000** | **1,060** | **241** | **157** | **6,458** |

## 11. Investments in associates, joint ventures and other investments

### INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

| US$ million | **2021** |
|---|---|
| 1 January 2021 | 12,400 |
| Additions | 13 |
| Disposals | (3) |
| Share of income from associates and joint ventures | 1,018 |
| Share of other comprehensive income from associates and joint ventures | (7) |
| Dividends received | (950) |
| Other movements | 3 |
| **30 June 2021** | **12,474** |
| Of which: | |
| Investments in associates | 5,890 |
| Investments in joint ventures | 6,584 |

As at 30 June 2021, the carrying value of our listed associates is $377 million (2020: $508 million), mainly comprising Century Aluminum and PT CITA, which have carrying values of $151 million (2020: $261 million) and $163 million (2020: $170 million), respectively. The fair value of our listed associates, using published price quotations (a Level 1 fair value measurement) is $791 million (2020: $737 million). As at 30 June 2021, $177 million (2020: $111 million) of the carrying amount of Glencore's investment in Century Aluminium was pledged under a loan facility, with proceeds received and recognised in current borrowings of $100 million (2020: $100 million).

### OTHER INVESTMENTS

| US$ million | **as at 30.06.2021** | as at 31.12.2020 |
|---|---|---|
| **Fair value through other comprehensive income**[1] | | |
| EN+ Group | 728 | 701 |
| OAO NK Russneft[2] | 221 | 309 |
| Yancoal | 123 | 164 |
| OSJC Rosneft | 474 | 357 |
| Other | 118 | 116 |
| | 1,664 | 1,647 |
| **Fair value through profit and loss** | | |
| Century Aluminum Company cash-settled equity swaps[3] | – | 49 |
| Champion Iron Ore Limited share warrants[3] | – | 37 |
| | – | 86 |
| **Total** | **1,664** | **1,733** |

1 Fair value through other comprehensive income includes net disposals of $2 million for the period.
2 Glencore's investment in OAO NK Russneft is pledged under a loan facility issued to OAO NK Russneft.
3 During the period, the swaps were settled and warrants were exercised.

Although Glencore holds a 25% interest in Russneft, it does not exercise significant influence over its financial and operating policy decisions.

Dividend income from equity investments designated as at fair value through other comprehensive income amounted to $6 million for the period ended 30 June 2021 (2020: $12 million).

## 12. Advances and loans

| US$ million | Notes | **as at 30.06.2021** | as at 31.12.2020 |
|---|---|---|---|
| **Financial assets at amortised cost** | | | |
| Loans to associates | | 206 | 246 |
| Other non-current receivables and loans | | 512 | 600 |
| Rehabilitation trust fund | | 157 | 148 |
| **Financial assets at fair value through profit and loss** | | | |
| Other non-current receivables and loans | 22 | 84 | 102 |
| Deferred consideration | 22 | 169 | 302 |
| **Non-financial instruments** | | | |
| Pension surpluses | | 96 | 40 |
| Advances repayable with product[1] | | 1,773 | 1,334 |
| Land rights prepayment | | 150 | 150 |
| Other tax and related non-current receivables[2] | | 619 | 120 |
| **Total** | | **3,766** | **3,042** |

1 Net of $1,294 million (2020: $1,534 million) provided by various banks, the repayment terms of which are contingent upon and connected to the future delivery of contractual production.

2 As a result of continued challenge and non-performance by certain government authorities in settling long outstanding VAT claims, certain VAT receivable balances amounting to $482 million were reclassified to non-current during the period (see note 7).

### Loss allowances of financial assets at amortised cost

The Group determines the expected credit loss of loans to associates and other non-current receivables and loans (at amortised cost) based on different scenarios of probability of default and expected loss applicable to each of the material underlying balances. Expected credit losses for these assets are measured as either 12-month expected credit losses, taking into account prior experience regarding probability of default adjusted for forward looking information, or as lifetime expected credit losses (when there is significant increase in credit risk or the asset is credit-impaired). The gross carrying value of other non-current receivables and loans measured as 12-month expected credit losses was $493 million (2020: $626 million) and as lifetime expected credit losses $297 million (2020: $314 million), the expected credit losses on which were $Nil (2020: $37 million) and $278 million (2020: $303 million) respectively. The movement in loss allowance for financial assets classified at amortised cost is detailed below:

| US$ million | Loans to associates | Other non-current receivables and loans | **Total** |
|---|---|---|---|
| Gross carrying value 30 June 2021 | 268 | 790 | **1,058** |
| **Loss allowances** | | | |
| 1 January 2021 | 62 | 340 | 402 |
| Released during the period[1] | – | (66) | (66) |
| Charged during the period[1] | – | 11 | 11 |
| Reclassifications | – | (7) | (7) |
| 30 June 2021 | 62 | 278 | **340** |
| **Net carrying value 30 June 2021** | **206** | **512** | **718** |

1 $22 million recognised as a reversal of impairment (see note 7) and the balancing net credit of $33 million recognised in cost of goods sold.

### ADVANCES REPAYABLE WITH PRODUCT

On 31 March 2021, Glencore completed the disposal of its 90% interest in Mopani to ZCCM Investments Holdings plc, the holder of the remaining 10% interest in Mopani, in exchange for $1 and the rights to offtake copper and other metals from Mopani until
$1.5 billion of existing intercompany debt (the "transaction debt") has been repaid to Glencore. The transaction debt attracts interest at LIBOR (3 months) plus 3%. The repayment of the transaction debt is in substance based on Glencore receiving physical product deliveries from Mopani through its offtake rights and retaining defined percentages of Mopani's annual gross revenues until the transaction debt is fully repaid. On the date of completion, the fair value of the transaction debt was determined to be $838 million (see note 21). As at 30 June 2021, $831 million of debt is outstanding, of which $826 million is due after 12 months and is presented above and $5 million is due within 12 months and is included in Accounts receivable.

## 13. Inventories

### CURRENT INVENTORY

Inventories of $24,756 million (2020: $22,852 million) comprise $13,445 million (2020: $12,260 million) of inventories carried at fair value less costs of disposal and $11,311 million (2020: $10,592 million) valued at the lower of cost or net realisable value. The amount of inventories and related ancillary costs recognised as an expense during the period was $82,214 million (2020: $62,946 million).

Fair value of inventories is a Level 2 fair value measurement (see note 23) using observable market prices obtained from exchanges, traded reference indices or market survey services adjusted for relevant location and quality differentials. There are no significant unobservable inputs in the fair value measurement of such inventories.

Glencore has a number of dedicated financing facilities, which finance a portion of its inventories. In each case, the inventory has not been derecognised as the Group has not transferred control. The proceeds received are recognised as current borrowings (see note 19). As at 30 June 2021, the total amount of inventory pledged under such facilities was $42 million (2020: $804 million). The proceeds received and recognised as current borrowings were $25 million (2020: $679 million) and $80 million (2020: $80 million) as non-current borrowings.

### NON-CURRENT INVENTORY

$653 million (2020: $678 million) of inventories valued at lower of cost or net realisable value are not expected to be utilised or sold within the normal operating cycle and are therefore classified as non-current inventory.

## 14. Accounts receivable

| US$ million | Notes | **as at 30.06.2021** | as at 31.12.2020 |
|---|---|---|---|
| **Financial assets at amortised cost** | | | |
| Trade receivables | | 4,962 | 3,360 |
| Margin calls paid[1] | | 5,151 | 3,692 |
| Associated companies | | 332 | 288 |
| Other receivables[2] | | 386 | 356 |
| **Financial assets at fair value through profit and loss** | | | |
| Trade receivables containing provisional pricing features | 22 | 4,351 | 4,459 |
| Finance lease receivable | 22 | 5 | 9 |
| Other receivables | 22 | 38 | – |
| Deferred consideration | 22 | 188 | 130 |
| **Non-financial instruments** | | | |
| Advances repayable with product[3] | | 1,195 | 922 |
| Other tax and related receivables | | 1,440 | 1,938 |
| **Total** | | **18,048** | **15,154** |

1 Includes $109 million (2020: $65 million) of cash collateral payments under margin arrangements related to cross currency swaps held to hedge non-U.S. dollar denominated bonds.

2 Includes current portion of non-current loans receivable of $262 million (2020: $241 million).

3 Includes advances, net of $352 million (2020: $298 million) provided by banks, the repayment terms of which are contingent upon and connected to the future delivery of contractual production over the next 12 months.

The Group applies a simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The expected credit loss on trade receivables is estimated using a provision matrix by reference to past default experience and credit rating, adjusted as appropriate for current observable data. Expected credit loss provisions are recognised in cost of goods sold and during the period, $9 million (2020: credit of $5 million) of such losses were recognised. The following table details the risk profile of trade receivables based on the Group’s provision matrix.

| US$ million | **Trade receivables – days past due** | | | | | |
|---|---|---|---|---|---|---|
| As at 30 June 2021 | **Not past due** | **<30** | **31 – 60** | **61 – 90** | **>90** | **Total** |
| Gross carrying amount | 3,981 | 461 | 108 | 111 | 323 | 4,984 |
| Expected credit loss rate | 0.27% | 0.54% | 0.81% | 1.08% | 2.30% | |
| Lifetime expected credit loss | (11) | (2) | (1) | (1) | (7) | (22) |
| **Total** | **3,970** | **459** | **107** | **110** | **316** | **4,962** |

## 14. Accounts receivable continued

The movement in allowance for credit loss relating to receivables from associates and other receivables is detailed below:

| US$ million | Receivables from associates | Other receivables | **Total** |
|---|---|---|---|
| Gross carrying value 30 June 2021 | 456 | 503 | **959** |
| **Allowance for credit loss** | | | |
| 1 January 2021 | 122 | 132 | 254 |
| Released during the period[1] | – | (10) | (10) |
| Charged during the period[1] | 4 | 32 | 36 |
| Utilised during the period | – | (44) | (44) |
| Effect of foreign currency exchange movements | (2) | – | (2) |
| Reclassifications | – | 7 | 7 |
| 30 June 2021 | 124 | 117 | **241** |
| **Net carrying value 30 June 2021** | **332** | **386** | **718** |

1 Recognised in cost of goods sold.

Glencore has a number of dedicated financing facilities, which finance a portion of its receivables. The receivables have not been derecognised, as the Group retains the principal risks and rewards of ownership. The proceeds received are recognised as current borrowings (see note 19). As at 30 June 2021, the total amount of trade receivables pledged was $10 million (2020: $693 million) and proceeds received and classified as current borrowings amounted to $1 million (2020: $567 million).

## 15. Assets and liabilities held for sale

In March 2021, Glencore completed the sale of its controlling interest in Mopani to the minority shareholder, ZCCM Investments Holding plc (ZCCM) for $1, leaving $1.5 billion of Glencore loans outstanding, where the pace and size of repayment instalments is linked to Mopani's future production and copper prices (see notes 12 and 21).

There were no assets or liabilities classified as held for sale as at 30 June 2021. The carrying value of the assets and liabilities classified as held for sale as at 31 December 2020 are detailed below:

| US$ million | **as at 31.12.2020** |
|---|---|
| **Non-current assets** | |
| Property, plant and equipment | 745 |
| Advances and loans | 5 |
| | **750** |
| **Current assets** | |
| Inventories | 187 |
| Accounts receivable | 106 |
| Prepaid expenses | 3 |
| | **296** |
| **Total assets held for sale** | **1,046** |
| **Non-current liabilities** | |
| Provisions | (64) |
| | **(64)** |
| **Current liabilities** | |
| Borrowings | (26) |
| Accounts payable | (58) |
| Provisions | (24) |
| Income tax payable | (13) |
| | **(121)** |
| **Total liabilities held for sale** | **(185)** |
| **Total net assets held for sale** | **861** |

## 16. Share capital and reserves

| | Number of shares (thousand) | Share capital (US$ million) | Share premium (US$ million) |
|---|---|---|---|
| Authorised: | | | |
| 30 June 2021 and 31 December 2020 Ordinary shares with a par value of $0.01 each | 50,000,000 | | |
| Issued and fully paid up: | | | |
| **1 January 2021 and 31 December 2020 – Ordinary shares** | **14,586,200** | **146** | **45,794** |
| Distributions declared (see note 18) | – | – | (1,600) |
| **30 June 2021 – Ordinary shares** | **14,586,200** | **146** | **44,194** |

| | Treasury Shares | | Trust Shares | | **Total** | |
|---|---|---|---|---|---|---|
| | Number of shares (thousand) | Share premium (US$ million) | Number of shares (thousand) | Share premium (US$ million) | **Number of shares (thousand)** | **Share premium (US$ million)** |
| Own shares: | | | | | | |
| **1 January 2021** | **1,261,887** | **(4,801)** | **103,001** | **(503)** | **1,364,888** | **(5,304)** |
| Own shares purchased during the period | – | – | 32,000 | (131) | 32,000 | (131) |
| Own shares disposed during the period | – | – | (35,787) | 173 | (35,787) | 173 |
| **30 June 2021** | **1,261,887** | **(4,801)** | **99,214** | **(461)** | **1,361,101** | **(5,262)** |

### OWN SHARES

Own shares comprise shares acquired under the Company’s share buy-back programmes and shares of Glencore plc held by Group employee benefit trusts (“the Trusts”) to satisfy the potential future settlement of the Group’s employee stock plans.

The Trusts also coordinate the funding and manage the delivery of ordinary shares and free share awards under certain of Glencore’s share plans. The shares have been acquired by either stock market purchases or share issues from the Company. The Trusts are permitted to sell the shares and may hold up to 5% of the issued share capital of the Company at any one time. The Trusts have waived the right to receive distributions from the shares that they hold. Costs relating to the administration of the Trusts are expensed in the period in which they are incurred.

As at 30 June 2021, 1,361,100,646 shares (2020: 1,364,888,033 shares), equivalent to 9.33% (2020: 9.36%) of the issued share capital were held at a cost of $5,262 million (2020: $5,304 million) and market value of $5,815 million (2020: $4,341 million).

## 17. Earnings per share

| US$ million | **H1 2021** | H1 2020 |
|---|---|---|
| Income/(loss) attributable to equity holders of the Parent for basic earnings per share | **1,277** | **(2,600)** |
| Weighted average number of shares for the purposes of basic earnings per share (thousand) | 13,230,784 | 13,315,151 |
| **Effect of dilution:** | | |
| Equity-settled share-based payments (thousand)[1] | 102,735 | 76,129 |
| Weighted average number of shares for the purposes of diluted earnings per share (thousand) | 13,333,519 | 13,315,151 |
| Basic earnings/(loss) per share (US$) | **0.10** | **(0.20)** |
| Diluted earnings/(loss) per share (US$) | **0.10** | **(0.20)** |

HEADLINE EARNINGS:

Headline earnings is a Johannesburg Stock Exchange (JSE) defined performance measure. The calculation of basic and diluted earnings per share, based on headline earnings as determined by the requirements of the Circular 1/2021 as issued by the South African Institute of Chartered Accountants (SAICA), is reconciled using the following data:

| US$ million | **H1 2021** | H1 2020 |
|---|---|---|
| Income/(loss) attributable to equity holders of the Parent for basic earnings per share | 1,277 | (2,600) |
| Net loss on disposals[2] | 1,014 | 5 |
| Net credit/(expense) on disposals – tax | 1 | (2) |
| Impairments[3] | 873 | 5,732 |
| Impairments – non-controlling interest | (341) | (1,516) |
| Impairments – tax | – | (997) |
| **Headline and diluted earnings for the period** | **2,824** | **622** |
| Headline earnings per share (US$) | **0.21** | **0.05** |
| Diluted headline earnings per share (US$) | **0.21** | **0.05** |

1 These equity settled share-based payments could potentially dilute basic earnings per share in the future, but did not impact diluted loss per share in 2020 because they were anti dilutive.

2 See note 5.

3 Comprises impairments of property, plant and equipment, advances and loans, VAT receivable (see note 7) and Glencore's share of impairments booked directly by associates (see note 3).

## 18. Distributions

The first tranche of the 2020 distribution of $0.12 per ordinary share (payable in two equal tranches) amounting to $794 million was paid on 21 May 2021 and the second tranche is expected to be paid in September 2021.

In 2020, in light of the uncertain pandemic / economic outlook and to support the Group's overall financial position, it was determined that no distribution would be made.

## 19. Borrowings

| US$ million | Notes | as at 30.06.2021 | as at 31.12.2020 |
|---|---|---|---|
| **Non-current borrowings** | | | |
| Capital market notes | | 22,942 | 22,353 |
| Committed syndicated revolving credit facilities | | 2,768 | 4,766 |
| Lease liabilities | | 1,281 | 1,008 |
| Other bank loans | | 660 | 1,100 |
| **Total non-current borrowings** | | **27,651** | **29,227** |
| **Current borrowings** | | | |
| Secured inventory/receivables/other facilities | 11/13/14 | 126 | 1,346 |
| U.S. commercial paper | | 1,782 | 1,090 |
| Capital market notes | | 3,280 | 2,018 |
| Lease liabilities | | 550 | 513 |
| Other bank loans[1] | | 1,631 | 3,285 |
| **Total current borrowings** | | **7,369** | **8,252** |
| **Total borrowings** | | **35,020** | **37,479** |

1 Comprises various uncommitted bilateral bank credit facilities and other financings and is net of $Nil (2020: $135 million) of funds advanced by the Group under a netting arrangement with a bank and a subsidiary.

### RECONCILIATION OF CASH FLOW TO MOVEMENT IN BORROWINGS

| US$ million | H1 2021 | H1 2020 | H2 2020 |
|---|---|---|---|
| **Cash related movements in borrowings[1]** | | | |
| Proceeds from issuance of capital market notes | 3,479 | – | 3,362 |
| Repayment of capital market notes | (985) | (1,095) | (2,922) |
| Repurchase of capital market notes | (125) | (72) | – |
| Repayment of revolving credit facilities | (2,009) | (470) | (400) |
| Proceeds from other non-current borrowings | 5 | 33 | 359 |
| Repayment of other non-current borrowings | (385) | (44) | – |
| Repayment of lease liabilities | (307) | (208) | (352) |
| Proceeds from U.S. commercial papers | 693 | 359 | 56 |
| (Repayment of)/proceeds from current borrowings | (2,991) | 2,643 | (2,426) |
| | (2,625) | 1,146 | (2,323) |
| **Non-cash related movements in borrowings** | | | |
| Borrowings acquired in business combinations | – | – | (13) |
| Foreign exchange movements | (244) | (200) | 1,012 |
| Fair value hedge movements | (253) | 400 | (56) |
| Change in lease liabilities | 620 | 438 | (3) |
| Interest on convertible bonds | 10 | 10 | 10 |
| Other non-cash movements | 33 | 17 | (2) |
| | 166 | 665 | 948 |
| **(Decrease)/increase in borrowings for the period** | **(2,459)** | **1,811** | **(1,375)** |
| Total borrowings – opening | **37,479** | **37,043** | **38,854** |
| **Total borrowings – closing** | **35,020** | **38,854** | **37,479** |

1 See consolidated statement of cash flows.

### 2021 BOND ACTIVITIES

- In March 2021, issued:
  - 8 year EUR600 million, 0.750% coupon bond
  - 12 year EUR500 million, 1.250% coupon bond
- In April 2021, issued:
  - 5 year $600 million, 1.625% coupon bond
  - 10 year $600 million, 2.850% coupon bond
  - 30 year $500 million, 3.875% coupon bond

## 19. Borrowings continued

### COMMITTED SYNDICATED REVOLVING CREDIT FACILITIES

In March 2021, Glencore extended its revolving credit facilities. During the period, certain amounts were voluntarily cancelled, determined as being in excess of the Group's liquidity headroom requirements. The margins on these facilities remained unchanged, namely US$ LIBOR plus 40bps flat for the one-year, and US$ LIBOR plus 27.5bps, subject to a ratings grid, for the medium term.

As at 30 June 2021, the facilities comprise:

- a $6,572 million one year revolving credit facility with a one-year borrower's term-out option (to May 2023);
- a $450 million medium-term revolving credit facility (to May 2025); and
- a $4,200 million medium-term revolving credit facility (to May 2026).

As in previous years, these committed unsecured facilities contain no financial covenants, no rating triggers, no material adverse change clauses and no external factor clauses.

## 20. Accounts payable

| US$ million | Notes | **as at 30.06.2021** | as at 31.12.2020 |
|---|---|---|---|
| **Financial liabilities at amortised cost** | | | |
| Trade payables | | 9,709 | 8,021 |
| Margin calls received[1] | | 852 | 1,033 |
| Associated companies | | 1,330 | 1,209 |
| Other payables and accrued liabilities | | 2,240 | 1,844 |
| **Financial liabilities at fair value through profit and loss** | | | |
| Trade payables containing provisional pricing features | 22 | 13,344 | 11,264 |
| **Non-financial instruments** | | | |
| Advances settled in product | | 987 | 289 |
| Shareholder distribution payable | 18 | 806 | – |
| Other tax and related payables | | 478 | 378 |
| **Total** | | **29,746** | **24,038** |

1 Includes $659 million (2020: $988 million) of cash collateral receipts under margin arrangements related to cross currency swaps held to hedge non-U.S. dollar denominated bonds.

As at 30 June 2021, trade payables include $9,083 million (2020: $7,178 million) of liabilities arising from supplier financing arrangements, the weighted average of which have extended the settlement of the original payable to 73 days (2020: 91 days) after physical supply and are due for settlement 40 days (2020: 46 days) after period end. As at 30 June 2021, 1% (2020: 10%) of total trade payables of $23,053 million (2020: $19,285 million) include liabilities under supplier financing arrangements with maturities beyond 91 days.

## 21. Acquisition and disposal of subsidiaries and other entities

### 2021 & 2020 ACQUISITIONS
In 2021 and in 2020, there were no material acquisitions.

### 2021 DISPOSALS
In March 2021, Glencore disposed of its controlling interest in Mopani Copper Mines plc. The carrying value of the assets and liabilities over which control was lost and consideration receivable from the disposal are detailed below:

| US$ million | **Mopani** |
|---|---|
| **Non-current assets** | |
| Property, plant and equipment | 748 |
| Advances and loans | 5 |
| | **753** |
| **Current assets** | |
| Inventories | 168 |
| Accounts receivable | 99 |
| Prepaid expenses | 3 |
| | **270** |
| **Non-current liabilities** | |
| Provisions including post-retirement benefits | (64) |
| | **(64)** |
| **Current liabilities** | |
| Accounts payable | (81) |
| Provisions | (23) |
| Income tax payable | (12) |
| | **(116)** |
| **Carrying value of net assets disposed** | **843** |
| Future consideration | (838) |
| **Net loss on disposal before non-controlling interest** | **5** |
| Derecognition of non-controlling interest | 1,017 |
| **Net loss on disposal after non-controlling interest** | **1,022** |

### Mopani
On 31 March 2021, Glencore completed the disposal of its 90% interest in Mopani to ZCCM Investments Holdings plc, the holder of the remaining 10% interest in Mopani, in exchange for $1 and the rights to offtake copper and other metals from Mopani until $1.5 billion of existing intercompany debt (the "transaction debt") has been repaid to Glencore. The repayment of the transaction debt is based on Glencore receiving physical commodities from Mopani through its offtake rights and applying fixed percentages of annual gross revenues generated from the sale of such commodities against the transaction debt until it is fully repaid. As Glencore is no longer able to unilaterally direct the key strategic, operating and capital decisions of Mopani, it was deemed to have disposed of its controlling interest at the fair value of the transaction debt on the date of completion, being $838 million. Fair value was determined using a discounted cash flow model of the projected amount and timing of metal volumes received from Mopani under the offtake rights and market forecasts of commodity prices, discounted using an asset specific discount rate of 11.4%.

The net loss on disposal reflects the derecognition to the statement of income of the previously recognised book value of the non-controlling interest equity balance, which largely related to the non-controlling interests' share of historical impairments and losses, and resulting net liabilities in Mopani.

## 21. Acquisition and disposal of subsidiaries and other entities continued

### 2020 DISPOSALS

In 2020, Glencore disposed of its controlling interest in Minera Alumbrera Limited. The carrying value of the assets and liabilities over which control was lost and the net cash used in the disposal are detailed below:

| US$ million | **Alumbrera** |
|---|---|
| **Non-current assets** | |
| Property, plant and equipment | 12 |
| | **12** |
| **Current assets** | |
| Inventories | 2 |
| Accounts receivable | 14 |
| Cash and cash equivalents | 222 |
| | **238** |
| **Non-controlling interest** | **2** |
| **Non-current liabilities** | |
| Provisions | (182) |
| | **(182)** |
| **Current liabilities** | |
| Borrowings | (13) |
| Accounts payable | (9) |
| Provisions | (50) |
| | **(72)** |
| **Carrying value of net assets disposed** | **(2)** |
| **Net gain on disposal** | **(2)** |
| | |
| Cash and cash equivalents received | – |
| Less: cash and cash equivalents disposed | (222) |
| **Net cash used in disposal** | **(222)** |

### Minera Alumbrera Limited

In December 2020, Glencore disposed of its 50% interest in Minera Alumbrera Limited, a copper-gold operation in Argentina, in return for a 24.99% interest in Minera Agua Rica Alumbrera Limited. Glencore is no longer able to unilaterally direct the key strategic, operating and capital decisions of Minera Alumbrera Limited and was deemed to have disposed of its controlling interest at fair value. The difference to the net carrying value was recognised through the statement of income, with Glencore subsequently accounting for its share in Minera Agua Rica Alumbrera Limited using the equity method in accordance with IAS 28.

## 22. Financial instruments

### FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables present the carrying values and fair values of Glencore's financial instruments. Fair value is the price that would
be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (most advantageous) market at the measurement date under current market conditions. Where available, market values have been used to determine fair values. When market values are not available, fair values have been calculated by discounting expected cash flows at prevailing market interest and exchange rates. The estimated fair values have been determined using market information and appropriate valuation methodologies, but are not necessarily indicative of the amounts that Glencore could realise in the normal course of business.

The financial assets and liabilities are presented by class in the tables below at their carrying values, which generally approximate the fair values with the exception of $35,020 million (2020: $37,479 million) of borrowings, the fair value of which at 30 June 2021 was $35,064 million (2020: $38,672 million) based on observable market prices applied to the borrowing portfolio (a Level 1 fair value measurement).

| **As at 30 June 2021**<br>US$ million | Amortised cost | FVTPL[1] | FVTOCI[2] | **Total** |
|---|---|---|---|---|
| **Assets** | | | | |
| Other investments[3] | – | – | 1,664 | 1,664 |
| Non-current other financial assets (see note 23) | – | 711 | – | 711 |
| Advances and loans | 875 | 253 | – | 1,128 |
| Accounts receivable | 10,831 | 4,582 | – | 15,413 |
| Other financial assets (see note 23) | – | 3,038 | – | 3,038 |
| Cash and cash equivalents | 2,546 | – | – | 2,546 |
| **Total financial assets** | **14,252** | **8,584** | **1,664** | **24,500** |
| **Liabilities** | | | | |
| Borrowings | 35,020 | – | – | 35,020 |
| Non-current other financial liabilities (see note 23) | 96 | 422 | – | 518 |
| Accounts payable | 14,131 | 13,344 | – | 27,475 |
| Other financial liabilities (see note 23) | – | 5,444 | – | 5,444 |
| **Total financial liabilities** | **49,247** | **19,210** | **–** | **68,457** |

1 FVTPL – Fair value through profit and loss.
2 FVTOCI – Fair value through other comprehensive income.
3 Other investments of $1,623 million are classified as Level 1 measured using quoted market prices with the remaining balance of $41 million being investments in private companies, classified as Level 2 measured using discounted cash flow models.

| **As at 31 December 2020**<br>US$ million | Amortised cost | FVTPL[1] | FVTOCI[2] | Total |
|---|---|---|---|---|
| **Assets** | | | | |
| Other investments[3] | – | 86 | 1,647 | 1,733 |
| Non-current other financial assets (see note 23) | – | 1,106 | – | 1,106 |
| Advances and loans | 994 | 404 | – | 1,398 |
| Accounts receivable | 7,696 | 4,598 | – | 12,294 |
| Other financial assets (see note 23) | – | 1,998 | – | 1,998 |
| Cash and cash equivalents | 1,498 | – | – | 1,498 |
| **Total financial assets** | **10,188** | **8,192** | **1,647** | **20,027** |
| **Liabilities** | | | | |
| Borrowings | 37,479 | – | – | 37,479 |
| Non-current other financial liabilities (see note 23) | 100 | 588 | – | 688 |
| Accounts payable | 12,107 | 11,264 | – | 23,371 |
| Other financial liabilities (see note 23) | – | 4,276 | – | 4,276 |
| **Total financial liabilities** | **49,686** | **16,128** | **–** | **65,814** |

1 FVTPL – Fair value through profit and loss.
2 FVTOCI – Fair value through other comprehensive income.
3 Other investments of $1,691 million are classified as Level 1 measured using quoted market prices with the remaining balance of $41 million being investments in private companies, classified as Level 2 measured using discounted cash flow models.

## 22. Financial instruments continued

### OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

In accordance with IAS 32 the Group reports financial assets and liabilities on a net basis in the consolidated statement of financial position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or
to realise the asset and settle the liability simultaneously. The financial assets and liabilities subject to offsetting, enforceable master netting and similar agreements as at 30 June 2021 and 31 December 2020 were as follows:

| **As at 30 June 2021** | Amounts eligible for set off under netting agreements | | | Related amounts not set off under netting agreements | | | | |
|---|---|---|---|---|---|---|---|---|
| US$ million | Gross amount | Amounts offset | **Net amount** | Financial instruments | Financial collateral | Net amount | **Amounts not subject to netting agreements** | **Total as presented in the consolidated statement of financial position** |
| Derivative assets[1] | 25,204 | (23,538) | **1,666** | (341) | (640) | 685 | **2,083** | **3,749** |
| Derivative liabilities[1] | (27,831) | 23,538 | **(4,293)** | 8 | 3,612 | (673) | **(1,669)** | **(5,962)** |

1 Presented within current and non-current other financial assets and other financial liabilities.

| **As at 31 December 2020** | Amounts eligible for set off under netting agreements | | | Related amounts not set off under netting agreements | | | | |
|---|---|---|---|---|---|---|---|---|
| US$ million | Gross amount | Amounts offset | **Net amount** | Financial instruments | Financial collateral | Net amount | **Amounts not subject to netting agreements** | **Total as presented in the consolidated statement of financial position** |
| Derivative assets[1] | 11,575 | (9,678) | **1,897** | (238) | (925) | 734 | **1,207** | **3,104** |
| Derivative liabilities[1] | (12,941) | 9,678 | **(3,263)** | (90) | 2,389 | (964) | **(1,701)** | **(4,964)** |

1 Presented within current and non-current other financial assets and other financial liabilities.

For the financial assets and liabilities subject to enforceable master netting or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities may be settled on a gross basis, however, each party to the master netting or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. Per the terms of each agreement, an event of default includes failure by a party to make payment when due, failure by a party to perform any obligation required by the agreement (other than payment) if such failure is not remedied within periods of 30 to 60 days after notice of such failure is given to the party or bankruptcy.

## 23. Fair value measurements

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. Glencore classifies the fair values of its financial instruments into a three level hierarchy based on the degree of the source and observability of the inputs that are used to derive
the fair value of the financial asset or liability as follows:

Level 1 Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Glencore can assess at the measurement date, or

Level 2 Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly, or

Level 3 Unobservable inputs for the assets or liabilities, requiring Glencore to make market-based assumptions.

Level 1 classifications primarily include futures with a tenor of less than one year and options that are exchange traded, whereas
Level 2 classifications primarily include futures with a tenor greater than one year, over the counter

options, swaps and physical forward transactions which derive their fair value primarily from exchange quotes and readily observable broker quotes. Level 3 classifications primarily include physical forward transactions which derive their fair value predominantly from models that use broker quotes and applicable market-based estimates surrounding location, quality and credit differentials and financial liabilities linked to the fair value of certain mining operations. In circumstances where Glencore cannot verify fair value with observable market inputs (Level 3 fair values), it is possible that a different valuation model could produce a materially different estimate of fair value.

It is Glencore’s policy that transactions and activities in trade related financial instruments be concluded under master netting agreements or long form confirmations to enable balances due to/from a common counterparty to be offset in the event of default, insolvency or bankruptcy by the counterparty.

## 23. Fair value measurements continued

The following tables show the fair values of the derivative financial instruments including trade related financial and physical forward purchase and sale commitments by type of contract and non-current other financial assets and liabilities as at 30 June 2021 and 31 December 2020. Other assets and liabilities which are measured at fair value on a recurring basis are marketing inventories, other investments, cash and cash equivalents. There are no non-recurring fair value measurements.

### FINANCIAL ASSETS

**As at 30 June 2021**

| US$ million | Level 1 | Level 2 | Level 3 | **Total** |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Accounts receivable | – | 4,356 | 188 | **4,544** |
| Deferred consideration (Note 12) | – | – | 169 | **169** |
| **Financial assets** | **–** | **4,356** | **357** | **4,713** |
| **Other financial assets** | | | | |
| **Commodity related contracts** | | | | |
| Futures | 167 | 147 | – | **314** |
| Options | 71 | 41 | 4 | **116** |
| Swaps | 142 | 425 | – | **567** |
| Physical forwards | – | 1,626 | 360 | **1,986** |
| **Financial contracts** | | | | |
| Cross currency swaps | – | 9 | – | **9** |
| Foreign currency and interest rate contracts | – | 46 | – | **46** |
| **Current other financial assets** | **380** | **2,294** | **364** | **3,038** |
| **Non-current other financial assets** | | | | |
| Cross currency swaps | – | 288 | – | **288** |
| Foreign currency and interest rate contracts | – | 390 | – | **390** |
| Purchased call options over Glencore shares[1] | – | 33 | – | **33** |
| **Non-current other financial assets** | **–** | **711** | **–** | **711** |
| **Total** | **380** | **7,361** | **721** | **8,462** |

**As at 31 December 2020**

| US$ million | Level 1 | Level 2 | Level 3 | **Total** |
|---|---|---|---|---|
| **Financial assets** | | | | |
| Accounts receivable | – | 4,468 | 130 | **4,598** |
| Deferred consideration (Note 12) | – | – | 302 | **302** |
| **Financial assets** | **–** | **4,468** | **432** | **4,900** |
| **Other financial assets** | | | | |
| **Commodity related contracts** | | | | |
| Futures | 107 | 75 | – | **182** |
| Options | 19 | 13 | – | **32** |
| Swaps | 142 | 249 | – | **391** |
| Physical forwards | – | 916 | 258 | **1,174** |
| **Financial contracts** | | | | |
| Cross currency swaps | – | 219 | – | **219** |
| **Current other financial assets** | **268** | **1,472** | **258** | **1,998** |
| **Non-current other financial assets** | | | | |
| Cross currency swaps | – | 529 | – | **529** |
| Foreign currency and interest rate contracts | – | 569 | – | **569** |
| Purchased call options over Glencore shares[1] | – | 8 | – | **8** |
| **Non-current other financial assets** | **–** | **1,106** | **–** | **1,106** |
| **Total** | **268** | **7,046** | **690** | **8,004** |

1 Call options over the Company's shares in relation to conversion rights of the $500 million non-dilutive convertible bond, due in 2025.

## 23. Fair value measurements continued

### FINANCIAL LIABILITIES

**As at 30 June 2021**

| US$ million | Level 1 | Level 2 | Level 3 | **Total** |
|---|---|---|---|---|
| **Financial liabilities** | | | | |
| Accounts payable | – | 13,344 | – | **13,344** |
| **Current financial liabilities** | **–** | **13,344** | **–** | **13,344** |
| **Other financial liabilities** | | | | |
| **Commodity related contracts** | | | | |
| Futures | 2,513 | 335 | – | **2,848** |
| Options | 89 | 11 | 7 | **107** |
| Swaps | 865 | 141 | – | **1,006** |
| Physical forwards | – | 996 | 260 | **1,256** |
| **Financial contracts** | | | | |
| Cross currency swaps | – | 177 | – | **177** |
| Foreign currency and interest rate contracts | – | 50 | – | **50** |
| **Current other financial liabilities** | **3,467** | **1,710** | **267** | **5,444** |
| **Non-current other financial liabilities** | | | | |
| Cross currency swaps | – | 141 | – | **141** |
| Foreign currency and interest rate contracts | – | 11 | – | **11** |
| Non-discretionary dividend obligation[1] | – | – | 159 | **159** |
| Option over non-controlling interest in Ale | – | – | 22 | **22** |
| Deferred consideration | – | – | 56 | **56** |
| Embedded call options over Glencore shares[2] | – | 33 | – | **33** |
| **Non-current other financial liabilities** | **–** | **185** | **237** | **422** |
| **Total** | **3,467** | **15,239** | **504** | **19,210** |

**As at 31 December 2020**

| US$ million | Level 1 | Level 2 | Level 3 | **Total** |
|---|---|---|---|---|
| **Financial liabilities** | | | | |
| Accounts payable | – | 11,264 | – | **11,264** |
| **Current financial liabilities** | **–** | **11,264** | **–** | **11,264** |
| **Other financial liabilities** | | | | |
| **Commodity related contracts** | | | | |
| Futures | 2,652 | 264 | – | **2,916** |
| Options | 29 | 14 | – | **43** |
| Swaps | 228 | 224 | – | **452** |
| Physical forwards | – | 537 | 252 | **789** |
| **Financial contracts** | | | | |
| Cross currency swaps | – | 76 | – | **76** |
| **Current other financial liabilities** | **2,909** | **1,115** | **252** | **4,276** |
| **Non-current other financial liabilities** | | | | |
| Cross currency swaps | – | 171 | – | **171** |
| Foreign currency and interest rate contracts | – | 181 | – | **181** |
| Non-discretionary dividend obligation[1] | – | – | 150 | **150** |
| Option over non-controlling interest in Ale | – | – | 22 | **22** |
| Deferred consideration | – | – | 56 | **56** |
| Embedded call options over Glencore shares[2] | – | 8 | – | **8** |
| **Non-current other financial liabilities** | **–** | **360** | **228** | **588** |
| **Total** | **2,909** | **12,739** | **480** | **16,128** |

1 A ZAR denominated derivative liability payable to ARM Coal, a partner in one of the Group's principal coal joint operations based in South Africa. The liability arises from ARM Coal's rights as an investor to a share of agreed free cash flows from certain coal operations in South Africa and is valued based on those cash flows using a risk-adjusted discount rate. The derivative liability is settled over the life of those operations (modelled mine life of 11 years as at 30 June 2021) and has no fixed repayment date and is not cancellable within 12 months.

2 Embedded call option bifurcated from the 2025 convertible bond.

## 23. Fair value measurements continued

The following table shows the net changes in fair value of Level 3 other financial assets and other financial liabilities:

| US$ million | Accounts Receivable | Physical forwards | Options | Other | **Total Level 3** |
|---|---|---|---|---|---|
| **1 January 2021** | 130 | 6 | – | 74 | **210** |
| Total loss recognised in revenue | – | (54) | (3) | – | **(57)** |
| Total gain recognised in cost of goods sold | – | 187 | – | – | **187** |
| Non-discretionary dividend obligation | – | – | – | (9) | **(9)** |
| Deferred consideration | 179 | – | – | (133) | **46** |
| Realised | (121) | (39) | – | – | **(160)** |
| **30 June 2021** | **188** | **100** | **(3)** | **(68)** | **217** |

During the period, no amounts were transferred between Level 1 and Level 2 of the fair value hierarchy and no amounts were transferred into or out of Level 3 of the fair value hierarchy for either other financial assets or other financial liabilities.

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table provides information about how the fair values of these financial assets and financial liabilities are determined, in particular, the valuation techniques and inputs used.

## 23. Fair value measurements continued

### FAIR VALUE OF FINANCIAL ASSETS/FINANCIAL LIABILITIES

| US$ million | | | **As at 30.06.2021** | As at 31.12.2020 |
|---|---|---|---|---|
| **Futures – Level 1** | | Assets | **167** | **107** |
| | | Liabilities | **(2,513)** | **(2,652)** |
| Valuation techniques and key inputs: | Quoted bid prices in an active market | | | |
| Significant unobservable inputs: | None | | | |
| **Futures – Level 2** | | Assets | **147** | **75** |
| | | Liabilities | **(335)** | **(264)** |
| Valuation techniques and key inputs: | Discounted cash flow model<br>Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required. | | | |
| Significant unobservable inputs: | None | | | |
| **Options – Level 1** | | Assets | **71** | **19** |
| | | Liabilities | **(89)** | **(29)** |
| Valuation techniques and key inputs: | Quoted bid prices in an active market | | | |
| Significant unobservable inputs: | None | | | |
| **Options – Level 2** | | Assets | **41** | **13** |
| | | Liabilities | **(11)** | **(14)** |
| Valuation techniques and key inputs: | Discounted cash flow model<br>Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required. | | | |
| Significant unobservable inputs: | None | | | |
| **Options – Level 3** | | Assets | **4** | **–** |
| | | Liabilities | **(7)** | **–** |
| Valuation techniques and key inputs: | Standard option pricing model | | | |
| Significant unobservable inputs: | Prices are adjusted by volatility differentials. This significant unobservable input generally represents 2% – 20% of the overall value of the instruments. A change to a reasonably possible alternative assumption would not result in a material change in the underlying value. | | | |
| **Swaps – Level 1** | | Assets | **142** | **142** |
| | | Liabilities | **(865)** | **(228)** |
| Valuation techniques and key inputs: | Quoted bid prices in an active market | | | |
| Significant unobservable inputs: | None | | | |
| **Swaps – Level 2** | | Assets | **425** | **249** |
| | | Liabilities | **(141)** | **(224)** |
| Valuation techniques and key inputs: | Discounted cash flow model<br>Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required. | | | |
| Significant unobservable inputs: | None | | | |

## 23. Fair value measurements continued

| US$ million | | | **As at 30.06.2021** | As at 31.12.2020 |
|---|---|---|---|---|
| **Physical Forwards – Level 2** | | Assets | **1,626** | 916 |
| | | Liabilities | **(996)** | (537) |
| Valuation techniques and key inputs: | Discounted cash flow model<br>Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money, and counterparty credit considerations, such as history of non-performance, collateral held and current market developments, as required. | | | |
| Significant unobservable inputs: | None | | | |
| **Physical Forwards – Level 3** | | Assets | **360** | 258 |
| | | Liabilities | **(260)** | (252) |
| Valuation techniques and key inputs: | Discounted cash flow model | | | |
| Significant unobservable inputs: | Valuation of the Group's commodity physical forward contracts categorised within this level is based on observable market prices that are adjusted by unobservable differentials, as required, including:<br>– Quality;<br>– Geographic location;<br>– Local supply & demand;<br>– Customer requirements; and<br>– Counterparty credit considerations.<br>These significant unobservable inputs generally represent 1%–30% of the overall value of the instruments. The valuation prices are applied consistently to value physical forward sale and purchase contracts, and changing a particular input to reasonably possible alternative assumptions does not result in a material change in the underlying value of the portfolio. | | | |
| **Cross currency swaps – Level 2** | | Assets | **297** | 748 |
| | | Liabilities | **(318)** | (247) |
| Valuation techniques and key inputs: | Discounted cash flow model<br>Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required. | | | |
| Significant unobservable inputs: | None | | | |
| **Foreign currency and interest rate contracts – Level 2** | | Assets | **436** | 569 |
| | | Liabilities | **(61)** | 181 |
| Valuation techniques and key inputs: | Discounted cash flow model<br>Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required. | | | |
| Significant unobservable inputs: | None | | | |
| **Call options over Glencore shares – Level 2** | | Assets | **33** | 8 |
| | | Liabilities | **(33)** | (8) |
| Valuation techniques and key inputs: | Option pricing model<br>– Current price of Glencore shares;<br>– Strike price;<br>– Maturity date of the underlying convertible debt security;<br>– Risk-free rate; and<br>– Volatility. | | | |
| Significant unobservable inputs: | None | | | |

## 23. Fair value measurements continued

| US$ million | | | **As at 30.06.2021** | As at 31.12.2020 |
|---|---|---|---|---|
| **Accounts receivable and payable – Level 2** | | Assets | **4,356** | **4,468** |
| | | Liabilities | **(13,344)** | **(11,264)** |
| Comprised of trade receivables/payables containing an embedded commodity derivative, which are designated and measured at fair value through profit and loss until final settlement. | | | | |
| Valuation techniques and key inputs: | Discounted cash flow model<br>Inputs include observable quoted commodity prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required. | | | |
| Significant unobservable inputs: | None | | | |
| **Deferred consideration (Mototolo) – Level 3** | | Assets | **321** | **391** |
| | | Liabilities | **–** | **–** |
| Valuation techniques and key inputs: | Discounted cash flow model | | | |
| Significant unobservable inputs: | – Forecast commodity prices;<br>– Discount rates using weighted average cost of capital methodology;<br>The valuation remains sensitive to price and a 10% increase/decrease in commodity price assumptions would result in an $39 million adjustment to the current carrying value. | | | |
| **Deferred consideration (Orion) – Level 3** | | Assets | **36** | **41** |
| | | Liabilities | **–** | **–** |
| Valuation techniques and key inputs: | Discounted cash flow model | | | |
| Significant unobservable inputs: | – Estimated production plan;<br>– Forecast commodity prices;<br>– Discount rates using weighted average cost of capital methodology;<br>The valuation remains sensitive to commodity price assumptions and a 10% increase/decrease in gold price would result in a $5 million positive adjustment to the current carrying value of the asset, while a 10% decrease in gold price would result in a $1 million negative adjustment | | | |
| **Non-discretionary dividend obligation – Level 3** | | Assets | **–** | **–** |
| | | Liabilities | **(159)** | **(150)** |
| Valuation techniques: | Discounted cash flow model | | | |
| Significant unobservable inputs: | – Forecast commodity prices;<br>– Discount rates using weighted average cost of capital methodology;<br>– Production models;<br>– Operating costs; and<br>– Capital expenditures.<br>The resultant liability is essentially a discounted cash flow valuation of the underlying mining operation. Increases/decreases in forecast commodity prices will result in an increase/decrease to the value of the liability though this will be partially offset by associated increases/decreases in the assumed production levels, operating costs and capital expenditures, which are inherently linked to forecast commodity prices. The valuation remains sensitive to price and a 10% increase/decrease in commodity price assumptions would result in an $107 million adjustment to the current carrying value. | | | |
| **Option over non-controlling interest in Ale – Level 3** | | Assets | **–** | **–** |
| | | Liabilities | **(22)** | **(22)** |
| Valuation techniques and key inputs: | Discounted cash flow model | | | |
| Significant unobservable inputs: | The resultant liability is the value of the remaining minority stake in the subsidiary, measured as the higher value of the acquisition date valuation of the shares, and a discounted future earnings based valuation. The valuation is additionally sensitive to movement in the spot exchange rates between the Brazilian Real and US Dollar. | | | |

## 24. Future commitments

Capital expenditure for the acquisition of property, plant and equipment is generally funded through the cash flow generated
by the respective industrial entities. As at 30 June 2021, $1,175 million (2020: $859 million), of which 90% (2020: 87%) relates to expenditure to be incurred over the next year, was contractually committed for the acquisition of property, plant and equipment.

Certain of Glencore's exploration tenements and licences require it to spend a minimum amount per year on development activities, a significant portion of which would have been incurred in the ordinary course of operations. As at 30 June 2021, $123 million (2020: $128 million) of such development expenditures are to be incurred, of which 27% (2020: 27%) are for commitments to be settled over the next year.

As part of Glencore's ordinary sourcing and procurement of physical commodities and other marketing obligations, the selling party may request that a financial institution act as either a) the paying party upon the delivery of product and qualifying documents through the issuance of a letter of credit or b) the guarantor by way of issuing a bank guarantee accepting responsibility for Glencore's contractual obligations. Similarly, Glencore is required to post rehabilitation and pension guarantees in respect of some of these future, primarily industrial, long-term obligations. As at 30 June 2021, $7,147 million (2020: $6,334 million) of procurement and $4,169 million (2020: $4,138 million) of rehabilitation and pension commitments have been issued on behalf of Glencore, which will generally be settled simultaneously with the payment for such commodity and rehabilitation and pension obligations.

At 30 June 2021, outstanding repurchase commitments related to the sale of goods associated with repurchase agreements at prevailing market prices, were $Nil (2020: $0.3 billion).

### ASTRON RELATED COMMITMENTS

As part of the regulatory approval process relating to the acquisition of a 75% shareholding in Astron Energy, Glencore and Astron Energy entered into certain commitments (subject to variation for good cause) with the South Africa Competition Tribunal and the South African Economic Development Department. These commitments include investment expenditure of up to ZAR 6.5 billion ($456 million) over the period to 2024 so as to debottleneck and improve the performance of the Cape Town oil refinery, contribute to the rebranding of certain retail sites and establish a development fund to support small and black-owned businesses in Astron Energy's value chain.

### CERREJON ACQUISITION COMMITMENTS

In June 2021, Glencore entered into agreements to acquire the remaining 66.66% interest in the Cerrejón joint venture that it does not own. The transaction has an economic effective date of 31 December 2020, with an aggregate purchase consideration of
$588 million then being subject to purchase price adjustments calculated at closing. Based on expected operating performance and current forward coal prices, assuming a closing during H1 2022 it is anticipated the cash generated by the operation will reduce the effective aggregate cash consideration to approximately $230 million.

The transactions between Glencore and the two other existing shareholders are subject to various regulatory approvals and are inter-conditional on each other.

## 25. Contingent liabilities

The Group is subject to various legal and regulatory proceedings as detailed below. These contingent liabilities are reviewed on a regular basis and where appropriate an estimate is made of the potential financial impact on the Group. As at 30 June 2021 and 31 December 2020, it was not feasible to make such an assessment.

### LEGAL AND REGULATORY PROCEEDINGS

Under IAS 37 Provisions, Contingent Liabilities and Contingent Assets, a provision is recognised when Glencore has a present obligation (legal or constructive), as a result of a past event, and it is probable that an outflow of resources embodying economic benefits, that can be reliably estimated, will be required to settle the liability. A contingent liability is a possible obligation that arises from a past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of Glencore. If it is not clear whether there is a present obligation, a past event is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the end of the reporting period. When a present obligation arises but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability, a contingent liability is disclosed.

The Group is subject to various legal and regulatory proceedings as detailed below. The facts and circumstances of these proceedings are assessed on a regular basis to determine if the criteria for recognising a provision in accordance with IAS 37 are met. At 30 June 2021 and 31 December 2020, the Group has concluded that the recognition criteria have not been met and, as such, no liability has been recognised in relation to these matters in the consolidated statement of financial position at the end of the reporting periods. The nature of these contingent liabilities is disclosed below.

## 25. Contingent liabilities continued

### INVESTIGATIONS BY REGULATORY AND ENFORCEMENT AUTHORITIES

The Group is subject to a number of investigations by regulatory and enforcement authorities including:

- The United States Department of Justice is investigating the Group with respect to compliance with various criminal statutes, including the Foreign Corrupt Practices Act, United States money laundering statutes and fraud statutes related to the Group’s business in certain overseas jurisdictions.
- The United States Commodity Futures Trading Commission ("CFTC") is investigating whether the Group may have violated certain provisions of the Commodity Exchange Act and/or CFTC Regulations including through corrupt practices in connection with commodities trading.
- The United Kingdom Serious Fraud Office is investigating the Group in respect of suspicions of bribery in the conduct of business of the Group.
- The Brazilian authorities are investigating the Group in relation to “Operation car wash”, which relates to bribery allegations concerning Petrobras.
- The Office of the Attorney General of Switzerland is investigating Glencore International AG for failure to have the organisational measures in place to prevent alleged corruption.

The Board has appointed a committee, the Investigations Committee (“the Committee”), to oversee the response to the investigations on behalf of the Board. The Committee has engaged external legal counsel and forensic experts to assist in responding to the various investigations and to perform additional investigations at the request of the Committee covering various aspects of the Group’s business.

The Group is continuing to cooperate fully with the various authorities, including through reporting to those authorities facts relevant to their investigations. The investigations are complex and dynamic including in relation to scope. The timing and outcome of the various investigations remain uncertain.

During the period, the Group has provided for one specific narrow aspect of these investigations (included within Other expenses, see note 6).

Other than the specific narrow aspect for which provision has been made, at 30 June 2021, taking account of all available evidence, the Committee concluded that it is not probable that a present obligation existed at the end of the reporting period for the above regulatory and enforcement proceedings. Consequently, the timing and amount, if any, of further financial effects (such as fines, penalties or damages, which could be material) or other consequences, including external costs, from any of the various investigations and any change in their scope is not possible to predict or estimate.

### OTHER LEGAL PROCEEDINGS

Claims, potential claims and unresolved disputes are open or pending against Glencore, however, based on the Group’s current assessment of these matters any future individually material financial obligations are considered to be remote.

### ENVIRONMENTAL CONTINGENCIES

Glencore’s operations are subject to various environmental laws and regulations. Glencore is not aware of any material non-compliance with those laws and regulations. Glencore accrues for environmental contingencies when such contingencies are probable and reasonably estimable. Such accruals are adjusted as new information develops or circumstances change. Recoveries of environmental remediation costs from insurance companies and other parties are recorded as assets when the recoveries are virtually certain. At this time, Glencore is unaware of any material environmental incidents at its locations. Any potential liability arising from environmental incidents in the ordinary course of the Group’s business would not usually be expected to have a material adverse effect on its consolidated income, financial position or cash flows.

## 26. Related party transactions

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 12, 14 and 20).
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. Over the six month period ended 30 June 2021, sales and purchases with associates and joint ventures amounted to $1,872 million (2020: $1,284 million) and $3,025 million (2020: $2,569 million) respectively.

## 27. Principal subsidiaries with material non-controlling interests

Non-controlling interest is comprised of the following:

| US$ million | **as at 30.06.2021** | as at 31.12.2020 |
|---|---|---|
| Volcan | (123) | (136) |
| Kazzinc | 1,313 | 1,362 |
| Koniambo | (4,665) | (4,098) |
| Kamoto Copper Company (KCC) | 348 | 232 |
| Mopani[1] | – | (1,009) |
| Other[2] | 444 | 414 |
| **Total** | **(2,683)** | **(3,235)** |

1 See note 21.

2 Other comprises various subsidiaries in which no individual balance attributable to non-controlling interests is material.

## 28. Subsequent events

With the exception of additional shareholder returns expected to total up to approximately $1,180 million, announced contemporaneously with these financial statements, there have been no other reportable events since 30 June 2021.

# ALTERNATIVE PERFORMANCE MEASURES

Alternative performance measures are denoted by the symbol ◊

When assessing and discussing the Group's reported financial performance, financial position and cash flows, Glencore makes reference to Alternative performance measures (APMs), which are not defined or specified under the requirements of IFRS, but are derived from the financial statements prepared in accordance with IFRS. The APMs are consistent with how business performance is measured and reported within the internal management reporting to the Board and management and assist in providing meaningful analysis of the Group's results both internally and externally in discussions with the financial analyst and investment community.

The Group uses APMs to aid the comparability of information between reporting periods and segments and to aid the understanding of the activity taking place across the Group by adjusting for items that are of an infrequent nature and by aggregating or disaggregating (notably in the case of relevant material associates and joint ventures accounted for on an equity basis) certain IFRS measures. APMs are also used to approximate the underlying operating cash flow generation of the operations (Adjusted EBITDA).

Investments in the extractive industry are typically significant and the initial spend generally occurs over several years, "upfront", prior to the operations generating cash. As a result, the investments are sometimes made with partners and an assessment to approximate the operating cash flow generation/pay-back of the investment (Adjusted EBITDA) is required. Against this backdrop, the key APMs used by Glencore are Adjusted EBITDA, Net funding/Net debt and the disaggregation of the equivalent key APMs of our relevant material associates and joint ventures ("Proportionate adjustment") to enable a consistent evaluation of the financial performance and returns attributable to the Group.

Adjusted EBITDA is a useful approximation of the operating cash flow generation by eliminating depreciation and amortisation adjustments. Adjusted EBITDA is not a direct measure of our liquidity, which is shown by our cash flow statement and needs to be considered in the context of our financial commitments.

Proportionate adjustments are useful to enable a consistent evaluation of the financial performance and returns available to the Group, irrespective of the differing accounting treatments required to account for our minority/joint ownership interests of our relevant material investments.

Net funding is an aggregation of IFRS measures (Borrowings less cash and cash equivalents) and Net debt is Net funding less Readily marketable inventories and provides a measure of our financial leverage and, through Net debt to Adjusted EBITDA relationships, provides an indication of relative financial strength and flexibility.

APMs used by Glencore may not be comparable with similarly titled measures and disclosures by other companies. APMs have limitations as an analytical tool, and a user of the financial statements should not consider these measures in isolation from, or as a substitute for, analysis of the Group's results of operations; and they may not be indicative of the Group's historical operating results, nor are they meant to be a projection or forecast of its future results.

Listed below are the definitions and reconciliations to the underlying IFRS measures of the various APMs used by the Group.

## Proportionate adjustment

For internal reporting and analysis, management evaluates the performance of Antamina copper/zinc mine (34% owned), Cerrejón coal mine (33% owned) and Collahuasi copper mine (44% owned) under the proportionate consolidation method reflecting Glencore's proportionate share of the revenues, expenses, assets and liabilities of these investments.

In November 2017, Glencore increased its voting interest in Volcan to 63%, but its total economic interest only increased to 23.3%. For internal reporting and analysis, management evaluates the performance of Volcan under the equity method, reflecting the Group's relatively low 23.3% economic ownership in this fully ring-fenced listed entity, with its stand-alone, independent and separate capital structure. The impact is that we reflect 23.3% of Volcan's net income in the Group's Adjusted EBIT/EBITDA and its consolidated results are excluded from all other APM's including production data.

The Viterra joint venture is a stand-alone group with a fully independent capital structure, governance and credit profile, supporting a global business, across many geographies, products and activities. Glencore's management evaluates this investment's financial performance on a net return basis, as opposed to an Adjusted EBITDA basis and thus, the financial results of Viterra are presented on a basis consistent with its underlying IFRS treatment (equity accounting).

See reconciliation of revenue and relevant material associates' and joint ventures' Adjusted EBIT to "Share of net income from associates and joint ventures" below.

APMS DERIVED FROM THE STATEMENT OF INCOME

## Revenue

Revenue represents revenue by segment (see note 3 of the financial statements), as reported on the face of the statement
of income plus the relevant Proportionate adjustments. See reconciliation table below.

| US$ million | **H1 2021** | H1 2020 |
|---|---|---|
| Revenue – Marketing activities | 83,919 | 62,031 |
| Revenue – Industrial activities | 27,675 | 17,945 |
| Intersegment eliminations | (15,893) | (8,033) |
| **Revenue – segmental** | **95,701** | **71,943** |
| Proportionate adjustment material associates and joint ventures – revenue | (2,357) | (1,162) |
| Proportionate adjustment Volcan – revenue | 461 | 180 |
| **Revenue – reported measure** | **93,805** | **70,961** |

## Share of income from material associates and joint ventures

| US$ million | **H1 2021** | H1 2020 |
|---|---|---|
| Associates' and joint ventures' Adjusted EBITDA | 1,833 | 718 |
| Depreciation and amortisation | (342) | (339) |
| Associates' and joint ventures' Adjusted EBIT | 1,491 | 379 |
| Impairment, net of tax[1] | – | (245) |
| Net finance costs | (12) | (10) |
| Income tax expense | (554) | (157) |
| | (566) | (412) |
| **Share of income/(loss) from relevant material associates and joint ventures** | **925** | **(33)** |
| Share of income from other associates and joint ventures | 93 | 46 |
| **Share of income from associates and joint ventures[2]** | **1,018** | **13** |

1 In H1 2020, Industrial activities segment comprised an impairment of $245 million, net of taxes of $126 million, relating to Cerrejón, resulting from lower API2 coal price assumptions and reduced production estimates, including updated mine-life approval expectations.

2 Comprises share in earnings of $190 million (2020: $98 million) from Marketing activities and share in earnings of $828 million (2020: share in losses of $85 million) from Industrial activities.

## Adjusted EBIT/EBITDA

Adjusted EBIT/EBITDA provide insight into our overall business performance (a combination of cost management, seizing market opportunities and growth), and are the corresponding flow drivers towards our objective of achieving industry-leading returns.

Adjusted EBIT is the net result of revenue less cost of goods sold and selling and administrative expenses, plus share of income from associates and joint ventures, dividend income and the attributable share of Adjusted EBIT of relevant material associates and joint ventures, which are accounted for internally by means of proportionate consolidation, excluding Significant items, see below.

Adjusted EBITDA consists of Adjusted EBIT plus depreciation and amortisation, including the related Proportionate adjustments.
See reconciliation table below.

| US$ million | **H1 2021** | H1 2020 |
|---|---|---|
| Reported measures | | |
| Revenue | 93,805 | 70,961 |
| Cost of goods sold | (89,070) | (69,214) |
| Selling and administrative expenses | (1,034) | (950) |
| Share of income from associates and joint ventures | 1,018 | 13 |
| Dividend income | 6 | 12 |
| | **4,725** | **822** |
| Adjustments to reported measures | | |
| Share of associates’ significant items | 11 | 83 |
| Movement in unrealised inter-segment profit elimination | 83 | 85 |
| Proportionate adjustment material associates and joint ventures – net finance, impairment and income tax expense | 566 | 412 |
| Proportionate adjustment Volcan – net finance, income tax expense and non-controlling interests | (80) | 70 |
| **Adjusted EBIT** | **5,305** | **1,472** |
| Depreciation and amortisation | 3,105 | 3,136 |
| Proportionate adjustment material associates and joint ventures – depreciation | 342 | 339 |
| Proportionate adjustment Volcan – depreciation | (98) | (114) |
| **Adjusted EBITDA** | **8,654** | **4,833** |

## Significant items

Significant items of income and expense which, due to their variable financial impact or the expected infrequency of the events giving rise to them, are separated for internal reporting and analysis of Glencore’s results to aid in an understanding and comparative basis of the underlying financial performance. Refer to reconciliation below.

### Reconciliation of net significant items H1 2021

| US$ million | Gross significant charges | Non-controlling interests’ share | Significant items tax | **Equity holders’ share** |
|---|---|---|---|---|
| Share of Associates' significant items[1] | (11) | – | – | (11) |
| Movement in unrealised inter-segment profit elimination[1] | (83) | – | 13 | (70) |
| Loss on disposals of non-current assets[2] | (969) | – | – | (969) |
| Other income/(expense) – net[3] | (282) | (3) | (7) | (292) |
| Tax significant items in their own right[4] | – | – | (74) | (74) |
| | (1,345) | (3) | (68) | (1,416) |
| Impairments attributable to equity holders | | | | |
| Impairments[5] | (862) | 342 | – | (520) |
| | (862) | 342 | – | (520) |
| **Total significant items** | **(2,207)** | **339** | **(68)** | **(1,936)** |

1 See note 3 of the interim financial statements.
2 See note 5 of the interim financial statements.
3 See note 6 of the interim financial statements.
4 Relates to foreign exchange fluctuations ($19 million) less tax losses not recognised ($2 million) and adjustments in respect of prior years ($91 million), see note 8 of the financial statements.
5 See note 7 of the interim financial statements.

Reconciliation of net significant items H1 2020

| US$ million | Gross significant charges | Non-controlling interests' share | Significant items tax | **Equity holders' share** |
|---|---|---|---|---|
| Share of Associates' significant items[1] | (83) | – | – | (83) |
| Movement in unrealised inter-segment profit elimination[1] | (85) | – | 5 | (80) |
| Loss on disposals of non-current assets[2] | (5) | – | – | (5) |
| Other income/(expense) – net[3] | 88 | – | – | 88 |
| Tax significant items in their own right[4] | – | – | (190) | (190) |
| | (85) | – | (185) | (270) |
| Impairments attributable to equity holders | | | | |
| Impairments[5] | (3,001) | 313 | 144 | (2,544) |
| Impairment Volcan[5] | (2,285) | 1,203 | 716 | (366) |
| Impairments – net, related to material associates and joint ventures[6] | (245) | – | – | (245) |
| | (5,531) | 1,516 | 860 | (3,155) |
| **Total significant items** | **(5,616)** | **1,516** | **675** | **(3,425)** |

1 See note 3 of the interim financial statements.
2 See note 5 of the interim financial statements.
3 See note 6 of the interim financial statements.
4 Relates to foreign exchange fluctuations ($64 million) and tax losses not recognised ($126 million), see note 8 of the financial statements.
5 See note 7 of the interim financial statements.
6 See Proportionate adjustment reconciliation above.

## Net income attributable to equity shareholder pre-significant items

Net income attributable to equity shareholders pre-significant items is a measure of our ability to generate shareholder returns.
The calculation of tax items to be excluded from Net income, includes the tax effect of significant items and significant tax items themselves. Refer to reconciliation below.

| US$ million | **H1 2021** | H1 2020 |
|---|---|---|
| Income/(loss) attributable to equity holders of the Parent | 1,277 | (2,600) |
| Significant items | 1,936 | 3,425 |
| **Income attributable to equity holders of the Parent pre-significant items** | **3,213** | **825** |

# APMS DERIVED FROM THE STATEMENT OF FINANCIAL POSITION

## Net funding/Net debt and Net debt to Adjusted EBITDA

Net funding/debt demonstrates how our debt is being managed and is an important factor in ensuring we maintain investment grade credit rating status and a competitive cost of capital. Net funding is defined as total current and non-current borrowings less cash and cash equivalents and related Proportionate adjustments. Net debt is defined as Net funding less readily marketable inventories and related Proportionate adjustments. Consistent with the general approach in relation to our internal reporting and evaluation of Volcan, its consolidated net debt has also been adjusted to reflect the Group's relatively low 23.3% economic ownership (compared to its 63% voting interest) in this still fully ring-fenced listed entity, with its standalone, independent and separate capital structure. Furthermore, the relationship of Net debt to Adjusted EBITDA provides an indication of financial flexibility. See reconciliation table below.

## Readily marketable inventories (RMI)

RMI, comprising the core inventories which underpin and facilitate Glencore's marketing activities, represent inventories, that in Glencore's assessment, are readily convertible into cash in the short term due to their liquid nature, widely available markets and
the fact that price risk is primarily covered either by a forward physical sale or hedge transaction. Glencore regularly assesses the composition of these inventories and their applicability, relevance and availability to the marketing activities. At 30 June 2021, $21,230 million (2020: $19,584 million) of inventories were considered readily marketable. This comprises $13,445 million (2020: $12,260 million) of inventories carried at fair value less costs of disposal and $7,785 million (2020: $7,324 million) carried at the lower of cost or net realisable value. Total readily marketable inventories includes $125 million (2020:

$128 million) related to the relevant material associates and joint ventures (see note 3) presented under the proportionate consolidation method, comprising inventory carried at lower of cost or net realisable value. Given the highly liquid nature of these inventories, which represent a significant share of current assets, the Group believes it is appropriate to consider them together with cash equivalents in analysing Group net debt levels and computing certain debt coverage ratios and credit trends.

## Net funding/net debt at 30 June 2021

| US$ million | Reported measure | Proportionate adjustment material associates and joint ventures | Proportionate adjustment Volcan | **Adjusted measure** |
|---|---|---|---|---|
| Non-current borrowings | 27,651 | 208 | (486) | 27,373 |
| Current borrowings | 7,369 | 143 | (440) | 7,072 |
| **Total borrowings** | **35,020** | **351** | **(926)** | **34,445** |
| Less: cash and cash equivalents | (2,546) | (203) | 158 | (2,591) |
| **Net funding** | **32,474** | **148** | **(768)** | **31,854** |
| Less: Readily marketable inventories | (21,105) | (125) | – | (21,230) |
| **Net debt** | **11,369** | **23** | **(768)** | **10,624** |

## Net funding/net debt at 31 December 2020

| US$ million | Reported measure | Proportionate adjustment material associates and joint ventures | Proportionate adjustment Volcan | Adjusted measure |
|---|---|---|---|---|
| Non-current borrowings | 29,227 | 210 | (889) | 28,548 |
| Current borrowings | 8,252 | 151 | (33) | 8,370 |
| **Total borrowings** | **37,479** | **361** | **(922)** | **36,918** |
| Less: cash and cash equivalents | (1,498) | (107) | 115 | (1,490) |
| **Net funding** | **35,981** | **254** | **(807)** | **35,428** |
| Less: Readily marketable inventories | (19,456) | (128) | – | (19,584) |
| **Net debt** | **16,525** | **126** | **(807)** | **15,844** |

## Capital expenditure ("Capex")

Capital expenditure is expenditure capitalised as property, plant and equipment. For internal reporting and analysis, Capex includes related Proportionate adjustments. See reconciliation table below.

| US$ million | **H1 2021** | H1 2020 |
|---|---|---|
| Capital expenditure – Marketing activities | 666 | 474 |
| Capital expenditure – Industrial activities | 1,843 | 1,777 |
| **Capital expenditure - segmental** | **2,509** | **2,251** |
| Proportionate adjustment material associates and joint ventures – capital expenditure | (325) | (216) |
| Proportionate adjustment Volcan – capital expenditure | 66 | 34 |
| **Capital expenditure – reported measure** | **2,250** | **2,069** |

## APMS DERIVED FROM THE STATEMENT OF CASH FLOWS

## Net purchase and sale of property, plant and equipment

Net purchase and sale of property, plant and equipment is cash purchase of property, plant and equipment, net of proceeds from sale of property, plant and equipment. For internal reporting and analysis, Net purchase and sale of property, plant and equipment includes proportionate adjustments. See reconciliation table below.

Six months ended 30 June 2021

| US$ million | Reported measure | Proportionate adjustment material associates and joint ventures | Proportionate adjustment Volcan | **Adjusted measure** |
|---|---|---|---|---|
| Purchase of property, plant and equipment | (1,546) | (321) | 57 | (1,810) |
| Proceeds from sale of property, plant and equipment | 41 | 2 | – | 43 |
| **Net purchase and sale of property, plant and equipment** | **(1,505)** | **(319)** | **57** | **(1,767)** |

Six months ended 30 June 2020

| US$ million | Reported measure | Proportionate adjustment material associates and joint ventures | Proportionate adjustment Volcan | **Adjusted measure** |
|---|---|---|---|---|
| Purchase of property, plant and equipment | (1,551) | (198) | 28 | (1,721) |
| Proceeds from sale of property, plant and equipment | 21 | – | – | 21 |
| **Net purchase and sale of property, plant and equipment** | **(1,530)** | **(198)** | **28** | **(1,700)** |

## Funds from operations (FFO) and FFO to Net debt

FFO is a measure that reflects our ability to generate cash for investment, debt servicing and distributions to shareholders. It comprises cash provided by operating activities before working capital changes, less tax and net interest payments plus dividends received and related Proportionate adjustments. Furthermore, the relationship of FFO to net debt is an indication of our financial flexibility and strength. See reconciliation table below.

**Six months ended 30 June 2021**

| US$ million | Reported measure | Proportionate adjustment material associates and joint ventures | Proportionate adjustment Volcan | **Adjusted measure** |
|---|---|---|---|---|
| Cash generated by operating activities before working capital changes | 7,181 | – | – | 7,181 |
| Addback EBITDA of relevant material associates and joint ventures | – | 1,833 | (183) | 1,650 |
| Non-cash adjustments included within EBITDA | – | 6 | (3) | 3 |
| Adjusted cash generated by operating activities before working capital changes | 7,181 | 1,839 | (186) | 8,834 |
| Income taxes paid | (678) | (425) | (1) | (1,104) |
| Interest received | 46 | – | – | 46 |
| Interest paid | (504) | (5) | 29 | (480) |
| Dividends received from associates and joint ventures | 950 | (936) | – | 14 |
| **Funds from operations (FFO)** | **6,995** | **473** | **(158)** | **7,310** |

## Last Twelve Months ("LTM") key ratios calculation 2021

| US$ million | FFO | Adjusted EBITDA |
|---|---|---|
| Full year 2020 | 8,325 | 11,560 |
| Less: H1 2020 | (3,686) | (4,833) |
| H2 2020 | 4,639 | 6,727 |
| Add: H1 2021 | 7,310 | 8,654 |
| **LTM** | **11,949** | **15,381** |
| | | |
| **Net debt at 30 June 2021** | | **10,624** |
| | | |
| **FFO to Net debt** | | **112.5%** |
| **Net debt to Adjusted EBITDA** | | **0.69** |

**Six months ended 30 June 2020**

| US$ million | Reported measure | Proportionate adjustment material associates and joint ventures | Proportionate adjustment Volcan | **Adjusted measure** |
|---|---|---|---|---|
| Cash generated by operating activities before working capital changes | 4,317 | – | – | 4,317 |
| Addback EBITDA of relevant material associates and joint ventures | – | 718 | (17) | 701 |
| Non-cash adjustments included within EBITDA | – | 1 | 3 | 4 |
| Adjusted cash generated by operating activities before working capital changes | 4,317 | 719 | (14) | 5,022 |
| Income taxes paid | (631) | (142) | 10 | (763) |
| Interest received | 59 | – | – | 59 |
| Interest paid | (661) | (4) | 20 | (645) |
| Dividends received from associates and joint ventures | 143 | (130) | – | 13 |
| **Funds from operations (FFO)** | **3,227** | **443** | **16** | **3,686** |

# OTHER RECONCILIATIONS

## AVAILABLE COMMITTED LIQUIDITY[1]

| US$ million | as at 30.06.2021 | as at 31.12.2020 |
|---|---|---|
| Cash and cash equivalents – reported | 2,546 | 1,498 |
| Proportionate adjustment – cash and cash equivalents | 45 | (8) |
| Headline committed syndicated revolving credit facilities | 11,222 | 14,625 |
| Amount drawn under syndicated revolving credit facilities | (2,768) | (4,766) |
| Amounts drawn under U.S. commercial paper programme | (1,782) | (1,090) |
| **Total** | **9,263** | **10,259** |

1 Presented on an adjusted measured basis.

## CASH FLOW RELATED ADJUSTMENTS H1 2021

| US$ million | Reported measure | Proportionate adjustment material associates and joint ventures | Proportionate adjustment Volcan | **Adjusted measure** |
|---|---|---|---|---|
| Funds from operations (FFO) | 6,995 | 473 | (158) | 7,310 |
| Working capital changes | (544) | (46) | 54 | (536) |
| Purchase of investments | (13) | – | – | (13) |
| Proceeds from sale of investments | 174 | – | – | 174 |
| Purchase of property, plant and equipment | (1,546) | (321) | 57 | (1,810) |
| Proceeds from sale of property, plant and equipment | 41 | 2 | – | 43 |
| Margin payments in respect of financing related hedging activities | (372) | – | – | (372) |
| Return of capital/distributions to non-controlling interests | (152) | – | – | (152) |
| Purchase of own shares | (131) | – | – | (131) |
| Distributions paid to equity holders of the Parent | (794) | – | – | (794) |
| **Cash movement in net funding** | **3,658** | **108** | **(47)** | **3,719** |

**OTHER RECONCILIATIONS**
continued

## CASH FLOW RELATED ADJUSTMENTS H1 2020

| US$ million | Reported measure | Proportionate adjustment material associates and joint ventures | Proportionate adjustment Volcan | **Adjusted measure** |
|---|---|---|---|---|
| Funds from operations (FFO) | 3,227 | 443 | 16 | 3,686 |
| Working capital changes | (3,250) | (15) | 34 | (3,231) |
| Purchase of investments | (88) | – | – | (88) |
| Proceeds from sale of investments | 4 | – | – | 4 |
| Purchase of property, plant and equipment | (1,551) | (198) | 28 | (1,721) |
| Proceeds from sale of property, plant and equipment | 21 | – | – | 21 |
| Margin receipt in respect of financing related hedging activities | 256 | – | – | 256 |
| Acquisition of non-controlling interests in subsidiaries | (39) | – | – | (39) |
| Return of capital/distributions to non-controlling interests | (122) | – | – | (122) |
| **Cash movement in net funding** | **(1,542)** | **230** | **78** | **(1,234)** |

## Applicable tax rate

The applicable tax rate represents the effective tax rate which is computed based on the income tax expense, pre-significant items and related Proportionate adjustments, divided by the earnings before tax, pre-significant items and related Proportionate adjustments. See reconciliation table below.

RECONCILIATION OF TAX EXPENSE H1 2021

| US$ million | **Total** |
|---|---|
| Adjusted EBIT, pre-significant items | 5,305 |
| Net finance costs | (598) |
| Adjustments for: | |
| Net finance expense - material associates and joint ventures | (12) |
| Proportional adjustment and net finance costs - Volcan | 32 |
| Share of income from other associates pre-significant items | (104) |
| **Profit on a proportionate consolidation basis before tax and pre-significant items** | **4,623** |
| Income tax expense, pre-significant items | (1,001) |
| Adjustments for: | |
| Tax expense from material associates and joint ventures | (554) |
| Tax expense from Volcan | 31 |
| **Tax expense on a proportionate consolidation basis** | **(1,524)** |
| **Applicable tax rate** | **33.0%** |

| US$ million | Pre-significant tax expense | Significant items tax[1] | **Total tax expense** |
|---|---|---|---|
| Tax expense on a proportionate consolidation basis | 1,524 | 68 | 1,592 |
| Adjustment in respect of material associates and joint ventures – tax | (554) | – | (554) |
| Adjustment in respect of Volcan – tax | 31 | – | 31 |
| **Tax expense on the basis of the income statement** | **1,001** | **68** | **1,069** |

1 See table above.

## RECONCILIATION OF TAX EXPENSE H1 2020

| US$ million | Total |
|---|---|
| Adjusted EBIT, pre-significant items | 1,472 |
| Net finance costs | (794) |
| Adjustments for: | |
| Net finance expense - material associates and joint ventures | (10) |
| Proportional adjustment and net finance costs - Volcan | 53 |
| Share of income from other associates pre-significant items | (129) |
| **Profit on a proportionate consolidation basis before tax and pre-significant items** | **592** |
| Income tax expense, pre-significant items | (18) |
| Adjustments for: | |
| Tax expense from material associates and joint ventures | (157) |
| Tax credit from Volcan | (5) |
| **Tax expense on a proportionate consolidation basis** | **(180)** |
| **Applicable tax rate** | **30.4%** |

| US$ million | Pre-significant tax expense | Significant items tax[1] | Total tax expense |
|---|---|---|---|
| Tax expense/(credit) on a proportionate consolidation basis | 180 | (85) | 95 |
| Adjustment in respect of material associates and joint ventures – tax | (157) | 126 | (31) |
| Adjustment in respect of Volcan – tax | (5) | (716) | (721) |
| **Tax expense/(credit) on the basis of the income statement** | **18** | **(675)** | **(657)** |

1 See table above.

# PRODUCTION BY QUARTER – Q2 2020 TO Q2 2021

Metals and minerals

PRODUCTION FROM OWN SOURCES – TOTAL[1]

| | | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | **H1 2021** | H1 2020 | Change H1 21 vs H1 20 % | Change Q2 21 vs Q2 20 % |
|---|---|---|---|---|---|---|---|---|---|---|
| Copper | kt | 294.8 | 346.6 | 323.4 | 301.2 | 296.8 | 598.0 | 588.1 | 2 | 1 |
| Cobalt | kt | 8.2 | 7.3 | 5.8 | 6.8 | 8.0 | 14.8 | 14.3 | 3 | (2) |
| Zinc | kt | 254.5 | 310.0 | 310.3 | 282.6 | 299.2 | 581.8 | 550.1 | 6 | 18 |
| Lead | kt | 66.2 | 66.4 | 65.1 | 55.3 | 61.7 | 117.0 | 127.9 | (9) | (7) |
| Nickel | kt | 27.0 | 26.6 | 28.4 | 25.2 | 22.5 | 47.7 | 55.2 | (14) | (17) |
| Gold | koz | 200 | 244 | 261 | 224 | 199 | 423 | 411 | 3 | (1) |
| Silver | koz | 6,407 | 9,035 | 9,546 | 7,761 | 8,223 | 15,984 | 14,185 | 13 | 28 |
| Ferrochrome | kt | 78 | 185 | 378 | 399 | 374 | 773 | 466 | 66 | 379 |
| Coal | mt | 26.2 | 25.4 | 22.7 | 24.5 | 24.2 | 48.7 | 58.1 | (16) | (8) |
| Oil (entitlement interest basis) | kbbl | 806 | 748 | 584 | 1,071 | 1,486 | 2,557 | 2,612 | (2) | 84 |

PRODUCTION FROM OWN SOURCES – COPPER ASSETS[1]

## PRODUCTION BY QUARTER – Q2 2020 TO Q2 2021
continued

| | | | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | **H1 2021** | H1 2020 | Change H1 21 vs H1 20 % | Change Q2 21 vs Q2 20 % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **African Copper (Katanga, Mutanda, Mopani)** | | | | | | | | | | | |
| Katanga | Copper metal | kt | 67.1 | 67.5 | 68.8 | 64.3 | 67.3 | 131.6 | 134.4 | (2) | 0 |
| | Cobalt[2] | kt | 7.2 | 6.4 | 5.0 | 5.8 | 6.1 | 11.9 | 12.5 | (5) | (15) |
| Mutanda | Cobalt[2] | kt | – | – | – | – | 1.1 | 1.1 | – | n.m. | n.m. |
| Mopani | Copper metal | kt | 6.7 | 13.3 | 10.3 | 6.5 | – | 6.5 | 6.7 | (3) | (100) |
| | **Total Copper metal** | **kt** | **73.8** | **80.8** | **79.1** | **70.8** | **67.3** | **138.1** | **141.1** | **(2)** | **(9)** |
| | **Total Cobalt[2]** | **kt** | **7.2** | **6.4** | **5.0** | **5.8** | **7.2** | **13.0** | **12.5** | **4** | **(0)** |
| **Collahuasi[3]** | **Copper in concentrates** | **kt** | **75.6** | **75.5** | **59.2** | **71.7** | **74.2** | **145.9** | **142.1** | **3** | **(2)** |
| | **Silver in concentrates** | **koz** | **850** | **1,155** | **893** | **1,081** | **1,170** | **2,251** | **1,913** | **18** | **38** |
| | **Gold in concentrates** | **koz** | **14** | **18** | **9** | **10** | **12** | **22** | **26** | **(15)** | **(14)** |
| **Antamina[4]** | **Copper in concentrates** | **kt** | **17.8** | **36.1** | **40.7** | **35.8** | **37.4** | **73.2** | **50.9** | **44** | **110** |
| | **Zinc in concentrates** | **kt** | **16.4** | **44.2** | **44.9** | **38.0** | **42.2** | **80.2** | **53.3** | **50** | **157** |
| | **Silver in concentrates** | **koz** | **686** | **1,516** | **2,017** | **1,577** | **1,558** | **3,135** | **2,002** | **57** | **127** |
| **Other South America (Antapaccay, Lomas Bayas)** | | | | | | | | | | | |
| Antapaccay | Copper in concentrates | kt | 43.1 | 53.0 | 51.5 | 43.5 | 40.5 | 84.0 | 81.1 | 4 | (6) |
| | Gold in concentrates | koz | 12 | 24 | 32 | 28 | 24 | 52 | 34 | 53 | 100 |
| | Silver in concentrates | koz | 295 | 378 | 355 | 327 | 303 | 630 | 565 | 12 | 3 |
| Lomas Bayas | Copper metal | kt | 18.5 | 19.2 | 18.0 | 15.8 | 16.4 | 32.2 | 36.9 | (13) | (11) |
| | **Total Copper metal** | **kt** | **18.5** | **19.2** | **18.0** | **15.8** | **16.4** | **32.2** | **36.9** | **(13)** | **(11)** |
| | **Total Copper in concentrates** | **kt** | **43.1** | **53.0** | **51.5** | **43.5** | **40.5** | **84.0** | **81.1** | **4** | **(6)** |
| | **Total Gold in concentrates and in doré** | **koz** | **12** | **24** | **32** | **28** | **24** | **52** | **34** | **53** | **100** |
| | **Total Silver in concentrates and in doré** | **koz** | **295** | **378** | **355** | **327** | **303** | **630** | **565** | **12** | **3** |

## Metals and minerals

### PRODUCTION FROM OWN SOURCES – COPPER ASSETS[1] CONTINUED

| | | | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | **H1 2021** | H1 2020 | Change H1 21 vs H1 20 % | Change Q2 21 vs Q2 20 % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Australia (Mount Isa, Ernest Henry, Townsville, Cobar)** | | | | | | | | | | | |
| Mount Isa, Ernest Henry, Townsville | | | | | | | | | | | |
| | Copper metal | kt | 32.6 | 40.5 | 33.9 | 30.9 | 31.6 | 62.5 | 64.4 | (3) | (3) |
| | Gold | koz | 24 | 22 | 25 | 18 | 21 | 39 | 46 | (15) | (13) |
| | Silver | koz | 165 | 208 | 226 | 169 | 161 | 330 | 321 | 3 | (2) |
| *Mount Isa, Ernest Henry, Townsville – total production including third party feed* | | | | | | | | | | | |
| | *Copper metal* | *kt* | *49.8* | *59.7* | *54.5* | *54.2* | *56* | *109.7* | *103.0* | *7* | *11* |
| | *Gold* | *koz* | *39* | *45* | *41* | *41* | *43* | *84* | *72* | *17* | *10* |
| | *Silver* | *koz* | *321* | *393* | *372* | *323* | *366* | *689* | *652* | *6* | *14* |
| Cobar | Copper in concentrates | kt | 11.0 | 10.7 | 12.7 | 8.9 | 10.3 | 19.2 | 22.8 | (16) | (6) |
| | Silver in concentrates | koz | 126 | 129 | 144 | 95 | 111 | 206 | 243 | (15) | (12) |
| | **Total Copper metal** | **kt** | **32.6** | **40.5** | **33.9** | **30.9** | **31.6** | **62.5** | **64.4** | **(3)** | **(3)** |
| | **Total Copper in concentrates** | **kt** | **11.0** | **10.7** | **12.7** | **8.9** | **10.3** | **19.2** | **22.8** | **(16)** | **(6)** |
| | **Total Gold** | **koz** | **24** | **22** | **25** | **18** | **21** | **39** | **46** | **(15)** | **(13)** |
| | **Total Silver** | **koz** | **291** | **337** | **370** | **264** | **272** | **536** | **564** | **(5)** | **(7)** |
| **Total Copper department** | | | | | | | | | | | |
| | **Copper** | **kt** | **272.4** | **315.8** | **295.1** | **277.4** | **277.7** | **555.1** | **539.3** | **3** | **2** |
| | **Cobalt** | **kt** | **7.2** | **6.4** | **5.0** | **5.8** | **7.2** | **13.0** | **12.5** | **4** | **(0)** |
| | **Zinc** | **kt** | **16.4** | **44.2** | **44.9** | **38.0** | **42.2** | **80.2** | **53.3** | **50** | **157** |
| | **Gold** | **koz** | **50** | **64** | **66** | **56** | **57** | **113** | **106** | **7** | **14** |
| | **Silver** | **koz** | **2,122** | **3,386** | **3,635** | **3,249** | **3,303** | **6,552** | **5,044** | **30** | **56** |

**PRODUCTION BY QUARTER – Q2 2020 TO Q2 2021**
continued

## Metals and minerals

### PRODUCTION FROM OWN SOURCES – ZINC ASSETS[1]

| | | | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | **H1 2021** | H1 2020 | Change H1 21 vs H1 20 % | Change Q2 21 vs Q2 20 % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Kazzinc** | | | | | | | | | | | |
| | **Zinc metal** | **kt** | **41.6** | **43.9** | **38.7** | **37.8** | **33.2** | **71.0** | **84.9** | **(16)** | **(20)** |
| | **Lead metal** | **kt** | **6.8** | **5.7** | **7.6** | **4.3** | **4.9** | **9.2** | **12.3** | **(25)** | **(28)** |
| | **Copper metal[5]** | **kt** | **8.8** | **10.6** | **8.9** | **8.7** | **4.9** | **13.6** | **17.5** | **(22)** | **(44)** |
| | **Gold** | **koz** | **144** | **175** | **190** | **164** | **139** | **303** | **294** | **3** | **(3)** |
| | **Silver** | **koz** | **936** | **1,218** | **1,714** | **816** | **485** | **1,301** | **1,780** | **(27)** | **(48)** |
| *Kazzinc – total production including third party feed* | | | | | | | | | | | |
| | *Zinc metal* | *kt* | *73.9* | *74.1* | *75.2* | *76.2* | *70.6* | *146.8* | *148.9* | *(1)* | *(4)* |
| | *Lead metal* | *kt* | *35.2* | *29.9* | *30.1* | *28.7* | *26.4* | *55.1* | *65.0* | *(15)* | *(25)* |
| | *Copper metal* | *kt* | *14.2* | *16.9* | *14.7* | *15.2* | *11.0* | *26.2* | *29.1* | *(10)* | *(23)* |
| | *Gold* | *koz* | *218* | *256* | *294* | *233* | *211* | *444* | *415* | *7* | *(3)* |
| | *Silver* | *koz* | *5,406* | *5,631* | *6,399* | *5,759* | *5,132* | *10,891* | *10,110* | *8* | *(5)* |
| **Australia (Mount Isa, McArthur River)** | | | | | | | | | | | |
| Mount Isa | Zinc in concentrates | kt | 89.5 | 91.3 | 88.2 | 85.0 | 86.4 | 171.4 | 174.7 | (2) | (3) |
| | Lead in concentrates | kt | 41.3 | 43.6 | 38.9 | 36.2 | 39.4 | 75.6 | 79.4 | (5) | (5) |
| | Silver in concentrates | koz | 1,637 | 1,517 | 1,295 | 1,176 | 1,427 | 2,603 | 2,978 | (13) | (13) |
| McArthur River | Zinc in concentrates | kt | 68.6 | 65.8 | 76.4 | 63.5 | 74.2 | 137.7 | 137.1 | 0 | 8 |
| | Lead in concentrates | kt | 14.1 | 11.2 | 15.0 | 10.9 | 14.2 | 25.1 | 28.7 | (13) | 1 |
| | Silver in concentrates | koz | 340 | 315 | 487 | 270 | 471 | 741 | 812 | (9) | 39 |
| | **Total Zinc in concentrates** | **kt** | **158.1** | **157.1** | **164.6** | **148.5** | **160.6** | **309.1** | **311.8** | **(1)** | **2** |
| | **Total Lead in concentrates** | **kt** | **55.4** | **54.8** | **53.9** | **47.1** | **53.6** | **100.7** | **108.1** | **(7)** | **(3)** |
| | **Total Silver in concentrates** | **koz** | **1,977** | **1,832** | **1,782** | **1,446** | **1,898.0** | **3,344** | **3,790.0** | **(12)** | **(4)** |
| **North America (Matagami, Kidd)** | | | | | | | | | | | |
| Matagami | Zinc in concentrates | kt | 11.8 | 12.4 | 13.5 | 14.1 | 11.0 | 25.1 | 26.3 | (5) | (7) |
| | Copper in concentrates | kt | 1.6 | 1.4 | 1.9 | 1.6 | 1.6 | 3.2 | 3.4 | (6) | – |
| Kidd | Zinc in concentrates | kt | 11.8 | 18.7 | 12.7 | 12.3 | 15.8 | 28.1 | 31.1 | (10) | 34 |
| | Copper in concentrates | kt | 5.3 | 11.1 | 9.5 | 7.6 | 6.8 | 14.4 | 13.4 | 7 | 28 |
| | Silver in concentrates | koz | 412 | 679 | 517 | 362 | 405 | 767 | 929 | (17) | (2) |
| | **Total Zinc in concentrates** | **kt** | **23.6** | **31.1** | **26.2** | **26.4** | **26.8** | **53.2** | **57.4** | **(7)** | **14** |
| | **Total Copper in concentrates** | **kt** | **6.9** | **12.5** | **11.4** | **9.2** | **8.4** | **17.6** | **16.8** | **5** | **22** |
| | **Total Silver in concentrates** | **koz** | **412** | **679** | **517** | **362** | **405** | **767** | **929** | **(17)** | **(2)** |

## Metals and minerals

### PRODUCTION FROM OWN SOURCES – ZINC ASSETS[1] CONTINUED

| | | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | **H1 2021** | H1 2020 | Change H1 21 vs H1 20 % | Change Q2 21 vs Q2 20 % |
|---|---|---|---|---|---|---|---|---|---|---|
| **Other Zinc: South America (Argentina, Bolivia, Peru)[6]** | | | | | | | | | | |
| **Zinc in concentrates** | **kt** | **14.8** | **33.7** | **35.9** | **31.9** | **36.4** | **68.3** | **42.7** | **60** | **146** |
| **Lead in concentrates** | **kt** | **4.0** | **5.9** | **3.6** | **3.9** | **3.2** | **7.1** | **7.5** | **(5)** | **(20)** |
| **Copper in concentrates** | **kt** | **0.2** | **0.5** | **0.5** | **0.5** | **0.4** | **0.9** | **0.6** | **50** | **100** |
| **Silver in concentrates** | **koz** | **844** | **1,871** | **1,832** | **1,809** | **2,051** | **3,860** | **2,418** | **60** | **143** |
| | | | | | | | | | | |
| **Total Zinc department** | | | | | | | | | | |
| **Zinc** | **kt** | **238.1** | **265.8** | **265.4** | **244.6** | **257.0** | **501.6** | **496.8** | **1** | **8** |
| **Lead** | **kt** | **66.2** | **66.4** | **65.1** | **55.3** | **61.7** | **117.0** | **127.9** | **(9)** | **(7)** |
| **Copper** | **kt** | **15.9** | **23.6** | **20.8** | **18.4** | **13.7** | **32.1** | **34.9** | **(8)** | **(14)** |
| **Gold** | **koz** | **144** | **175** | **190** | **164** | **139** | **303** | **294** | **3** | **(3)** |
| **Silver** | **koz** | **4,169** | **5,600** | **5,845** | **4,433** | **4,839** | **9,272** | **8,917** | **4** | **16** |

## Metals and minerals

PRODUCTION FROM OWN SOURCES – NICKEL ASSETS[1]

## PRODUCTION BY QUARTER – Q2 2020 TO Q2 2021

continued

| | | | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | **H1 2021** | H1 2020 | Change H1 21 vs H1 20 % | Change Q2 21 vs Q2 20 % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Integrated Nickel Operations (Sudbury, Raglan, Nikkelverk)** | | | | | | | | | | | |
| | **Nickel metal** | **kt** | **13.1** | **13.8** | **15.1** | **14.2** | **13.7** | **27.9** | **27.6** | **1** | **5** |
| | **Nickel in concentrates** | **kt** | **0.1** | **–** | **0.2** | **0.1** | **–** | **0.1** | **0.2** | **(50)** | **(100)** |
| | **Copper metal** | **kt** | **2.9** | **3.4** | **3.8** | **3.4** | **3.2** | **6.6** | **6.3** | **5** | **10** |
| | **Copper in concentrates** | **kt** | **3.6** | **3.8** | **3.7** | **2.0** | **2.2** | **4.2** | **7.6** | **(45)** | **(39)** |
| | **Cobalt metal** | **kt** | **0.1** | **0.2** | **0.2** | **0.4** | **0.2** | **0.6** | **0.2** | **200** | **100** |
| | **Gold** | **koz** | **6** | **5** | **5** | **4** | **3** | **7** | **11** | **(36)** | **(50)** |
| | **Silver** | **koz** | **116** | **49** | **66** | **79** | **81** | **160** | **224** | **(29)** | **(30)** |
| | **Platinum** | **koz** | **12** | **6** | **10** | **10** | **6** | **16** | **24** | **(33)** | **(50)** |
| | **Palladium** | **koz** | **29** | **21** | **23** | **21** | **18** | **39** | **57** | **(32)** | **(38)** |
| | **Rhodium** | **koz** | **1** | **1** | **1** | **1** | **1** | **2** | **2** | **–** | **–** |
| *Integrated Nickel Operations – total production including third party feed* | | | | | | | | | | | |
| | *Nickel metal* | *kt* | *21.3* | *23.9* | *23.5* | *22.6* | *22.8* | *45.4* | *43.7* | *4* | *7* |
| | *Nickel in concentrates* | *kt* | *0.1* | *0.1* | *0.1* | *0.1* | *0.1* | *0.2* | *0.2* | *–* | *–* |
| | *Copper metal* | *kt* | *4.6* | *5.3* | *5.5* | *4.9* | *4.9* | *9.8* | *9.7* | *1* | *7* |
| | *Copper in concentrates* | *kt* | *4.8* | *5.0* | *2.9* | *2.8* | *3.2* | *6.0* | *9.7* | *(38)* | *(33)* |
| | *Cobalt metal* | *kt* | *1.0* | *1.3* | *1.2* | *1.0* | *1.0* | *2.0* | *1.9* | *5* | *–* |
| | *Gold* | *koz* | *9* | *10* | *8* | *7* | *8* | *15* | *18* | *(17)* | *(11)* |
| | *Silver* | *koz* | *200* | *82* | *89* | *132* | *137* | *269* | *374* | *(28)* | *(32)* |
| | *Platinum* | *koz* | *22* | *13* | *16* | *22* | *14* | *36* | *43* | *(16)* | *(36)* |
| | *Palladium* | *koz* | *73* | *48* | *48* | *58* | *47* | *105* | *142* | *(26)* | *(36)* |
| | *Rhodium* | *koz* | *1* | *2* | *1* | *1* | *1* | *2* | *2* | *–* | *–* |
| **Murrin Murrin** | | | | | | | | | | | |
| | **Total Nickel metal** | **kt** | **10.2** | **9.5** | **9.1** | **7.5** | **5.6** | **13.1** | **17.8** | **(26)** | **(45)** |
| | **Total Cobalt metal** | **kt** | **0.9** | **0.7** | **0.6** | **0.6** | **0.6** | **1.2** | **1.6** | **(25)** | **(33)** |
| *Murrin Murrin – total production including third party feed* | | | | | | | | | | | |
| | *Total Nickel metal* | *kt* | *11.5* | *10.9* | *9.8* | *8.2* | *6.1* | *14.3* | *20.1* | *(29)* | *(47)* |
| | *Total Cobalt metal* | *kt* | *0.9* | *0.9* | *0.7* | *0.7* | *0.6* | *1.3* | *1.7* | *(24)* | *(33)* |
| **Koniambo** | **Nickel in ferronickel** | **kt** | **3.6** | **3.3** | **4.0** | **3.4** | **3.2** | **6.6** | **9.6** | **(31)** | **(11)** |
| **Total Nickel department** | | | | | | | | | | | |
| | **Nickel** | **kt** | **27.0** | **26.6** | **28.4** | **25.2** | **22.5** | **47.7** | **55.2** | **(14)** | **(17)** |
| | **Copper** | **kt** | **6.5** | **7.2** | **7.5** | **5.4** | **5.4** | **10.8** | **13.9** | **(22)** | **(17)** |
| | **Cobalt** | **kt** | **1.0** | **0.9** | **0.8** | **1.0** | **0.8** | **1.8** | **1.8** | **(0)** | **(20)** |
| | **Gold** | **koz** | **6** | **5** | **5** | **4** | **3** | **7** | **11** | **(36)** | **(50)** |
| | **Silver** | **koz** | **116** | **49** | **66** | **79** | **81** | **160** | **224** | **(29)** | **(30)** |
| | **Platinum** | **koz** | **12** | **6** | **10** | **10** | **6** | **16** | **24** | **(33)** | **(50)** |
| | **Palladium** | **koz** | **29** | **21** | **23** | **21** | **18** | **39** | **57** | **(32)** | **(38)** |
| | **Rhodium** | **koz** | **1** | **1** | **1** | **1** | **1** | **2** | **2** | **–** | **–** |

## Metals and minerals

### PRODUCTION FROM OWN SOURCES – FERROALLOYS ASSETS[1]

| | | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | **H1 2021** | H1 2020 | Change H1 21 vs H1 20 % | Change Q2 21 vs Q2 20 % |
|---|---|---|---|---|---|---|---|---|---|---|
| Ferrochrome[7] | kt | 78 | 185 | 378 | 399 | 374 | 773 | 466 | 66 | 379 |
| Vanadium pentoxide | mlb | 4.1 | 5.3 | 5.9 | 5.5 | 5.5 | 11.0 | 8.3 | 33 | 34 |

### TOTAL PRODUCTION – CUSTOM METALLURGICAL ASSETS[1]

| | | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | **H1 2021** | H1 2020 | Change H1 21 vs H1 20 % | Change Q2 21 vs Q2 20 % |
|---|---|---|---|---|---|---|---|---|---|---|
| **Copper (Altonorte, Pasar, Horne, CCR)** | | | | | | | | | | |
| Copper metal | kt | 124.1 | 119.5 | 116.0 | 127.2 | 127.6 | 254.8 | 247.1 | 3 | 3 |
| Copper anode | kt | 102.8 | 125.5 | 134.4 | 126.7 | 109.5 | 236.2 | 230.2 | 3 | 7 |
| **Zinc (Portovesme, San Juan de Nieva, Nordenham, Northfleet)** | | | | | | | | | | |
| Zinc metal | kt | 195.6 | 192.1 | 203.6 | 202.6 | 195.8 | 398.4 | 391.5 | 2 | – |
| Lead metal | kt | 54.7 | 52.9 | 45.8 | 49.9 | 52.3 | 102.2 | 99.3 | 3 | (4) |

1 Controlled industrial assets and joint ventures only. Production is on a 100% basis, except for joint ventures, where the Group's attributable share of production is included.
2 Cobalt contained in concentrates and hydroxides.
3 The Group's pro-rata share of Collahuasi production (44%).
4 The Group's pro-rata share of Antamina production (33.75%).
5 Copper metal includes copper contained in copper concentrates and blister.
6 South American production excludes Volcan Compania Minera.
7 The Group's attributable 79.5% share of the Glencore-Merafe Chrome Venture.

## Energy products

### PRODUCTION FROM OWN SOURCES – COAL ASSETS[1]

| | | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | **H1 2021** | H1 2020 | Change H1 21 vs H1 20 % | Change Q2 21 vs Q2 20 % |
|---|---|---|---|---|---|---|---|---|---|---|
| Australian coking coal | mt | 1.9 | 1.9 | 2.0 | 2.4 | 1.7 | 4.1 | 3.7 | 11 | (11) |
| Australian semi-soft coal | mt | 1.0 | 1.0 | 1.0 | 1.2 | 1.4 | 2.6 | 2.6 | – | 40 |
| Australian thermal coal (export) | mt | 14.9 | 13.5 | 12.8 | 12.0 | 13.0 | 25.0 | 29.4 | (15) | (13) |
| Australian thermal coal (domestic) | mt | 1.7 | 1.2 | 1.5 | 1.4 | 1.2 | 2.6 | 3.7 | (30) | (29) |
| South African thermal coal (export) | mt | 3.5 | 4.3 | 3.3 | 4.0 | 3.7 | 7.7 | 7.2 | 7 | 6 |
| South African thermal coal (domestic) | mt | 2.5 | 2.4 | 1.8 | 1.7 | 1.4 | 3.1 | 5.0 | (38) | (44) |
| Cerrejón[2] | mt | 0.7 | 1.1 | 0.3 | 1.8 | 1.8 | 3.6 | 2.7 | 33 | 157 |
| Prodeco | mt | – | – | – | – | – | – | 3.8 | n.m. | n.m. |
| **Total Coal department** | **mt** | **26.2** | **25.4** | **22.7** | **24.5** | **24.2** | **48.7** | **58.1** | **(16)** | **(8)** |

### OIL ASSETS

| | | Q2 2020 | Q3 2020 | Q4 2020 | Q1 2021 | Q2 2021 | **H1 2021** | H1 2020 | Change H1 21 vs H1 20 % | Change Q2 21 vs Q2 20 % |
|---|---|---|---|---|---|---|---|---|---|---|
| **Glencore entitlement interest basis** | | | | | | | | | | |
| Equatorial Guinea | kboe | 569 | 524 | 345 | 784 | 1,245 | 2,029 | 1,091 | 86 | 119 |
| Chad | kbbl | 29 | – | – | – | – | – | 1,112 | (100) | (100) |
| Cameroon | kbbl | 208 | 224 | 239 | 287 | 241 | 528 | 409 | 29 | 16 |
| **Total Oil department** | kboe | **806** | **748** | **584** | **1,071** | **1,486** | **2,557** | **2,612** | **(2)** | **84** |
| | | | | | | | | | | |
| **Gross basis** | | | | | | | | | | |
| Equatorial Guinea | kboe | 2,810 | 2,674 | 1,871 | 3,777 | 6,041 | 9,818 | 5,890 | 67 | 115 |
| Chad | kbbl | 40 | – | – | – | – | – | 1,521 | (100) | (100) |
| Cameroon | kbbl | 603 | 650 | 693 | 708 | 699 | 1,407 | 1,185 | 19 | 16 |
| **Total Oil department** | kboe | **3,453** | **3,324** | **2,564** | **4,485** | **6,740** | **11,225** | **8,596** | **31** | **95** |

1 Controlled industrial assets and joint ventures only. Production is on a 100% basis, except for joint ventures, where the Group's attributable share of production is included.

2 The Group's pro-rata share of Cerrejón production (33.3%).

# FULL YEAR 2021 PRODUCTION GUIDANCE

| | | Actual FY 2018 | Actual FY 2019 | **Actual FY 2020** | **Previous guidance 2021** | **Current guidance 2021** | 2021 weighting H1 | H2 |
|---|---|---|---|---|---|---|---|---|
| Copper | kt | 1,454 | 1,371 | **1,258** | **1,220 ± 30** | **1,220 ± 30** | 49% | 51% |
| Cobalt | kt | 42.2 | 46.3 | **27.4** | **35 ± 2** | **35 ± 3** | 42% | 58% |
| Zinc | kt | 1,068 | 1,078 | **1,170** | **1,250 ± 30** | **1,170 ± 30** [1] | 50% | 50% |
| Nickel | kt | 124 | 121 | **110** | **117 ± 5** | **105 ± 5** | 45% | 55% |
| Ferrochrome | kt | 1,580 | 1,438 | **1,029** | **1,400 ± 30** | **1,430 ± 30** | 54% | 46% |
| Coal | mt | 129 | 140 | **106** | **113 ± 4** | **104 ± 4** | 47% | 53% |

1 Excludes Volcan.

Changes in guidance mainly reflect:

- Zinc: 1,170kt, down 80kt (7%) – commissioning of the new Zhairem zinc/lead mine occurred in May 2021, however ramp-up progress has been slowed down mainly by concentrator start-up issues. Steady state production is now expected by Q2 2022, approximately 3 months later than initially envisaged. Other portfolio adjustments are not individually material
- Nickel 105kt, down 12kt (10%) – slag leak and other issues at Koniambo resulting in two-line operations restarting later than originally planned. The second line is currently expected to restart in August with a progressive ramp-up thereafter
- Ferrochrome: 1,430kt, up 30kt (2%) – reflecting an upgraded smelter online performance
- Coal: 104mt, down 9mt (8%) – reflecting reduced South African export rail capacity and lower-margin domestic sales opportunities and slower recovery from the Australian market-driven supply reductions initiated in H2 2020

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