

GLENCORE

NEWS RELEASE

Baar, 21 February 2024

Preliminary Results 2023

Highlights

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

"Against the backdrop of a rebalancing and normalisation of international energy trade flows, our Marketing and Industrial segments posted a lower, albeit healthy, earnings performance in 2023, delivering Group Adjusted EBITDA of \$17.1 billion, cash generated by operating activities of \$15.1 billion and Net income attributable to equity holders of \$4.3 billion.

"Aided by healthy operational cash generation, after funding \$5.6 billion of net capex and \$10.1 billion of shareholder returns, the 2023 year-end Net debt outturn was contained to \$4.9 billion vs \$0.1 billion in 2022. With a Net debt/Adjusted EBITDA of 0.29x, we continue to enjoy significant financial headroom and strength.

"For 2024, basis 2023 cash flows, we are recommending to shareholders a \$0.13 per share (c.\$1.6 billion) base cash distribution, comprising \$1 billion from Marketing cash flows and 25% (\$0.6 billion) of Industrial attributable cash flows.

This distribution, along our shareholder return journey, must be contextualised by the significant announcement in November 2023 that we had entered into a binding agreement with Teck Resources Limited (Teck) to acquire a 77% effective interest in its steelmaking coal business, Elk Valley Resources (EVR) for \$6.93 billion in cash. These are world-class assets, expected to meaningfully complement our existing thermal and steelmaking coal production in Australia, Colombia, and South Africa. EVR also supports the transition as an input into steel production needed for certain renewable energy infrastructure. The transaction is subject to mandatory regulatory approvals and, while closing could occur earlier, it is expected no later than Q3 2024. The acquisition of EVR unlocks the potential, subject to shareholder approval, for a value accretive demerger of our combined coal and carbon steel materials business and, in support thereof, we advised that Glencore could demerge the combined company, only once Glencore had sufficiently delevered towards a revised \$5 billion Net debt cap, expected to occur within 24 months from close.

Over the past few years, our capital structure and credit profile has been managed around a \$10 billion Net debt cap, with sustainable deleveraging (after base distribution) below the cap periodically returned to shareholders via special distributions and buybacks. Under this framework, we announced \$20.3 billion of shareholder returns since 2020, comprising \$10 billion of base distributions and \$10.3 billion of "top-up" returns. Following the EVR announcement, we are now managing the balance sheet around a revised \$5 billion Net Debt cap, alongside our continued commitment to minimum strong BBB/Baa ratings.

Although there are no "top-up" returns at this point, the business is expected to be highly cash generative at current spot commodity prices (spot illustrative annualised free cash flow generation of c.\$5.2 billion from Adjusted EBITDA of c.\$15.0 billion), which augers well for top-up returns to recommence in the future.

"As the world moves towards a low-carbon economy, we remain focused on supporting the energy needs of today whilst investing in our transition commodities portfolio. During 2023, we acquired a 30% equity stake in Alunorte alongside a 45% equity stake in Mineracao Rio do Norte S.A., securing low carbon and cost alumina units for our Marketing business. In copper, we acquired the remaining 56.25% interest in the MARA brownfield copper project in Argentina that we did not already own, as well as the balance of Polymet shares (c.18%). Polymet formed a 50:50 JV with Teck, establishing the New Range Copper Nickel venture in Minnesota. These additions, along with a near doubling of El Pachon's resource, added more than 5 billion tonnes of resource to our copper resource inventory in 2023.

"While we continue to remain focused on operating safely, responsibly and ethically and creating sustainable long-term value for all our stakeholders, the strength of our diversified business model, across industrial and marketing, focusing on metals and energy, has again in 2023 proved itself adept in a range of market conditions."

US\$ million	2023	2022	Change %
Key statement of income and cash flows highlights¹:			
Revenue	217,829	255,984	(15)
Adjusted EBITDA ²	17,102	34,060	(50)
Adjusted EBIT ²	10,392	26,657	(61)
Net income for the year attributable to equity holders	4,280	17,320	(75)
Earnings per share (Basic) (US\$)	0.34	1.33	(74)
Funds from operations (FFO) ²	9,452	28,938	(67)
Distributions to equity holders and purchase of own shares	10,130	7,539	34

1 Refer to basis of presentation on page 7.

2 Significantly impacted in 2023, having absorbed the lag effect of settlement in H1 2023 of \$2.7 billion of 2022 final income tax payments in Australia and Colombia.

◊ 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 122 for definitions and reconciliations and to note 2 of the financial statements for reconciliation of Adjusted EBIT/EBITDA.

HIGHLIGHTS

continued

US\$ million	31.12.2023	31.12.2022	Change %
Key financial position highlights:			
Total assets	123,869	132,583	(7)
Total equity	38,237	45,219	(15)
Net funding ^o	31,062	27,500	13
Net debt ^o	4,917	75	n.m.
Ratios:			
Net debt to Adjusted EBITDA ^o	0.29	0.00	n.m.

^o 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 122 for definitions and reconciliations and to note 2 of the financial statements for reconciliation of Adjusted EBIT/EBITDA.

STRONG FINANCIAL PERFORMANCE

- \$17.1 billion Adjusted EBITDA, down 50% year-on-year (y/y), primarily reflecting the rebalancing and normalisation of international energy trade flows, with coal and LNG, and to a lesser extent, oil prices materially declining
- Net income, pre-significant items (see page 9): \$6.7 billion, down 65%
- Post significant items, Net income attributable to equity holders was \$4.3 billion, down 75%. Significant items, mainly comprising impairments, reflect lower cobalt price assumptions impacting Mutanda and macro assumption revisions at several zinc assets
- Net cash purchase and sale of PP&E: \$5.6 billion, up 22%
- Proposed \$0.13/share base distribution (\$1.6 billion), in respect of 2023 cash flows

INDUSTRIAL ASSET RESULTS

- Industrial Assets Adjusted EBITDA \$13.2 billion, down 52%, primarily reflecting lower coal earnings with the significant reduction in energy prices in 2023
- Metals \$5.4 billion, down 41%, reflecting lower realised cobalt, nickel and zinc prices, and reduced volumes; Energy \$8.5 billion, down 55%, mainly due to significantly lower coal prices
- Unit cash costs: Cu 163¢/lb (+83¢ y/y), with c.50¢/lb of reduced by-product credits (cobalt being the largest contributor) and a 10¢/lb non-cash inventory adjustment; Zn 49¢/lb (-11¢ y/y); Ni 871¢/lb (+240¢ y/y), including 24¢/lb of Koniambo expensed capex; coal \$70.5/t (-\$12.1/t) at a \$70.2/t margin. 2024 unit cash costs projected to be lower across all of Cu, Zn, Ni, and coal

MARKETING RESULTS

- Marketing Adjusted EBIT \$3.5 billion, down 46% y/y
- Energy Adjusted EBIT: \$1.7 billion (-67%), in a return to a more stable market environment, following the extreme market volatility levels, dislocations and complexities exhibited during 2022
- Metals Adjusted EBIT: \$1.7 billion (+5%), reflecting broadly consistent physical marketing conditions for many of our most important commodities
- Viterra EBITDA was \$2.1 billion (2022: \$2.0 billion), while Glencore's equity accounted share of Viterra declined to \$321 million (\$494 million in 2022).

ROBUST BALANCE SHEET

- Net debt to Adjusted EBITDA of 0.29x
- Available committed liquidity of \$12.9 billion; executed additional \$3 billion 1 year committed liquidity facility in February 2024. Bond maturities capped at c.\$3 billion in any given year

CLIMATE AMBITION

- Extensive engagement with shareholders during the year on a range of climate matters, including seeking investors' views on anticipated changes in our updated Climate Action Transition Plan that will be put to shareholders at the 2024 AGM.
- There was broad support for our climate strategy, recognising the importance of maintaining a strategy that remains resilient to the risks and opportunities of the evolving energy transition, and encouragement to continue making progress towards our ambition of achieving net zero industrial emissions by 2050, subject to a supportive policy environment.
- The principal areas of shareholder interest included a comparison of our targets and ambition to various relevant IEA scenarios, understanding progress on industrial emissions reduction between our short-term 2026 target and medium-term 2035 target and integration of the recently announced EVR acquisition into the climate strategy.
- We will, among other actions, maintain our commitment to reducing our total industrial emissions footprint and report on progress against our targets and ambition, update our assessment of the resilience of our portfolio and expand analysis of our targets and ambition against a range of climate policy scenarios.
- We intend to publish our updated Climate Action Transition Plan in March 2024 and report on progress against our industrial emission reduction targets and ambition in our 2023 Annual Report.

HIGHLIGHTS

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GLENCORE PLC

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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 commodities that advance everyday life. Through a network of assets, customers and suppliers that spans the globe, we produce, process, recycle, source, market and distribute the commodities that support decarbonisation while meeting the energy needs of today.

With around 140,000 employees and contractors and a strong footprint in over 35 countries in both established and emerging regions for natural resources, our marketing and industrial activities are supported by a global network of more than 40 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 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.

We recognise our responsibility to contribute to the global effort to achieve the goals of the Paris Agreement by decarbonising our own operational footprint. We believe that we should take a holistic approach and have considered our commitment through the lens of our global industrial emissions. Against a 2019 baseline, we are committed to reducing our Scope 1, 2 and 3 industrial emissions by 15% by the end of 2026, 50% by the end of 2035 and we have an ambition to achieve net zero industrial emissions by the end of 2050. For more detail see our 2022 Climate Report on the publication page of our website at glencore.com/publications.

CHIEF EXECUTIVE OFFICER'S REVIEW

Commodity prices trended lower in 2023, feeling the impact of higher interest rates on consumer and industrial demand and more normalisation of energy markets from 2022's extreme disruption. As a counterweight, increasing demand in China, supported by the energy transition and related infrastructure investment, was instrumental in offsetting softer demand in developed markets, keeping most key commodity prices at levels well above prior cycle lows.

From a turbulent 2022, energy markets largely normalised in 2023, pulling oil, natural gas and coal prices lower and helping to reduce global inflationary pressures. Europe, in particular, has emerged from the acute energy crisis in 2022, with high gas inventories and relatively stable markets, despite the ongoing global geopolitical tensions. However, thermal coal's high-quality pricing benchmark remained supported at a c.100% premium to its 10-year average (2012-2021), with China importing an additional >100Mt of coal in 2023 to replenish inventories and feed its growing thermal power generation.

Both China's demand growth and broader industry supply constraints in many key markets (nickel, cobalt and lithium being the clear exceptions), played an important role in supporting metals markets in 2023, particularly in copper, which continued to see significant mine disruption and underperformance throughout the year. Together with copper's high exposure to energy transition demand, these factors kept the market tightly balanced and supported average prices just modestly below 2022. In aluminium, China's power constraints kept smelter production growth in check, while in zinc, the combination of lower prices and cost inflation prompted a supply response from miners, which stabilised the market around the mid-\$2,000's/t.

In the nickel market, Indonesia's output expanded 26% year-on-year in 2023, with further growth expected for 2024. Nickel production from Indonesia largely feeds China's stainless-steel industry, however recent expansion of high-pressure acid leach operations and matte conversion facilities has seen this output gain a growing share of the high-grade market, including for battery raw materials. Despite continued strong growth in global electric vehicle sales, nickel's price dropped 45% over the course of the year, with a market rebalance not expected to occur for quite some time.

2023 FINANCIAL SCORECARD

Against this backdrop, earnings from our Marketing and Industrial segments declined, with Group Adjusted EBITDA of \$17.1 billion in 2023, down 50% period-on-period. Net income before significant items declined 65% to \$6.7 billion, while significant items, mainly comprising impairments, reflecting lower cobalt price assumptions on Mutanda and macro assumption revisions at several zinc assets, decreased Net Income attributable to equity holders to \$4.3 billion.

Marketing posted a robust result, with Adjusted EBIT of \$3.5 billion, above our \$2.2-3.2 billion p.a. long-term guidance range, but 46% below last year's exceptionally strong performance. A substantially calmer energy market environment saw Adjusted EBIT from Energy Products fall 67% to \$1.7 billion, while generally more supportive trading conditions in Metals and Minerals lifted Adjusted EBIT 5% to \$1.7 billion.

Industrial Adjusted EBITDA declined 52% to \$13.2 billion, impacted primarily by lower pricing, particularly in energy coal, as well as inflationary cost impacts across the asset base, much of it having lagged and been heavily influenced by the surge in energy prices during 2022. Coal Adjusted EBITDA decreased 56% to \$8.0 billion, while weaker gas markets, partially offset by higher refining margins, were largely responsible for a 29% reduction in Oil Adjusted EBITDA to \$479 million.

Similarly for Metals and Minerals, lower period-on-period prices at our industrial metals' assets were largely responsible for a 41% decline in Adjusted EBITDA to \$5.4 billion, with significantly weaker nickel, zinc, and cobalt hydroxide pricing weighing on earnings.

Aided by healthy operational cash generation, after funding \$5.6 billion of net capex and \$10.1 billion of shareholder returns, the 2023 year-end Net debt outturn was contained to \$4.9 billion vs \$0.1 billion in 2022. Net funding increased to \$31 billion, up a lesser \$3.6 billion, owing to a \$1.3 billion reduction in Readily Marketable Inventories. With a Net debt/Adjusted EBITDA of 0.29x, we continue to enjoy significant financial headroom and strength.

SHAREHOLDER RETURNS

The shareholder return journey must be contextualised by the significant announcement in November 2023 that we had entered into a binding agreement with Teck Resources Limited (Teck) to acquire a 77% effective interest in its steelmaking coal business, Elk Valley Resources (EVR) for \$6.93 billion in cash. These are world-class assets, expected to meaningfully complement our existing thermal and steelmaking coal production in Australia, Colombia, and South Africa. EVR also supports the transition as an input into steel production needed for certain renewable energy infrastructure. The transaction is subject to mandatory regulatory approvals and, while closing could occur earlier, it is expected no later than Q3 2024.

As also announced, the acquisition of EVR unlocks the potential, subject to shareholder approval, for a value accretive demerger of our combined coal and carbon steel materials business and, in support thereof, we advised that Glencore could demerge the combined company, only once Glencore had sufficiently delevered towards a revised \$5 billion Net debt cap, expected to occur within 24 months from close.

Over the past few years, Glencore's capital structure and credit profile has been managed around a \$10 billion Net debt cap, with sustainable deleveraging (after base distribution) below the cap periodically returned to shareholders via special distributions and buybacks. Under this framework, we announced \$20.3 billion of shareholder returns since 2020, comprising \$10 billion of base distributions and \$10.3 billion of "top-up" returns. Following the EVR announcement, as noted above, we are now managing the balance sheet around a revised \$5 billion Net Debt cap, alongside our continued commitment to minimum strong BBB/Baa ratings.

The lower Net debt cap framework requires us to allocate surplus cash flows (after base distribution) towards accelerating repayment of EVR acquisition funding. As before, sustainable deleveraging below this revised \$5 billion Net debt cap will be periodically returned to shareholders, as appropriate.

For 2024, based on 2023 cash flows, we are recommending to shareholders a \$0.13 per share (c.\$1.6 billion) base cash distribution, comprising \$1 billion from Marketing cash flows and 25% (\$0.6 billion) of Industrial attributable cash flows. The base distribution will

CHIEF EXECUTIVE OFFICER'S REVIEW

continued

be paid in two equal payments in June and September this year. Given 2023 Net debt of \$4.9 billion and committed debt-like outflows expected in 2024, including the \$1.6 billion base distribution and \$6.9 billion purchase of EVR, Net debt exceeds \$5 billion, resulting in no "top-up" returns at this point. The business, however, is expected to be highly cash generative at current spot commodity prices, which augers well for top-up returns to recommence in the future.

OUR CLIMATE AMBITION

At our 2023 AGM, shareholders gave broad support for progress on our 3-year Climate Action Transition Plan, with c.70% voting in favour of our 2022 Climate Report, recognising the importance of maintaining a strategy that remains resilient to the risks and opportunities of the evolving energy transition, along with encouragement to continue making progress towards our various targets and long-term ambition of achieving net zero industrial emissions by 2050, subject to a supportive policy environment.

We have engaged extensively with shareholders during the year on a range of climate matters, including seeking views on anticipated changes to our updated Climate Action Transition Plan that will be put to shareholders at the upcoming 2024 AGM. This process has given us valuable insights into the evolution of shareholders' views and voting approach.

The principal areas of shareholder interest included a comparison of our targets and ambition to various relevant IEA scenarios, including Net Zero scenarios, understanding progress on industrial emissions reduction between our short-term 2026 target and medium-term 2035 target and integration of the recently announced, but still to close (as it is going through various regulatory approvals), EVR steelmaking coal acquisition into the climate strategy.

In response to the constructive recommendations received, we will, among other actions, maintain our commitment to reducing our total industrial emissions footprint and report on progress against our targets and ambition, update our assessment of the resilience of our portfolio and expand analysis of our targets and ambition against a range of climate policy scenarios.

We intend to publish our updated Climate Action Transition Plan in March 2024 and report on progress against our industrial emission reduction targets and ambition in our 2023 Annual Report, also to be released in March.

RESPONSIBLE AND ETHICAL PRODUCTION AND SUPPLY

We strive not only to deliver financial performance but also make a positive contribution to society and create lasting benefits for stakeholders in a manner that is responsible, transparent and respects the rights of all.

The implementation of our relaunched SafeWork framework in mid-2021 has been a key focus for our industrial assets and commodity departments. Good progress has been made Group-wide, but I am saddened to report that we recorded the loss of four lives at our industrial assets in 2023. We believe that consistent application and reinforcement of our SafeWork framework, through strong visible leadership, can drive and deliver the safety culture and operating discipline we are looking for, and get all our people home safe.

Aligned with our business strategy of supporting the energy needs of today, whilst investing in our transition metals portfolio, we believe the likely scale and pace of global mine project development required in certain minerals will ultimately struggle to meet the commodity demand that the transition is expected to generate.

Glencore is well placed to participate in bridging this gap in supply through the flexibility that exists in our business to respond to global needs. In 2023, we directed most of our capital expenditure, in large part funded through the earnings of our energy business, towards development of our transition commodities portfolio.

During 2023, we acquired a 30% equity stake in Alunorte alongside a 45% equity stake in Mineracao Rio do Norte S.A., securing low carbon and cost alumina units for our Marketing business. In copper, we acquired the remaining 56.25% interest in the MARA brownfield copper project in Argentina that we did not already own, as well as the balance of Polymet shares (c.18%). Polymet formed a 50:50 JV with Teck, establishing the New Range Copper Nickel venture in Minnesota.

These copper acquisitions complement the multi-year reset of our copper business unit to prepare it for growth. We have disposed of non-core assets and sought to align around large, long-life, low-cost resources in key copper producing regions. Crucially, our copper portfolio offers capital efficient growth possibilities, with most of our copper projects leveraging existing infrastructure. The addition of MARA and formation of the New Range JV, along with a near doubling of El Pachon's resource, added more than 5 billion tonnes of resource to our copper resource inventory in 2023.

During 2023, we also concluded an agreement to merge our c.50% stake in Viterro with Bunge in a cash and stock transaction to create a premier diversified global agribusiness solutions company. Glencore will receive \$1.0 billion in cash and c.\$3.1 billion in Bunge stock (based on Bunge's stock price at the date of announcement). The merger, subject to ongoing approval processes, is expected to close in mid-2024.

The two independent compliance monitors mandated by our resolutions with the Department of Justice commenced their work in mid-2023. We have had constructive engagement with them throughout the process, with the first review period now nearing completion. Glencore continues to cooperate with the previously disclosed and ongoing investigation by the Office of the Attorney General of Switzerland into Glencore International AG for failure to have the organisational measures in place to prevent alleged corruption and an investigation of similar scope by the Dutch Public Prosecution Service. The timing and outcome of these investigations remain uncertain.

CHIEF EXECUTIVE OFFICER'S REVIEW

continued

OUTLOOK

Although the current macroeconomic environment remains challenging, global economic growth is forecast to bottom out in 2024. Expected interest rate cuts and corresponding restocking along the supply chain are likely to bring an improvement in demand conditions in Western markets later in the year.

Supply constraints and energy transition demand prevented large inventory increases in most commodities during this cyclical trough, leaving markets well-positioned for a strong recovery as demand conditions improve. This is particularly the case for copper, where the closure of a major mine and various cuts to production guidance through the second half of 2023 have highlighted the persistent supply challenges facing the industry. These are likely to keep the market tight throughout 2024 against previous expectations of oversupply.

The strength of our diversified business model across industrial and marketing, focusing on metals and energy, has proved itself adept in a range of market conditions, giving us a solid foundation to successfully navigate the near-term macroeconomic uncertainty, as well as meet the resource needs of the future. I would like to thank all our employees for their efforts and significant contribution during the year. As always, we remain focused on operating safely, responsibly and ethically and creating sustainable long-term value for all our stakeholders.

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 any references to revenue (see note 2) and has been prepared on the basis as outlined in note 1 of the 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. As at 31 December 2023, the carrying amounts of Volcan assets and liabilities are classified as held for sale (see note 16).

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 assesses 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.

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.

Alternative performance measures are denoted by the symbol \diamond and are further defined and reconciled to the underlying IFRS measures in the APMs section on page 122.

MARKET CONDITIONS

Selected average commodity prices

	Spot 31 Dec 2023	Spot 31 Dec 2022	Average 2023	Average 2022	Change in average %
S&P GSCI Industrial Metals Index	423	451	427	480	(11)
S&P GSCI Energy Index	245	288	266	334	(20)
LME (cash) copper price (\$/t)	8,464	8,365	8,485	8,805	(4)
LME (cash) zinc price (\$/t)	2,640	3,003	2,650	3,475	(24)
LME (cash) lead price (\$/t)	2,035	2,337	2,137	2,147	-
LME (cash) nickel price (\$/t)	16,375	29,886	21,487	25,623	(16)
Gold price (\$/oz)	2,063	1,824	1,943	1,802	8
Silver price (\$/oz)	24	24	23	22	5
Fastmarkets cobalt standard grade, Rotterdam (\$/lb) (low-end)	13	19	15	30	(50)
Ferro-chrome 50% Cr import, CIF main Chinese ports, contained Cr (¢/lb)	96	100	102	106	(4)
Iron ore (Platts 62% CFR North China) price (\$/DMT)	130	112	114	113	1
Coal API4 (\$/t)	98	185	121	271	(55)
Coal Newcastle (6,000) (\$/t)	149	399	173	360	(52)
Coal HCC (\$/t)	326	263	296	363	(18)
Dutch TTF Natural Gas 1-Month Forward (\$/MWh)	35	79	44	138	(68)
Oil price – Brent (\$/bbl)	77	86	82	99	(17)

Currency table

	Spot 31 Dec 2023	Spot 31 Dec 2022	Average 2023	Average 2022	Change in average %
AUD : USD	0.68	0.68	0.66	0.69	(4)
USD : CAD	1.32	1.36	1.35	1.30	4
EUR : USD	1.10	1.08	1.08	1.05	3
GBP : USD	1.27	1.20	1.24	1.23	1
USD : CHF	0.84	0.92	0.90	0.95	(5)
USD : KZT	456	463	457	461	(1)
USD : ZAR	18.36	17.04	18.46	16.37	13

FINANCIAL RESULTS

Following 2022, a year characterised by extreme global macroeconomic and geopolitical events resulting in extraordinary energy market dislocation, volatility, risk, supply disruptions and record prices for various coal and gas benchmarks, 2023 has, for the most part, seen international energy trade flows rebalance and normalise, with coal and LNG, and to a lesser extent, oil prices materially declining. In this context, income for the year attributable to equity holders decreased from \$17,320 million in 2022 to \$4,280 million in 2023, after recognising various significant items (particularly impairments in our metals' industrial assets where cost inflation, higher discount rates and lower cobalt hydroxide price assumptions had the largest impact) as discussed below. EPS decreased from \$1.33 per share to \$0.34 per share.

Further to such a vastly different energy environment, the presence of inflation, tighter monetary conditions and limited growth in many large economies, contributed to average period-over-period metal price reductions in copper, cobalt, nickel and zinc of 4%, 50%, 16% and 24% respectively. Overall, largely reflecting the lower commodity prices and market volatility, Adjusted EBITDA was \$17,102 million and Adjusted EBIT was \$10,392 million in 2023, compared to \$34,060 million and \$26,657 million in 2022.

The 2023 Adjusted EBIT contribution from the Marketing segment was \$3,450 million, a decrease of 46% from the record 2022 period, reflecting the return to a more stable market environment, following the extreme market volatility levels, dislocations and complexities exhibited during 2022.

The Adjusted EBITDA contribution from the Industrial segment was \$13,202 million, a decrease of 52% year-over-year, largely due to lower coal prices, where average Newc and API4 index prices were down 52% and 55% respectively, compared to 2022. Cobalt metal pricing and low payabilities for cobalt hydroxides weighed heavily on our African Copper operations, while own source production was lower at INO and Murrin Murrin (nickel), due, respectively, to a lengthy prior year strike and a scheduled maintenance shut-down. Adjusted EBITDA mining margins were 23% in our metal operations and 49% in our energy operations, compared to 36% and 66% respectively in 2022. See pages 18 and 19.

Adjusted EBITDA/EBIT¹

Adjusted EBITDA by business segment is as follows:

US\$ million	2023			2022			Change %
	Marketing activities	Industrial activities	Adjusted EBITDA	Marketing activities	Industrial activities	Adjusted EBITDA	
Metals and minerals	1,774	5,445	7,219	1,694	9,274	10,968	(34)
Energy products	2,098	8,452	10,550	5,558	18,590	24,148	(56)
Corporate and other ¹	28	(695)	(667)	(457)	(599)	(1,056)	(37)
Total	3,900	13,202	17,102	6,795	27,265	34,060	(50)

Adjusted EBIT by business segment is as follows:

US\$ million	2023			2022			Change %
	Marketing activities	Industrial activities	Adjusted EBIT	Marketing activities	Industrial activities	Adjusted EBIT	
Metals and minerals	1,714	1,551	3,265	1,640	5,082	6,722	(51)
Energy products	1,708	6,132	7,840	5,199	15,850	21,049	(63)
Corporate and other ¹	28	(741)	(713)	(457)	(657)	(1,114)	(36)
Total	3,450	6,942	10,392	6,382	20,275	26,657	(61)

¹ Corporate and other Marketing activities includes \$321 million (2022: \$494 million) of Glencore's equity accounted share of Viterra.

FINANCIAL AND OPERATIONAL REVIEW

continued

Marketing activities

Marketing delivered strong results, in a return to a more normal backdrop, following the elevated levels of market volatility, disruption and rapidly changing global commodity flows which characterised much of 2022 as noted above. Such rebalancing and calming of markets can be seen in our lower reported VaR levels, discussed below. Marketing Adjusted EBITDA and EBIT decreased, respectively, over prior year, by 43% to \$3,900 million and by 46% to \$3,450 million, driven by our oil and gas department's exceptionally high base period.

Metals and minerals Adjusted EBIT was up 5% over 2022, reflecting broadly consistent physical marketing conditions for many of our most important commodities. However, various battery industry metals, notably cobalt, nickel and lithium, experienced a challenging market backdrop, characterised by extensive raw material production growth, resulting oversupply, and significant price declines during the period.

Viterra EBITDA was \$2.1 billion (2022: \$2.0 billion). Our 50% share of earnings (captured within Corporate and Other) was \$321 million (post-interest and tax) compared to \$494 million in the prior year. In June 2023, Glencore agreed to dispose of its interest in Viterra in a cash-and-shares transaction with Bunge (see note 16).

Industrial activities

Industrial Adjusted EBITDA decreased by 52% to \$13,202 million (Adjusted EBIT was \$6,942 million, compared to \$20,275 million in 2022), mainly driven by a \$9.9 billion lower contribution from our Coal operations, owing to the substantial average year-over-year decreases in key pricing benchmarks, as well as markedly lower cobalt hydroxide realisations, and nickel and zinc prices.

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	2023	2022
Adjusted EBIT ¹	10,392	26,657
Net finance and income tax expense in relevant material associates and joint ventures ¹	(554)	(710)
Proportionate adjustment Volcan ¹	222	62
Net finance costs	(1,900)	(1,336)
Income tax expense ²	(2,170)	(6,169)
Non-controlling interests	708	378
Income attributable to equity holders of the Parent pre-significant items³	6,698	18,882
Earnings per share (Basic) pre-significant items (US\$) ^{3a}	0.53	1.45
Significant items⁴		
Share of Associates' significant items ⁴	(90)	(9)
Viterra share in earnings post held for sale classification	(186)	-
Movement in unrealised inter-segment profit elimination ⁵	258	1,176
Gain on acquisitions and disposals of non-current assets ⁶	850	1,287
Other expense – net ⁷	(1,091)	(911)
Impairments ⁸	(2,484)	(3,337)
Income tax expense ²	(37)	(199)
Non-controlling interests' share of significant items ⁹	362	431
Total significant items	(2,418)	(1,562)
Income attributable to equity holders of the Parent	4,280	17,320
Earnings per share (Basic) (US\$) ³	0.34	1.33

1 Refer to note 2 of the 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 Based on weighted average number of shares, refer to note 18 of the financial statements.

4 Recognised within share of income from associates and joint ventures, see note 2 of the financial statements.

5 Recognised within cost of goods sold, see note 2 of the financial statements.

6 Refer to note 4 of the financial statements and to APMs section for reconciliations.

7 Recognised within other income/(expense) – net, see note 5 of the financial statements and to APMs section for reconciliations.

8 Refer to notes 7 and 11 of the financial statements and to APMs section for reconciliations.

9 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 2023, Glencore recognised a net expense, after tax and non-controlling interests, of \$2,418 million (2022: \$1,562 million) in significant items comprised of:

- Expenses of \$90 million (2022: \$9 million) relating to Glencore's share of significant expenses recognised directly by our associates.
- Viterra share in earnings of \$189 million, relating to the period following the held for sale accounting classification as at 30 June 2023 (no statutory earnings have since been recognised), as Glencore, for segmental and internal reporting and analysis purposes, continues to report its equity accounted share of Viterra earnings. See notes 2 and 16.
- Movement in unrealised inter-segment profit elimination of \$258 million (2022: \$1,176 million). See note 2.
- Gain on acquisitions and disposals of non-current assets of \$850 million (2022: \$1,287 million), primarily related to the disposal of Cobar (\$585 million) in June 2023 and from the acquisition of the remaining 56.25% in MARA project (\$224 million). The 2022 gain resulted from the acquisition of the remaining 66.67% interest in Cerrejón (\$1,029 million) and the disposal of Ernest Henry (\$512 million). See note 4.
- Other expense – net of \$1,091 million (2022: \$911 million) see note 5. Balance primarily comprises:
 - \$46 million (2022: net loss of \$349 million) of net foreign exchange gains, whereby 2022 primarily relates to realised foreign currency losses, recycled from other comprehensive income, recognised in respect of an intragroup restructuring.
 - \$103 million (2022: \$106 million) of mark-to-market gains on equity investments / derivative positions accounted for as held for trading, including the commodity price linked deferred consideration related to the sale of Mototolo in 2018, the ARM Coal non-discretionary dividend obligation and long-term fixed price forward physical energy contracts related to certain European smelters.
 - \$168 million (2022: \$302 million) relating to various legal matters and related costs (legal, expert, compliance), including in respect of the government investigations and monitorships (see notes 23 and 31).
 - \$503 million (2022: \$370 million) of closed site rehabilitation provisioning, being the movements in restoration, rehabilitation and decommissioning estimates relating to sites that are no longer operational.
- Impairments of \$2,484 million (2022: \$3,337 million), see note 7. The corresponding net impact, after income taxes and non-controlling interests was \$1,672 million (2022: \$2,341 million). The 2023 charge is net of a reversal of \$138 million at our Astron oil refinery, owing to an improved refining margin outlook, with the post-tax impairment charges relating primarily to:
 - our Mutanda operation (\$762 million), due to lower cobalt hydroxide price assumptions and mine planning changes;
 - our zinc/lead operations at McArthur River (\$118 million) and Kazakhstan (\$196 million), due mainly to significant changes to key macro-estimates, including higher discount rates associated with the higher long-term interest rate environment;
 - the Nordenham zinc/lead smelting plant (\$191 million), due to updated assumptions projecting an extended challenging margin environment; and
 - the Mopani advance (\$156 million), reflecting the latest restructuring discussions.

The 2022 charge primarily related to Mt. Isa Copper (\$656 million), Mt. Isa Zinc (\$455 million), Zhairem (\$185 million) and Koniambo (\$227 million), due to significant changes to key macro estimates, heavily influenced by the Russia/Ukraine war, and operational challenges in certain areas, the Mopani advance (\$422 million) and outstanding VAT claims in the DRC of \$632 million.
- Income tax expense of \$37 million (2022: \$199 million) – see income taxes below.

Net finance costs

Net finance costs were \$1,900 million during 2023, a 42% increase compared to \$1,336 million in the comparable reporting period. Interest expense for 2023 was \$2,515 million, up 42% over 2022, due to higher average floating base rates (mainly SOFR). Interest income was \$615 million compared to \$435 million in the prior year, also due to the higher average floating base rates. See note 6.

Income taxes

An income tax expense of \$2,207 million was recognised during 2023, compared to an expense of \$6,368 million in 2022. Adjusting for \$37 million of income tax expenses (2022: \$199 million) relating to significant items (primarily on account of impairments, foreign exchange fluctuations and tax losses not recognised), the 2023 pre-significant items tax expense was \$2,170 million (2022: \$6,169 million). The calculated effective tax rate, pre-significant items, was 33.6%, compared to 28.1% in 2022.

STATEMENT OF FINANCIAL POSITION**Current and non-current assets**

Total assets were \$123,869 million as at 31 December 2023, compared to \$132,583 million as at 31 December 2022. Current assets decreased from \$69,223 million to \$64,042 million, due primarily to a decrease in receivables, including margin calls paid in respect of the Group's hedging activities, and inventories on account of lower commodity prices at year end relative to the prior year. Non-current assets decreased from \$63,360 million to \$59,827 million, primarily due to \$1,710 million of impairments to property, plant and equipment and \$2,990 million of asset values reclassified to held for sale (see below and notes 10 and 16).

Current and non-current liabilities

Total liabilities were \$85,632 million as at 31 December 2023, compared to \$87,364 million as at 31 December 2022. Current liabilities decreased from \$53,420 million to \$49,478 million, primarily due to a decrease in income tax payable of \$2,824 million, following the settlement of 2022 income tax accruals, notably in Australia and Colombia. Current borrowings increased by \$1,040 million (see note 21). Non-current liabilities increased from \$33,944 million to \$36,154 million, primarily due to an increase of non-current borrowings (see note 21).

Movements relating to current and non-current borrowings are set out below in the net funding and net debt movement reconciliation and in note 21.

Equity

Total equity was \$38,237 million as at 31 December 2023, compared to \$45,219 million as at 31 December 2022, the movements being primarily the income for the year of \$3,210 million, including non-controlling interests and a decrease in other comprehensive income noted below, offset by shareholder distributions and buybacks (\$10,122 million) concluded during the year.

Other comprehensive income/(loss)

A loss of \$262 million was recognised during 2023, compared to a loss of \$788 million in 2022, primarily relating to net mark-to-market losses of \$94 million (2022: \$1,124 million) with respect to various minority investments (see note 11), net defined benefit plan remeasurements of \$33 million (2022: gain of \$231 million) and exchange losses on translation of foreign operations of \$190 million (2022: \$307 million), being primarily our South African ZAR-denominated subsidiaries, offset by foreign exchange losses recycled to the statement of income of \$3 million (2022: \$481 million).

FINANCIAL AND OPERATIONAL REVIEW

continued

Cash flow and net funding/debt

Net funding

US\$ million	31.12.2023	31.12.2022
Total borrowings as per financial statements	32,241	28,777
Proportionate adjustment – net funding ¹	746	646
Cash and cash equivalents	(1,925)	(1,923)
Net funding¹	31,062	27,500

¹ Refer to APMs section for definition and reconciliations.

Cash and non-cash movements in net funding

US\$ million	2023	2022
Cash generated by operating activities before working capital changes, interest and tax	15,117	32,915
Proportionate adjustment – Adjusted EBITDA ¹	2,068	2,402
Non-cash adjustments included within EBITDA	46	35
Net interest paid ¹	(1,278)	(1,069)
Tax paid ¹	(7,069)	(5,904)
Dividends received from associates ¹	568	559
Funds from operations¹	9,452	28,938
Net working capital changes ²	4,105	(13,483)
Increase in long-term advances and loans ²	–	(200)
Acquisition and disposal of subsidiaries – net ²	344	609
Purchase and sale of investments – net ²	(890)	128
Purchase and sale of property, plant and equipment – net ²	(5,561)	(4,543)
Margin receipts/(payments) in respect of financing related hedging activities	897	(1,824)
Proceeds paid on acquisition of non-controlling interests in subsidiaries	(68)	–
Distributions paid and transactions of own shares – net	(10,130)	(7,539)
Cash movement in net funding	(1,851)	2,086
Net funding acquired in business combinations	(16)	(20)
Change in lease obligations	(841)	(379)
Foreign currency revaluation of borrowings and other non-cash items	(854)	1,650
Total movement in net funding	(3,562)	3,337
Net funding ¹ , beginning of the year	(27,500)	(30,837)
Net funding¹, end of year	(31,062)	(27,500)
Less: Readily marketable inventories ²	26,145	27,425
Net debt¹, end of year	(4,917)	(75)

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 31 December 2023 increased by \$3.6 billion to \$31.1 billion and net debt (net funding less readily marketable inventories) increased by \$4.8 billion to \$4.9 billion. Funds from operations were \$9.5 billion, significantly impacted in the current year, having absorbed the lag effect of settlement in H1 2023 of \$2.7 billion of 2022 final income tax payments, in Australia and Colombia, due to high coal concentrated industrial earnings in 2022.

Readily marketable inventories (RMI) reduced by \$1.3 billion, while \$2.8 billion of net non-RMI working capital inflows were realised during the period, mainly on account of a reduction in net margin calls and lower net physical forward commodity contract valuations, primarily due to lower energy prices (oil, gas, coal). Noting these various inflows, after funding \$5.6 billion of net capital expenditure and \$10.1 billion of shareholder distributions and buybacks, the net funding increase over the year was contained to \$3.6 billion, with net debt increasing to \$4.9 billion.

Business and investment acquisitions and disposals

Net outflows from business and investment disposals/acquisitions were \$614 million over the year, compared to an inflow of \$737 million in 2022. The net outflow mainly comprises purchases of the remaining interests, not previously owned, in the MARA project (\$290 million) and Noranda Income Fund (Canadian electrolytic zinc refinery) (\$199 million) and a 30% stake in the Alunorte alumina operation in Brazil (\$678 million), offset by the proceeds from the sale of Cobar (\$791 million). The net inflow in 2022 mainly comprises the proceeds from the sale of Ernest Henry for \$584 million (see note 26).

Liquidity and funding activities

In April 2023 (effective May 2023), Glencore refinanced its core short- and medium term revolving credit facilities. As at 31 December 2023, the overall facilities comprise:

- \$9,060 million one-year revolving credit facility with a one-year borrower's term-out option (to May 2025); and
- \$3,900 million medium-term revolving credit facility (to May 2028).

FINANCIAL AND OPERATIONAL REVIEW

continued

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 31 December 2023, Glencore had available committed liquidity amounting to \$12.9 billion (31 December 2022: \$13.0 billion).

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 (positive outlook) from Moody's and BBB+ (positive outlook) from Standard & Poor's. Glencore's publicly stated objective, as part of its overall financial policy package, is to seek and maintain a minimum of 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, previously augmented by a Net debt cap of c.\$10 billion, which we have reduced to c.\$5 billion, following the announcement of the acquisition of a 77% interest in EVR, alongside our continued commitment to minimum strong BBB/Baa ratings.

VALUE AT RISK

One of the tools used by Glencore to monitor and limit its primary market risk exposure, principally commodity price risk related to its physical marketing activities, is a value at risk (VaR) computation. VaR is a risk measurement technique, which estimates a threshold for 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 and based on a specific price history. 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 markets and commodities and risk measures can be aggregated to derive a single risk value. Glencore uses a VaR approach based on Monte Carlo simulations computed at a 95% confidence level and utilising a weighted data history for a one-day time horizon.

Glencore's Board, as part of its annual review process in H2 2022, approved a Group VaR limit (excluding LNG) of \$150 million, while maintaining a separate multipronged LNG risk reporting and control structure, including the continued calculation and highlighting of VaR outcomes. As market volatility somewhat normalised in H2 2023, following a comprehensive review, the Board in consultation with the Chief Risk Officer and senior management, determined that it was appropriate to revert to a VaR limit that includes LNG of \$200 million.

The year-end VaR (one day 95%) was \$42 million, comfortably within the Group's \$200 million limit. Average Group VaR during 2023, including LNG was \$92 million, with an observable high of \$156 million and a low of \$42 million, while average equivalent VaR during 2022 was \$158 million. There were no limit breaches during 2023.

DISTRIBUTIONS

In accordance with the Company's shareholder return policy, the Directors have recommended a 2023 financial year base cash distribution of \$0.13 per share amounting to \$1.6 billion, accounting for own shares held as at 1 February 2023, whereby payment will be effected as a \$0.065 per share distribution in June 2024 and a \$0.065 per share distribution in September 2024 (in accordance with the Company's announcement of the 2024 Distribution timetable made on 21 February 2024).

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 31 December 2023, Glencore plc had CHF 9 billion of such capital contribution reserves in its statutory accounts. The distribution is subject to shareholders' approval at Glencore's AGM on 29 May 2024.

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

In May 2023, Patrice Merrin retired from the Board. Following her retirement, the following changes in the composition of the Board Committees were made:

- ECC Committee: Cynthia Carroll replaced Patrice Merrin as Chair of the Committee;
- Remuneration Committee: Martin Gilbert replaced Cynthia Carroll as Chair of the Committee. Cynthia Carroll remains a member of the Committee;
- Investigations Committee: Liz Hewitt replaced Patrice Merrin as a member of the Committee.

MARKETING ACTIVITIES

HIGHLIGHTS

Marketing Adjusted EBIT of \$3,450 million was a strong result by historical standards (top-three over the past 10 years) and above our long-term, through the cycle, range of \$2.2-\$3.2 billion p.a. However, primarily reflecting a rebalancing of energy markets following the severe disruptions and elevated market volatilities experienced in 2022, Marketing Adjusted EBIT for 2023 was 46% lower than in 2022. The associated risk backdrop also normalised somewhat, as shown in the Value at Risk analysis discussed in note 27.

Metals and minerals Adjusted EBIT of \$1,714 million was 5% higher than in 2022, reflecting broadly consistent physical marketing conditions for many of our most important commodities, notwithstanding the rising input cost and interest rate environment. However, various battery industry metals, notably cobalt, nickel and lithium, experienced a challenging market backdrop, characterised by extensive raw material production growth, resulting oversupply, and significant price declines during the period.

Adjusted EBIT from the Energy products business was \$1,708 million, 67% below the record-setting prior year, owing to a rebalancing and normalisation of international energy trade flows, where 2022 was characterised by extreme market volatility and dislocation. Natural gas and coal prices, in particular, trended materially lower during 2023.

Viterra EBITDA was \$2.1 billion (2022: \$2.0 billion). Our 50% share of earnings (reported within corporate and other) contributed \$321 million (post-interest and tax), which was 35% lower than in 2022. In June 2023, Glencore agreed to sell its interest in Viterra to Bunge in a cash-and-shares deal expected to complete in mid-2024 (see note 16).

US\$ million	Metals and minerals	Energy products	Corporate and other ¹	2023	Metals and minerals	Energy products	Corporate and other ¹	2022
Revenue	69,293	117,415	–	186,708	77,382	137,720	–	215,102
Adjusted EBITDA ^o	1,774	2,098	28	3,900	1,694	5,558	(457)	6,795
Adjusted EBIT ^o	1,714	1,708	28	3,450	1,640	5,199	(457)	6,382
Adjusted EBITDA margin	2.6%	1.8%	n.m.	2.1%	2.2%	4.0%	n.m.	3.2%

¹ Corporate and other Marketing activities includes \$321 million (2022: \$494 million) of Glencore's equity accounted share of Viterra.

Selected marketing volumes sold

	Units	2023	2022	Change %
Copper metal and concentrates ¹	mt	3.3	3.6	(8)
Zinc metal and concentrates ¹	mt	2.5	2.4	4
Lead metal and concentrates ¹	mt	0.7	0.8	(13)
Gold	moz	2.1	1.9	11
Silver	moz	50.9	69.0	(26)
Nickel	kt	234	263	(11)
Ferroalloys (incl. agency)	mt	9.6	8.4	14
Alumina/aluminium	mt	10.2	10.0	2
Iron ore	mt	78.4	71.0	10
Thermal coal ²	mt	73.0	78.4	(7)
Metallurgical coal ²	mt	1.9	2.5	(24)
Crude oil	mbl	645	535	21
Oil products	mbl	558	544	3

¹ Estimated metal unit contained.

² Includes agency volumes.

COPPER

After starting the year at \$8,365/t (LME cash price), strong demand from China, together with weak mine supply growth, saw exchange and Shanghai bonded inventories draw rapidly after the Lunar New Year, driving the price above \$9,000/t. Despite the emergence of speculative short positioning during the year, prices overall remained supported by a tightly balanced market, low visible inventories, and strong energy transition demand. LME cash copper price ended 2023 at \$8,464/t.

Spot smelter treatment and refining charges (TC/RCs) moved higher towards the end of the first half, amid Chinese smelter maintenance, easing disruptions to concentrate supply, and expectations of strong mine supply growth. China's Smelters Purchase Team (CSPT) set its Q3 2023 and Q4 2023 concentrate import buying guidance at \$95/t and 9.5c/lb, the highest level in 5 years. However, due to unforeseen and significant impacts to mine supply in late 2023, and amid scheduled expansions in smelting capacity, TC/RCs fell sharply towards year-end, with China's smelters securing concentrate around \$62.5/t and 6.25c/lb as competition increased. TC/RCs have continued to decline; in early February 2024, spot rates had fallen to \$26.1/t and 2.61c/lb.

Over the year ahead, we expect mine supply growth to continue to be constrained by ageing assets, a diminished project pipeline, and geopolitical conditions, with new projects likely to experience delays. On the demand side, energy transition-related demand increased and is expected to be a key driver again in 2024. In the longer term, demand will be influenced by population growth and expected rising living standards in emerging economies, supported by global climate policy and decarbonisation measures. The latter is expected to result in increased copper use, given copper's crucial role in accelerating the energy transition, with applications in renewable power generation and distribution, energy storage and electric vehicles.

MARKETING ACTIVITIES

continued

COBALT

Cobalt metal prices began 2023 on a downward trend, dropping from \$18.75/lb at the start of the year to \$15/lb by late February. After the Lunar New Year, consumer goods demand improved and hydroxide availability tightened, with prices increasing into the mid-\$16s/lb by April. Elsewhere, demand in key metal segments, such as aerospace, continued to post double-digit growth. However, from mid-Q2 2023, the cobalt market was heavily impacted by oversupply, in the form of increased mine production and the resumption of sales from a key mine in the DRC, ending the year at c.\$13/lb.

Cobalt hydroxide payability commenced the year around 58-61%, reflecting the large hydroxide inventory overhang that stemmed from weak consumer goods demand in 2022. By May, the range weakened to 51-53% and mostly held in the low 50s for the rest of 2023, noting the hydroxide supply additions above.

In 2023, the cobalt market was heavily influenced by negative supply and demand factors, resulting in continued inventory build. Consumer electronics demand, which still rivals Electric Vehicles (EVs) among the largest demand segments, stabilised after the demand shock of 2022, but has been slow to return to growth. EV supply chain demand for mined material was impacted by destocking activity in 2023.

We believe cobalt's longer-term demand fundamentals remain positive, as sales of electric vehicles are projected to increase in Western markets. Factors that recently limited Western EV demand are expected to ease as markets move beyond peak interest rates, supply chain investments gain policy support, and costs benefit from increasing economies of scale. A raft of new EV models are expected to be released over the next 12-24 months, which is likely to stimulate fresh demand. We therefore expect excess cobalt hydroxide stocks to erode as demand sectors move into periods of synchronised growth, potentially accelerated by strategic stockpiling of critical minerals.

ZINC

Global macroeconomic concerns weighed on the zinc market in 2023, with the average LME cash zinc price falling by 24% from \$3,485/t in 2022 to \$2,649/t in 2023. The drop in prices led to various mine supply cuts which, combined with China's increased zinc concentrates demand / refined metals production, pressured treatment charges (spot TCs fell from c.\$275/dmt at the start of 2023 to \$80/dmt by the end of the year), resulting in a concentrates market deficit and metals inventory build. According to industry estimates, global mine supply fell by c.0.3Mt in 2023.

LME and SHFE inventories rebounded from the historical lows seen in 2022, with refined metal premia falling from the historically high levels seen at the end of 2022/early 2023. Nonetheless, at c.5-6 days of global consumption, refined metal stocks on LME and SHFE are still very low by historical standards, while average metal premia in Europe and the US in 2023 were more than double the average annual level of 2019-2021.

On the demand side, after a sluggish start to 2023, our estimates suggest strong demand growth in China, supported by infrastructure build and automotive output, offsetting the weak property sector. China also resumed zinc metal imports in 2023, with net imports rising from almost zero in 2022 to 371kt. In Europe, demand remained weak, as the impact of the earlier energy crisis and higher interest rates continued to affect industrial output.

In the lead market, various supply disruptions also impacted concentrates availability during 2023, driving spot TCs 21% lower from an average \$103/dmt in 2022 to \$81/dmt in 2023. The average LME cash lead price remained virtually unchanged vs. 2022, declining by 1% to average \$2,137/t.

NICKEL

Nickel prices came under significant pressure in 2023, as new capacity for the conversion of low-grade nickel into nickel cathode was commissioned, extending the persistent oversupply of low-grade nickel products into nickel metal. From this new capacity, three cathode brands were registered as LME deliverable in 2023 and more are expected to be registered in 2024. Reflecting this, the nickel price decreased by c.50% over the course of the year, and basis the current multi-year low LME Nickel cash price range (c.\$15-17k/t), it is estimated that a large portion of global nickel production is operating at negative margins.

In addition to the challenges around supply, demand remained uncertain, with ongoing macroeconomic headwinds. Battery demand, which has been growing exponentially in recent years, is expected to grow at a slower rate in the short term, as some EV manufacturers scale back sales forecasts. Demand from the stainless steel and alloy sectors has continued to increase, but total demand is unable to absorb the large supply additions to the market, which consequently remains oversupplied.

FERROALLOYS

Ferrochrome production in China increased by 14% in 2023, which more than offset a decrease in the Rest of World output. Robust chrome ore demand and logistical constraints out of South Africa led to elevated chrome ore prices throughout 2023. Non-Chinese ferrochrome producers scaled back some production as conversion spreads reached historic lows.

Global vanadium demand fell due to a slowdown in the construction sectors in China and Europe. Combined with new supply from low-cost producers in China, this resulted in a market surplus, leading to a decline in vanadium prices.

ALUMINIUM

The LME 3-month aluminium price performance was more muted in 2023 compared to the previous two years, with volatility dropping back to pre-Covid levels. After a brief January rally to \$2,680/t, prices remained rangebound around \$2,150-\$2,400/t. The lower end of this range was supported by consumers buying at the 18-month low, while rallies were capped by a mix of producer and systematic selling.

MARKETING ACTIVITIES

continued

Rising interest rates incentivised destocking, putting downward pressure on Western premiums: the US Mid-West premium fell from a 2023 peak of over 29c/lb to 18.4c/lb by year-end, while the In-Warehouse Rotterdam Duty Paid premium rallied to \$355/t in May, before ending the year at \$220/t. Asian premiums fared better as the SHFE-LME price arbitrage was open for most of the year, due to better-than-expected demand from China's solar PV industry.

Despite a reasonable increase in Indian production, the alumina market was also range-bound, trading between \$325-370/t, at an average 15% ratio to the aluminium price.

IRON ORE

After hitting a low of \$99/t in H1 2023, driven by China's weak property sector, iron ore prices recovered through the second half, ending 2023 at \$142/t, as the market responded to stronger than expected end-demand in China, the absence of widely-anticipated steel production restrictions through Q4, and speculative capital inflows that appeared to favour iron ore over many other commodities and securities. The latter, in particular, contributed to prices reaching levels that exceeded our view of what ought to have constituted more fundamental physical supply and demand clearing prices. On the supply side, iron ore miners enjoyed a strong operational performance, and elevated prices enabled the return of higher cost production, resulting in strong seaborne supply growth.

China did not meaningfully restrict domestic steel production in 2023, with export markets having to absorb production in excess of domestic demand. The resulting strong global steel supply led to negative steel margins through many parts of the industry. Due to this low margin environment, iron ore product quality differentials compressed to multi-year lows, with low grade outperforming high grade ores.

COAL

Global seaborne thermal coal demand grew by c.7% in 2023, driven by a c.16% increase in imports in the Asia-Pacific region, which more than offset reduced demand in Europe. This increased demand was met with c.11% supply growth from Indonesia and Australia, as producers recovered from export constraints and weather impacts. While South African exports through RBCT were impacted by rail performance, overall exports from South Africa increased c.5% in 2023, with the additional volumes being transported by truck to export ports.

However, in line with normalising global gas and power prices, average coal reference prices materially decreased in 2023: GCNewc (\$173/t; down 52% vs. 2022), API4 (\$120/t; down 56%), and API2 (\$129/t; down 56%).

Global production of blast furnace pig iron, the main driver of coking coal demand, increased by c.1% during the year, with growth in Asia more than offsetting weakness elsewhere. New coke-making capacity in Indonesia and increased Chinese import demand supported a c.7% increase in seaborne metallurgical coal demand. Although Australian metallurgical coal production declined due to weather impacts, this was more than offset by c.30% export growth from Russia and the United States. Premium HCC prices averaged \$296/t in 2023, 19% below the \$364/t average in 2022.

OIL

Crude oil prices initially rallied in January 2023 from an opening of \$86/bbl Brent, but receded in February, settling in a narrow range of \$70-\$80/bbl for most of H1 2023. Initial optimism around China's economic recovery eroded as global monetary tightening, dollar strength and recessionary fears weighed on markets. In September, prices rose above \$95/bbl on improved sentiment, resulting from easing inflation and production cuts from Saudi Arabia and Russia. However, during Q4, the economic outlook deteriorated again and supply fears subsided with increasing US exports and rising inventory levels, leading oil prices lower. Brent closed the year at \$77/bbl.

In gas markets, prices declined sharply in H1 2023 with the European TTF natural gas benchmark reaching a low of \$7/mmbtu (vs. \$23/mmbtu at the end of 2022), a continuation of the downward trend seen towards the end of 2022. Mild weather in the Northern hemisphere (lower gas demand) and improving supply fundamentals weighed on spot gas prices across key markets. During H2 2023, prices were more volatile, as uncertainty and risks remained high for the Northern hemisphere winter, but with storage at near full capacity, prices were contained to levels around \$15/mmbtu.

Oil refining margins drifted lower during H1 2023, mainly due to weaker European oil product demand. During Q3, refining margins strengthened considerably as stronger US demand pulled products from Europe. In Q4 margins declined again as demand weakened, leading to higher inventory levels. In shipping, overall tanker freight markets weakened in H1 2023 from 2022 highs. Freight rates recovered in H2 2023, with earnings in key tanker sectors remaining strong on a multi-year cycle.

INDUSTRIAL ACTIVITIES

HIGHLIGHTS

Industrial Adjusted EBITDA of \$13,202 million was 52% down on the prior year, primarily reflecting lower average energy prices (largely coal) from the unprecedented levels seen across many energy products in 2022.

Adjusted EBITDA contribution from Metals and minerals assets was \$5,445 million, down 41% compared to the prior year. The largest cumulative impact on the year-over-year decline was the significantly lower realised prices in respect of our cobalt and nickel production. This also informed various portfolio decisions, including to operate Mutanda, with its high proportion of cobalt, at lower rates than initially planned and, regrettably, the recent announcement that, we and SMSP, the shareholders of Koniambo, have decided to transition activities into care and maintenance and that we will initiate a process to identify a potential new industrial partner for Koniambo.

Adjusted EBITDA contribution from Energy products assets was \$8,452 million, down 55% compared to 2022, overwhelmingly due to significantly lower average realised coal and LNG prices, and to a lesser extent, oil, as noted above.

Reflecting the above, Adjusted EBITDA mining margins were 23% (2022: 36%) in our metals operations and 49% (2022: 66%) in our energy operations.

Capex of \$6,074 million (2022: \$4,807 million) was \$1,267 million (26%) higher year-over-year, mainly emanating from our copper business unit, with Collahuasi comprising the largest increase on account of its large-scale desalination project.

US\$ million	Metals and minerals	Energy products	Corporate and other	2023	Metals and minerals	Energy products	Corporate and other	2022
Revenue ^o	35,556	24,858	7	60,421	38,993	39,333	6	78,332
Adjusted EBITDA ^o	5,445	8,452	(695)	13,202	9,274	18,590	(599)	27,265
Adjusted EBIT ^o	1,551	6,132	(741)	6,942	5,082	15,850	(657)	20,275
Adjusted EBITDA mining margin	23%	49%		33%	36%	66%		51%

Production from own sources – Total¹

		2023	2022	Change %
Copper	kt	1,010.1	1,058.1	(5)
Cobalt	kt	41.3	43.8	(6)
Zinc	kt	918.5	938.5	(2)
Lead	kt	182.7	191.6	(5)
Nickel	kt	97.6	107.5	(9)
Gold	koz	74.7	661	13
Silver	koz	20,011	23,750	(16)
Ferrochrome	kt	1,162	1,488	(22)
Coal	mt	113.6	110.0	3

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.

INDUSTRIAL ACTIVITIES

continued

FINANCIAL INFORMATION 2023

US\$ million	Revenue [◇]	Adjusted EBITDA [◇]	Adjusted EBITDA mining margin ^{2,3a}	Depreciation and amortisation	Adjusted EBIT [◇]	Capital expenditure [◇]
Copper assets						
Africa	2,442	195	8%	(575)	(380)	622
Collahuasi ¹	2,045	1,307	64%	(326)	981	864
Antamina ¹	1,432	1,031	72%	(403)	628	427
South America	2,209	980	44%	(795)	185	663
Australia	106	19	18%	–	19	–
Polymet	–	(39)		–	(39)	12
Custom metallurgical	10,008	455		(188)	267	310
Intergroup revenue elimination	(148)	–		–	–	–
Copper	18,094	3,948	42%	(2,287)	1,661	2,898
Zinc assets						
Kazzinc	3,685	693	19%	(684)	9	387
Australia	3,400	(53)	(2%)	(276)	(329)	322
European custom metallurgical	4,522	201		(100)	101	125
North America	992	106		(55)	51	89
Volcan	–	48		–	48	–
Zinc	12,599	995	9%	(1,115)	(120)	923
Nickel assets						
Integrated Nickel Operations	1,265	228	18%	(324)	(96)	496
Australia	831	184	22%	(29)	155	34
Koniambo	415	(455)	(110%)	(33)	(488)	–
Nickel	2,511	(43)	(2%)	(386)	(429)	530
Ferroalloys	2,352	593	25%	(106)	487	135
Aluminium/Alumina	–	(47)		–	(47)	6
Iron ore	–	(1)		–	(1)	–
Metals and minerals	35,556	5,445	23%	(3,894)	1,551	4,492
Coking Australia	1,917	944	49%	(262)	682	176
Thermal Australia	10,775	6,051	56%	(1,282)	4,769	678
Thermal South Africa	1,505	384	26%	(309)	75	219
Cerrejón	2,308	674	29%	(268)	406	246
Prodeco	–	(80)		(6)	(86)	5
Coal (own production)	16,505	7,973	48%	(2,127)	5,846	1,324
Coal other revenue (buy-in coal)	1,034					
Oil E&P assets	340	209	61%	(103)	106	14
Oil refining assets	6,979	270		(90)	180	183
Energy products	24,858	8,452	49%	(2,320)	6,132	1,521
Corporate and other	7	(695)		(46)	(741)	61
Total Industrial activities[◇]	60,421	13,202	33%	(6,260)	6,942	6,074

¹ Represents the Group's share of these JVs.

INDUSTRIAL ACTIVITIES

continued

FINANCIAL INFORMATION 2022

US\$ million	Revenue [◊]	Adjusted EBITDA [◊]	Adjusted EBITDA mining margin ^{2,3*}	Depreciation and amortisation	Adjusted EBIT [◊]	Capital expenditure [◊]
Copper assets						
Africa	3,526	1,551	44%	(826)	725	440
Collahuasi ¹	2,120	1,501	71%	(290)	1,211	332
Antamina ¹	1,575	1,186	75%	(351)	835	362
Other South America	2,120	969	46%	(548)	421	622
Australia	351	70	20%	(63)	7	85
Polymet	–	(16)		–	(16)	8
Custom metallurgical	9,769	467		(179)	288	202
Intergroup revenue elimination	(355)	–		–	–	–
Copper	19,106	5,728	54%	(2,257)	3,471	2,051
Zinc assets						
Kazzinc	3,564	807	23%	(596)	211	346
Australia	3,767	415	11%	(611)	(196)	418
European custom metallurgical	4,260	119		(115)	4	147
North America	1,770	127		(87)	40	24
Volcan	–	(2)		–	(2)	–
Other Zinc	203	11	5%	(15)	(4)	22
Zinc	13,564	1,477	16%	(1,424)	53	957
Nickel assets						
Integrated Nickel Operations	2,028	886	44%	(327)	559	420
Australia	1,186	483	41%	(27)	456	26
Koniambo	713	(72)	(10%)	(40)	(112)	19
Nickel	3,927	1,297	33%	(394)	903	465
Ferroalloys	2,396	719	30%	(116)	603	119
Aluminium/Alumina	–	55		(1)	54	5
Iron ore	–	(2)		–	(2)	–
Metals and minerals	38,993	9,274	36%	(4,192)	5,082	3,597
Coking Australia	2,468	1,359	55%	(208)	1,151	186
Thermal Australia	16,890	11,410	68%	(1,430)	9,980	547
Thermal South Africa	2,767	1,655	60%	(461)	1,194	146
Cerrejón	5,393	3,609	67%	(438)	3,171	169
Prodeco	–	(113)		–	(113)	–
Coal (own production)	27,518	17,920	65%	(2,537)	15,383	1,048
Coal other revenue (buy-in coal)	1,961					
Oil E&P assets	1,004	781	78%	(128)	653	11
Oil refining assets	8,850	(111)		(75)	(186)	113
Energy products	39,333	18,590	66%	(2,740)	15,850	1,172
Corporate and other	6	(599)		(58)	(657)	38
Total Industrial activities[◊]	78,332	27,265	51%	(6,990)	20,275	4,807

2 Adjusted EBITDA mining margin for Metals and Minerals is Adjusted EBITDA excluding non-mining assets as described below (\$4,682 million (2022: \$8,508 million)) divided by Revenue excluding non-mining assets and intergroup revenue elimination (\$20,182 million (2022: \$23,549 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) (\$8,182 million (2022: \$18,701 million)), divided by the sum of coal revenue from own production and Oil E&P revenue (\$16,845 million (2022: \$28,522 million)).

INDUSTRIAL ACTIVITIES

continued

PRODUCTION DATA

Production from own sources – Copper assets¹

		2023	2022	Change %
African Copper (Katanga, Mutanda)				
Copper metal	kt	241.5	253.4	(5)
Cobalt ²	kt	38.8	40.2	(3)
Collahuasi³				
Copper in concentrates	kt	252.2	251.1	–
Silver in concentrates	koz	4,032	3,350	20
Gold in concentrates	koz	41	38	8
Antamina⁴				
Copper in concentrates	kt	142.4	152.5	(7)
Zinc in concentrates	kt	156.6	144.3	9
Silver in concentrates	koz	3,912	4,964	(21)
South America (Antapaccay, Lomas Bayas)				
Copper metal	kt	65.8	72.6	(9)
Copper in concentrates	kt	173.0	151.0	15
Gold in concentrates and in doré	koz	97	61	59
Silver in concentrates and in doré	koz	1,267	1,222	4
Cobar				
Copper in concentrates	kt	15.0	37.3	(60)
Silver in concentrates	koz	180	446	(60)
Total Copper department				
Copper	kt	889.9	917.9	(3)
Cobalt	kt	38.8	40.2	(3)
Zinc	kt	156.6	144.3	9
Gold	koz	138	99	39
Silver	koz	9,391	9,982	(6)

Production from own sources – Zinc assets¹

		2023	2022	Change %
Kazzinc				
Zinc metal	kt	113.8	125.7	(9)
Zinc in concentrates	kt	60.1	20.7	190
Lead metal	kt	18.7	16.9	11
Lead in concentrates	kt	16.9	0.4	n.m.
Copper metal ⁵	kt	14.8	20.5	(28)
Gold	koz	598	546	10
Silver	koz	2,727	2,721	–
Silver in concentrates	koz	548	12	–
Australia (Mount Isa, Townsville, McArthur River)				
Zinc in concentrates	kt	549.4	564.0	(3)
Copper metal	kt	69.1	70.5	(2)
Lead in concentrates	kt	147.1	165.9	(11)
Silver	koz	615	557	10
Silver in concentrates	koz	5,129	5,592	(8)
North America (Matagami, Kidd)⁶				
Zinc in concentrates	kt	38.6	56.5	(32)
Copper in concentrates	kt	22.6	28.3	(20)
Silver in concentrates	koz	1,378	1,346	2
Other Zinc: South America (Bolivia, Peru)⁶				
Zinc in concentrates	kt	–	27.3	(100)
Lead in concentrates	kt	–	8.4	(100)
Copper in concentrates	kt	–	1.4	(100)
Silver in concentrates	koz	–	3,345	(100)
Total Zinc department				
Zinc	kt	761.9	794.2	(4)
Lead	kt	182.7	191.6	(5)
Copper	kt	106.5	120.7	(12)
Gold	koz	598	546	10
Silver	koz	10,397	13,573	(23)

INDUSTRIAL ACTIVITIES

continued

Production from own sources – Nickel assets¹

		2023	2022	Change %
Integrated Nickel Operations (INO) (Sudbury, Raglan, Nikkelverk)				
Nickel metal	kt	39.1	46.2	(15)
Nickel in concentrates	kt	0.2	0.2	–
Copper metal	kt	8.9	11.9	(25)
Copper in concentrates	kt	4.8	7.6	(37)
Cobalt metal	kt	0.4	0.6	(33)
Gold	koz	11	16	(31)
Silver	koz	223	195	14
Platinum	koz	24	32	(25)
Palladium	koz	65	83	(22)
Rhodium	koz	3	4	(25)
Murrin Murrin				
Nickel metal	kt	31.1	35.7	(13)
Cobalt metal	kt	2.1	3.0	(30)
Koniambo				
Nickel in ferronickel	kt	27.2	25.4	7
Total Nickel department				
Nickel	kt	97.6	107.5	(9)
Copper	kt	13.7	19.5	(30)
Cobalt	kt	2.5	3.6	(31)
Gold	koz	11	16	(31)
Silver	koz	223	195	14
Platinum	koz	24	32	(25)
Palladium	koz	65	83	(22)
Rhodium	koz	3	4	(25)

Production from own sources – Ferroalloys assets¹

		2023	2022	Change %
Ferrochrome ⁷	kt	1,162	1,488	(22)
Vanadium Pentoxide	mlb	19.5	19.8	(2)

Total production – Custom metallurgical assets¹

		2023	2022	Change %
Copper (Altonorte, Pasar, Horne, CCR)				
Copper metal	kt	507.3	456.9	11
Copper anode	kt	443.3	474.9	(7)
Zinc (Portovesme, Asturiana, Nordenham, Northfleet, CEZ)				
Zinc metal	kt	752.6	683.0	10
Lead metal	kt	244.6	273.4	(11)

INDUSTRIAL ACTIVITIES

continued

Coal assets¹

		2023	2022	Change %
Australian coking coal	mt	7.5	8.7	(14)
Australian semi-soft coal	mt	4.1	4.0	2
Australian thermal coal (export)	mt	55.2	53.4	3
Australian thermal coal (domestic)	mt	7.0	7.8	(10)
South African thermal coal (export)	mt	13.7	12.7	8
South African thermal coal (domestic)	mt	4.1	3.7	11
Cerrejón	mt	22.0	19.7	12
Total Coal department	mt	113.6	110.0	3

Oil assets (non-operated)

		2023	2022	Change %
Glencore entitlement interest basis				
Equatorial Guinea	kboe	4,135	5,107	(19)
Cameroon	kbbbl	608	1,024	(41)
Total Oil department	kboe	4,743	6,131	(23)

1 Controlled industrial assets and joint ventures only (excludes Volcan). 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 North and South American assets sold or closed since the beginning of 2022: Matagami (Canada) completed mining in June 2022, Bolivian Zinc sold in March 2022 and Peruvian Zinc sold in December 2022.

7 The Group's attributable 79.5% share of the Glencore-Merafe Chrome Venture.

OPERATING HIGHLIGHTS

Copper assets

Own sourced copper production of 1,010,100 tonnes was 48,000 tonnes (5%) lower than 2022, primarily reflecting the sale of Cobar in June 2023 and lower copper by-product production outside the Copper department. Own sourced copper sales during the period were some 13,000 tonnes lower than net relevant production, due to the timing of shipments.

Own sourced cobalt production of 41,300 tonnes was 2,500 tonnes (6%) lower than 2022, mainly due to feed plan adjustments at Mutanda, in the context of an oversupplied market.

African Copper

Own sourced copper production of 241,500 tonnes was 11,900 tonnes (5%) lower than 2022, mainly reflecting lower production at Katanga (13,700 tonnes), which nonetheless delivered in line with its plan for the year.

Own sourced cobalt production of 38,800 tonnes was 1,400 tonnes (3%) lower than 2022, reflecting lower grades, due to feed plan adjustments, at Mutanda, partially offset by improved cobalt recoveries at both Katanga and Mutanda.

Collahuasi

Attributable copper production of 252,200 tonnes was in line with 2022.

Antamina

Aligned with planned mining sequencing, attributable copper production of 142,400 tonnes was 10,100 tonnes (7%) lower than 2022, while zinc production of 156,600 tonnes was 12,300 tonnes (9%) higher.

South America

Copper production of 238,800 tonnes was 15,200 tonnes (7%) higher than 2022, reflecting higher copper grades and recoveries at Antapaccay (22,000 tonnes), partially offset (6,800 tonnes) principally by anticipated delayed metal deliveries to the leach pads at Lomas Bayas, with recovery expected in 2024.

Cobar

Cobar (Australian copper) mine was sold on 16 June 2023.

Copper custom metallurgical assets

Overall copper anode production of 443,300 tonnes was 31,600 tonnes (7%) lower than 2022, due to Altonorte maintenance in October and operational challenges during the post-shutdown ramp up.

Copper cathode production of 507,300 tonnes was 50,400 tonnes (11%) higher than 2022, reflecting increased anode deliveries from Horne and Pasar.

Zinc assets

Own sourced zinc production of 918,500 tonnes was 20,000 tonnes (2%) lower than 2022, mainly reflecting the 2022 disposals of South American zinc operations (27,300 tonnes) and the closure of Matagami (17,300 tonnes), offset by stronger production from Kazzinc (Zhairesm) and Antamina.

INDUSTRIAL ACTIVITIES

continued

Kazzinc

Own sourced zinc production of 173,900 tonnes was 27,500 tonnes (19%) higher than 2022, reflecting Zhairém's ramp-up, partly offset by delayed processing of own-sourced material at Kazzinc's smelters, in favour of third-party material.

Own sourced lead production of 35,600 tonnes was 18,300 tonnes (106%) higher than 2022, due to Zhairém's ramp up.

Own sourced copper production of 14,800 tonnes was 5,700 tonnes (28%) lower than 2022, due to lower copper grades at the Maleevsky mine, together with furnace downtime at the copper smelter.

Own sourced gold production of 598,000 ounces was 52,000 ounces (10%) higher than 2022, as units displaced from the 2022 schedule in favour of third-party material were processed in 2023.

Australia

Zinc production of 549,400 tonnes was 14,600 (3%) lower than 2022, due to severe weather conditions earlier in the year and lower ore milled at McArthur River due to short-term operational challenges.

Lead production of 147,100 tonnes was 18,800 tonnes (11%) lower than 2022, mainly due to lower lead grades at Lady Loretta mine (Mount Isa) as it nears end of life.

Copper production of 69,100 tonnes was broadly in line with 2022.

North America

Zinc production of 38,600 tonnes was 17,900 tonnes (32%) lower than 2022, mainly reflecting the closure of Matagami mine in mid-2022. Kidd production was broadly in line with 2022.

South America

Following disposal of the Bolivian mines at the end of H1 2022 and Los Quenuales in December 2022, no operating assets remain in this grouping.

Zinc custom metallurgical assets

Zinc metal production of 752,600 tonnes was 69,600 tonnes (10%) higher than 2022, reflecting additional production from CEZ, consolidated from April 2023, following Glencore's increased ownership from 25% to 100% and improved performance of Asturiana, offset by the suspension of Nordenham in H2 2022, on account of high European power prices.

Lead metal production of 244,600 tonnes was 28,800 tonnes (11%) lower than 2022, primarily reflecting lower bullion received at Northfleet from Mount Isa and Portovesme's partial care and maintenance.

Nickel assets

Own sourced nickel production of 97,600 tonnes was 9,900 tonnes (9%) lower than 2022, primarily reflecting higher INO third party production (versus own sourced) and a planned shutdown of Murrin Murrin for routine maintenance, somewhat offset by a more consistent production performance from Koniambo.

Integrated Nickel Operations (INO)

Own sourced nickel production of 39,300 tonnes was 7,100 tonnes (15%) lower than 2022, whereby the lengthy strike at Raglan in 2022 impacted 2023 nickel production, given the long lead time from ore mining in Northern Quebec to finished nickel production in Norway, and maintenance outages impacted the Sudbury smelter. Total refinery production of 95,000 tonnes was 13,100 tonnes (16%) higher than 2022.

Murrin Murrin

Own sourced nickel production of 31,100 tonnes was 4,600 tonnes (13%) lower than 2022, primarily due to scheduled major maintenance and phasing of the subsequent ramp-up.

Koniambo (KNS)

Nickel production of 27,200 tonnes was 1,800 tonnes (7%) higher than 2022, reflecting furnace modifications made during Q1's planned maintenance and an overall more consistent operating performance. We announced in September 2023 that Glencore will not continue to fund ongoing operations from March 2024. Given that KNS remained loss-making at recent production rates and realised nickel prices, and following extensive engagement with relevant stakeholders, the shareholders of KNS announced on 12 February 2024 that the operation will transition to care and maintenance and that Glencore will shortly initiate a process to identify a potential new industrial partner for KNS.

Ferroalloys assets

Attributable ferrochrome production of 1,162,000 tonnes was 326,000 tonnes (22%) lower than 2022, mainly due to planned additional smelter downtime during the 3-month high electricity demand winter season, a period of elevated power prices. Q4 2023 production was 133,000 tonnes (85%) higher than Q3 2023, as the smelter portfolio progressively restarted, albeit with the Rustenburg smelter remaining idle, pending an improved price/cost environment.

INDUSTRIAL ACTIVITIES

continued

Coal assets

Coal production of 113.6 million tonnes was 3.6 million tonnes (3%) higher than 2022, reflecting higher productivity in South Africa and a year over year easing in certain external factors that constrain capacity, such as wet weather and blockades.

Australian coking

Production of 7.5 million tonnes was 1.2 million tonnes (14%) lower than 2022, with the Newlands mine ceasing production in February 2023.

Australian thermal and semi-soft

Production of 66.3 million tonnes was broadly in line with 2022.

South African thermal

Production of 17.8 million tonnes was 1.4 million tonnes (9%) higher than 2022, reflecting improved productivity. Both periods were constrained by capacity restrictions in the South African rail network.

Cerrejón

Production of 22.0 million tonnes was 2.3 million tonnes (12%) higher than 2022, reflecting heavy rains and extended blockades in the base period.

Oil assets

Exploration and production (non-operated)

Entitlement interest oil and gas production of 4.7 million barrels of oil equivalent (boe) was 1.4 million boe (23%) lower than 2022, due to natural field decline at Bolongo in Cameroon and the reduction of Glencore's entitlement percentage interest in an Equatorial Guinea block, following the recovery of historical costs under a production sharing contract.

Refining

Following an extensive multi-year rebuild, the Astron Energy oil refinery in Cape Town restarted operations in early 2023.

CONSOLIDATED STATEMENT OF INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

US\$ million	Notes	2023	2022
Revenue	3	217,829	255,984
Cost of goods sold ¹		(207,046)	(228,467)
Net expected credit losses ¹	12/14	21	(256)
Selling and administrative expenses		(2,105)	(2,430)
Share of income from associates and joint ventures	11	1,337	2,300
Gain on acquisitions and disposals of non-current assets	4	850	1,287
Other income	5	176	365
Other expense	5	(1,267)	(1,276)
Impairments of non-current assets	7	(2,264)	(3,285)
Impairments of financial assets	7	(220)	(52)
Dividend income	11	6	45
Interest income	6	615	435
Interest expense	6	(2,515)	(1,771)
Income before income taxes		5,417	22,879
Income tax expense	8	(2,207)	(6,368)
Income for the year		3,210	16,511
Attributable to:			
Non-controlling interests		(1,070)	(809)
Equity holders of the Parent		4,280	17,320
Earnings per share:			
Basic (US\$)	18	0.34	1.33
Diluted (US\$)	18	0.34	1.32

¹ In the current period, net expected credit losses on financial assets at amortised cost have been disaggregated from cost of goods sold. The prior period balances have been restated to conform with current period presentation.

All amounts presented are derived from continuing operations. The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

US\$ million	Notes	2023	2022
Income for the year		3,210	16,511
Other comprehensive loss			
Items not to be reclassified to the statement of income in subsequent periods:			
Defined benefit plan remeasurements	24	(14)	298
Tax charge on defined benefit plan remeasurements		(19)	(67)
Fair value loss on equity investments accounted for at fair value through other comprehensive income	11	(94)	(1,124)
Tax credit on equity investments accounted for at fair value through other comprehensive income		–	2
(Loss)/gain due to changes in credit risk on financial liabilities accounted for at fair value through profit and loss		(12)	2
Net items not to be reclassified to the statement of income in subsequent periods		(139)	(889)
Items that have been or may be reclassified to the statement of income in subsequent periods:			
Exchange loss on translation of foreign operations		(190)	(307)
Items recycled to the statement of income ¹	5/26	(3)	481
Gain/(loss) on cash flow hedges		203	(38)
Tax credit on loss on cash flow hedges		2	2
Cash flow hedges reclassified to the statement of income		(151)	65
Tax charge on cash flow hedges reclassified to the statement of income		–	(2)
Share of other comprehensive income/(loss) from associates and joint ventures	11	16	(100)
Net items that have been or may be reclassified to the statement of income in subsequent periods		(123)	101
Other comprehensive loss		(262)	(788)
Total comprehensive income		2,948	15,723
Attributable to:			
Non-controlling interests		(1,092)	(824)
Equity holders of the Parent		4,040	16,547

¹ Comprises foreign exchange translation losses recycled upon disposal of subsidiaries (\$3 million)(2022: \$50 million)(see notes 17 and 26) and restructuring of intragroup debt (\$Nil)(2022: \$431 million)(see note 5).

All amounts presented are derived from continuing operations. The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

US\$ million	Notes	2023	2022
Assets			
Non-current assets			
Property, plant and equipment	9	39,233	39,564
Intangible assets	10	6,002	6,160
Investments in associates and joint ventures	11	8,823	11,878
Other investments	11	513	456
Advances and loans	12	2,876	2,654
Other financial assets	28	367	206
Inventories	13	623	605
Deferred tax assets	8	1,390	1,837
		59,827	63,360
Current assets			
Inventories	13	31,569	33,460
Accounts receivable	14	18,385	24,565
Other financial assets	28	5,187	6,109
Income tax receivable	8	1,229	401
Prepaid expenses		317	325
Cash and cash equivalents	15	1,925	1,923
		58,612	66,783
Assets held for sale	16	5,430	2,440
		64,042	69,223
Total assets		123,869	132,583
Equity and liabilities			
Capital and reserves – attributable to equity holders			
Share capital	17	136	141
Reserves and retained earnings		43,444	49,269
		43,580	49,410
Non-controlling interests	34	(5,343)	(4,191)
Total equity		38,237	45,219
Non-current liabilities			
Borrowings	21	21,275	18,851
Deferred income	22	1,294	1,547
Deferred tax liabilities	8	2,970	3,651
Other financial liabilities	28	1,710	2,055
Provisions	23	8,105	7,163
Post-retirement and other employee benefits	24	800	677
		36,154	33,944
Current liabilities			
Borrowings	21	10,966	9,926
Accounts payable	25	29,289	29,726
Deferred income	22	1,044	1,060
Provisions	23	1,108	1,425
Other financial liabilities	28	3,671	4,882
Income tax payable	8	1,850	4,660
		47,928	51,679
Liabilities held for sale	16	1,550	1,741
		49,478	53,420
Total equity and liabilities		123,869	132,583

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

US\$ million	Notes	2023	2022
Operating activities			
Income before income taxes		5,417	22,879
Adjustments for:			
Depreciation and amortisation		5,981	6,987
Share of income from associates and joint ventures	11	(1,337)	(2,300)
Deferred income and other non-current provisions		(77)	65
Gain on acquisitions and disposals of non-current assets	4	(850)	(1,287)
Unrealised mark-to-market movements on other investments	5	103	106
Impairments	7	2,484	3,337
Other non-cash items – net ¹		1,496	1,792
Interest expense – net	6	1,900	1,336
Cash generated by operating activities before working capital changes, interest and tax		15,117	32,915
Working capital changes			
Decrease/(increase) in accounts receivable ²		7,544	(4,942)
Decrease/(increase) in inventories		1,978	(5,035)
Decrease in accounts payable ³		(5,770)	(3,292)
Total working capital changes		3,752	(13,269)
Income taxes paid		(6,503)	(4,881)
Interest received		552	234
Interest paid		(1,882)	(1,340)
Net cash generated by operating activities		11,036	13,659
Investing activities			
Increase in long-term advances and loans	12	–	(200)
Net cash (used)/received in acquisition of subsidiaries	26	(494)	321
Net cash received from disposal of subsidiaries	26	838	455
Purchase of investments		(946)	(476)
Proceeds from sale of investments		56	604
Purchase of property, plant and equipment		(4,484)	(4,177)
Proceeds from sale of property, plant and equipment		147	63
Dividends received from associates and joint ventures	11	1,328	1,691
Net cash used by investing activities		(3,555)	(1,719)

1 See reconciliation below.

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

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

Other non-cash items comprise the following:

US\$ million	Notes	2023	2022
Net foreign exchange (gains)/losses	5	(46)	349
Closed sites rehabilitation provisioning	5	503	370
Share based and deferred remuneration costs	20	742	1,134
Other		297	(61)
Total		1,496	1,792

All amounts presented are derived from continuing operations. The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

US\$ million	Notes	2023	2022
Financing activities¹			
Proceeds from issuance of capital market notes ²		3,474	–
Repayment of capital market notes		(3,159)	(2,850)
Repurchase of capital market notes		–	(103)
Proceeds from/(repayment of) revolving credit facility		1,289	(2,563)
Proceeds from other non-current borrowings		–	430
Repayment of other non-current borrowings		(314)	(73)
Repayment of lease liabilities		(616)	(577)
Margin receipts/(payments) in respect of financing related hedging activities		897	(1,824)
Proceeds from current borrowings		430	3,306
Proceeds from/(repayment of) US commercial papers		711	(1,407)
Net proceeds paid on acquisition of non-controlling interests in subsidiaries		(68)	–
Return of capital/distributions to non-controlling interests		(8)	(442)
Purchase of own shares	17	(3,672)	(2,503)
Disposal of own shares ³		–	238
Distributions paid to equity holders of the Parent	19	(6,450)	(4,832)
Net cash used by financing activities		(7,486)	(13,200)
Decrease in cash and cash equivalents		(5)	(1,260)
Effect of foreign exchange rate changes		(6)	(50)
Cash and cash equivalents, beginning of year		1,998	3,308
Cash and cash equivalents, end of year		1,987	1,998
Cash and cash equivalents reported in the statement of financial position	15	1,925	1,923
Cash and cash equivalents attributable to assets held for sale	16	62	75

1 Refer to note 21 for reconciliation of movement in borrowings.

2 Amount net of issuance costs relating to capital market notes of \$26 million (2022: \$Nil).

3 Comprises primarily cash received from the exercise of share-based option awards assumed in previous business combinations. There are no outstanding options as at 31 December 2023 and 2022.

All amounts presented are derived from continuing operations. The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Retained earnings	Share premium	Other reserves (Note 17)	Own shares (Note 17)	Total reserves and retained earnings	Share capital	Total equity attributable to equity holders	Non-controlling interests (Note 34)	Total equity
1 January 2022	7,914	43,679	(5,931)	(5,877)	39,785	146	39,931	(3,014)	36,917
Income for the year	17,320	–	–	–	17,320	–	17,320	(809)	16,511
Other comprehensive income/(loss)	129	–	(902)	–	(773)	–	(773)	(15)	(788)
Total comprehensive income	17,449	–	(902)	–	16,547	–	16,547	(824)	15,723
Own share disposal (see note 17)	(81)	–	–	430	349	–	349	–	349
Own share purchases (see note 17)	–	–	–	(2,549)	(2,549)	–	(2,549)	–	(2,549)
Equity-settled share-based expenses (see note 20)	(32)	–	–	–	(32)	–	(32)	–	(32)
Change in ownership interest in subsidiaries (see note 34)	–	–	(3)	–	(3)	–	(3)	115	112
Acquisition/disposal of business (see note 26)	–	–	–	–	–	–	–	(28)	(28)
Reclassifications	(4)	–	3	–	(1)	–	(1)	2	1
Cancellation of shares (see note 20)	–	(2,130)	–	2,135	5	(5)	–	–	–
Distributions paid (see note 19)	–	(4,832)	–	–	(4,832)	–	(4,832)	(442)	(5,274)
31 December 2022	25,246	36,717	(6,833)	(5,861)	49,269	141	49,410	(4,191)	45,219

	Retained earnings	Share premium	Other reserves (Note 17)	Own shares (Note 17)	Total reserves and retained earnings	Share capital	Total equity attributable to equity holders	Non-controlling interests (Note 34)	Total equity
1 January 2023	25,246	36,717	(6,833)	(5,861)	49,269	141	49,410	(4,191)	45,219
Income for the year	4,280	–	–	–	4,280	–	4,280	(1,070)	3,210
Other comprehensive loss	(17)	–	(223)	–	(240)	–	(240)	(22)	(262)
Total comprehensive income	4,263	–	(223)	–	4,040	–	4,040	(1,092)	2,948
Own share disposal (see note 17)	(39)	–	–	130	91	–	91	–	91
Own share purchases (see note 17)	–	–	–	(3,672)	(3,672)	–	(3,672)	–	(3,672)
Equity-settled share-based expenses (see note 20)	137	–	–	–	137	–	137	–	137
Change in ownership interest in subsidiaries (see note 34)	–	–	24	–	24	–	24	(60)	(36)
Acquisition/disposal of business (see note 26)	–	–	–	–	–	–	–	20	20
Reclassifications	–	–	–	–	–	–	–	(12)	(12)
Cancellation of shares (see note 20)	–	(1,898)	–	1,903	5	(5)	–	–	–
Distributions paid (see note 19)	–	(6,450)	–	–	(6,450)	–	(6,450)	(8)	(6,458)
31 December 2023	29,607	28,369	(7,032)	(7,500)	43,444	136	43,580	(5,343)	38,237

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

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting policies

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, 13 Castle Street, St Helier and domiciled in Switzerland. Its ordinary shares are traded on the London and Johannesburg stock exchanges.

This preliminary announcement was authorised for issue in accordance with a Directors' resolution on 20 February 2024.

The unaudited financial information for the year ended 31 December 2023 and audited financial information for the year ended 31 December 2022 contained in this document do not constitute statutory accounts as defined in Article 105 of Companies (Jersey) Law 1991. The financial information for the year ended 31 December 2023 will be included in the financial statements of Glencore which will be delivered to the Registrar in due course. The audit report for 31 December 2023 is yet to be signed by the auditor.

STATEMENT OF COMPLIANCE

The financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of:

- United Kingdom adopted international accounting standards; and
- International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

This announcement does not itself contain sufficient information to comply with those standards. The Company expects to publish full financial statements that comply with IFRSs in March 2024.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and relevant under the circumstances, independent estimates, quoted market prices and common industry standard modelling techniques. Actual outcomes could result in a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Glencore has identified the following areas as being critical to understanding Glencore's financial position as they require management to make complex and/or subjective judgements, estimates and assumptions about matters that are inherently uncertain:

CRITICAL ACCOUNTING JUDGEMENTS

In the process of applying Glencore's accounting policies, management has made the following judgements based on the relevant facts and circumstances including macro-economic circumstances and, where applicable, interpretation of underlying agreements, which have the most significant effect on the amounts recognised in the consolidated financial statements.

(i) Determination of control of subsidiaries and joint arrangements

Judgement is required to determine when Glencore has control of subsidiaries or joint control of joint or other unincorporated arrangements. This requires an assessment of the relevant activities (those relating to the operating and capital decisions of the arrangement, such as: the approval of the capital expenditure programme for each year, and appointing, remunerating and terminating the key management personnel or service providers of the operations) and when the decisions in relation to those activities are under the control of Glencore or require unanimous consent. See note 26 for a summary of the acquisitions of subsidiaries completed during 2023 and 2022.

Judgement is also required in determining the classification of a joint arrangement between a joint venture or a joint operation through an evaluation of the rights and obligations arising from the arrangement and in particular, if the joint arrangement has been structured through a separate vehicle, further consideration is required of whether:

- (1) the legal form of the separate vehicle gives the parties rights to the assets and obligations for the liabilities;
- (2) the contractual terms and conditions give the parties rights to the assets and obligations for the liabilities; and
- (3) other facts and circumstances give the parties rights to the assets and obligations for the liabilities.

1. Accounting policies continued

Joint arrangements in which the primary activity is the provision of output to the shareholders, typically convey substantially all the economic benefits of the assets to the parties and judgement is required in assessing whether the terms of the offtake agreements and any other obligations for liabilities of the arrangement result in the parties being substantially the only source of cash flows contributing to the continuity of the operations of the arrangement.

Certain joint arrangements that are structured through separate vehicles including Collahuasi and Viterra are accounted for as joint ventures. The investment in Viterra has been classified as asset held for sale as at 31 December 2023 (see note 16). The Collahuasi arrangement is primarily designed for the provision of output to the shareholders sharing joint control, the offtake terms of which are at prevailing market prices and the parties are not obligated to cover any potential funding shortfalls. In management's judgement, Glencore is not the only possible source of funding and does not have a direct or indirect obligation to the liabilities of the arrangement, but rather shares in its net assets and, therefore, such arrangements have been accounted for as joint ventures.

Differing conclusions around these judgements may materially impact how these businesses are presented in the consolidated financial statements – under the full consolidation method, equity method or recognition of Glencore's share of assets, liabilities, revenue and expenses, including any assets or liabilities held jointly. See note 11 for a summary of these joint arrangements.

(ii) Classification of transactions which contain a financing element (notes 21, 22 and 25)

Transactions for the purchase of commodities may contain a financing element such as extended payment terms. Under such an arrangement, a financial institution may issue a letter of credit on behalf of Glencore and act as the paying party upon delivery of product by the supplier and Glencore will subsequently settle the liability directly with the financial institution, generally from 30 up to 90 days after physical supply. Judgement is required to determine the most appropriate classification and presentation of these transactions within the statements of cash flows and financial position. In determining the appropriate classification, management considers the underlying economic substance of the transaction and the significance of the financing element to the transaction. Typically, the economic substance of the transaction is determined to be operating in nature where the financing element is insignificant and the time frame in which the original arrangement is extended by, is consistent and within supply terms commonly provided in the market up to 90 days. As a result, the entire cash flow is presented as operating in the statement of cash flows with a corresponding trade payable in the statement of financial position. As at 31 December 2023, trade payables include \$6,860 million (2022: \$7,504 million) of such liabilities arising from supplier financing arrangements, the weighted average of which extended settlement of the original payable to 77 days (2022: 67 days) after physical supply and are due for settlement 24 days (2022: 35 days) after year end. There was no significant exposure to any individual financial institution under these arrangements. These payables are not included within net funding and net debt as defined in the APMs section. Should the substance of the transaction be determined to be financing in nature, it is presented as short-term borrowings and the resulting cash movements presented as financing in the statement of cash flows.

(iii) Classification of physical liquefied natural gas (LNG) purchase and sale contracts (notes 28 and 29)

Judgement is required to determine the appropriate classification of physical LNG purchase and sale contracts as being measured within the scope of IFRS 9 at fair value through profit and loss or as executory contracts. This requires an assessment of whether the contracts to buy or sell LNG (a non-financial item) can be settled net in cash or with another financial instrument, or by exchanging financial instruments, as if the contracts were financial instruments, and whether there is a past practise of net settling similar contracts. Those physical LNG contracts that can be net settled are considered to be derivatives, measured at fair value through profit or loss (see notes 28 and 29). Contracts that do not meet the definition of derivatives are considered own use contracts and are to be accounted for as executory contracts. Differing conclusions around classification of these contracts, may materially impact their presentation as financial assets or liabilities and any fair value adjustments recognised through profit and loss. As at 31 December 2023, the net fair value of physical LNG contracts on the statement of financial position is \$760 million (2022: \$2,533 million), comprising a \$760 million forward physical asset and a \$Nil forward physical liability (2022: \$2,552 million forward physical asset and \$19 million forward physical liability). No physical LNG forward contracts were accounted for as executory contracts.

(iv) Investigations by regulatory and enforcement authorities and claims against the company in connection with the investigations – Critical judgement in relation to whether a present obligation exists (note 32).**(v) Impact of carbon pricing.**

In determining accounting estimates such as the recoverable amount of non-current assets, the Group has assumed that future increases in carbon costs will be reflected in commodity prices and therefore passed onto the end consumer. No material change to the Group's related accounting estimates is expected within the next financial year as a result of this judgement.

1. Accounting policies continued

KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying Glencore's accounting policies, management has made key estimates and assumptions concerning the future and other key sources of estimation uncertainty. The key assumptions and estimates at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year, are described below. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

(i) Recognition of deferred tax assets and uncertain tax positions (note 8)

Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse, and a judgement as to whether there will be sufficient taxable income available to offset the tax assets when they do reverse. These judgements and estimates are subject to risk and uncertainty and therefore, to the extent assumptions regarding future profitability change, there can be a material increase or decrease in the amounts recognised in the consolidated statement of financial position within the next financial year, specifically the deferred tax asset and uncertain tax position of the Group's DRC operations as outlined in note 8. The recoverability of the Group's deferred tax assets and the completeness and accuracy of its uncertain tax positions, including the estimates and assumptions contained therein are reviewed regularly by management.

(ii) Impairments and impairment reversals (note 7)

Investments in associates and joint ventures, advances and loans, property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an individual asset or a cash-generating unit (CGU) may not be fully recoverable, or at least annually for CGUs to which goodwill and other indefinite life intangible assets have been allocated. Indicators of impairment may include changes in the Group's operating and economic assumptions, including those arising from changes in reserves or mine planning, updates to the Group's commodity supply, demand and price forecasts, or the possible impacts from emerging risks such as those related to climate change and the transition to a low carbon economy. If an asset or CGU's recoverable amount is less than its carrying amount, an impairment loss is recognised in the consolidated statement of income. For those assets or CGUs which were impaired in prior periods, if their recoverable amount exceeds their carrying amount, an impairment reversal is recorded in the consolidated statement of income. Future cash flow estimates which are used to calculate the asset's or CGU's recoverable amount are discounted using asset or CGU specific discount rates and are based on expectations about future operations (including their alignment with our emissions reduction targets and long-term ambition), using a combination of internal sources and those inputs available to a market participant, which primarily comprise estimates about production and sales volumes, commodity prices (considering current and future prices and price trends including factors such as the current global trajectory of climate change), legally enacted carbon taxes, reserves and resources, operating costs and capital expenditures. Estimates are reviewed regularly by management. Changes in such estimates and in particular, deterioration in the commodity pricing outlook, could impact the recoverable amounts of these assets or CGUs, whereby some or all of the carrying amount may be impaired or the impairment charge reversed (if pricing outlook improves significantly or the service potential of the asset or CGU has otherwise increased from the time of the previous impairment) with the impact recorded in the statement of income.

As referred to above and further described below in the 'impairment or impairment reversals' accounting policy, the Group carries out, at least annually, an impairment assessment. Following this review, indicators of impairment or impairment reversal were identified for various CGUs, including those due to changes in the underlying commodity price environment most influencing the respective operation. The Group assessed the recoverable amounts of these CGUs and as at 31 December 2023, except for those CGUs disclosed in note 7, the estimated recoverable amounts exceeded the carrying values. For certain CGUs where no impairment was recognised, should there be a significant deterioration or improvement in the key assumptions, a material impairment or reversal could result within the next financial year. A summary of the carrying values, the key / most sensitive assumptions and a sensitivity impact of potential movements in these assumptions for each such CGU with limited headroom (relative to its estimated recoverable amount) is shown below. In providing sensitivity analysis (and particularly on commodity price assumptions), a 10% change, representing a typical deviation parameter common in the industry, has generally been provided. Where a higher or lower percentage is reasonably possible on an operational assumption, this has been clearly identified.

US\$ million	Capital employed ¹	Discount rate ²	Short to Long-term price assumptions	Potential impairments/(reversal of impairments) resulting from changes in key assumptions			
				Decrease/(increase) in price of 10% ³		Increase/(decrease) in discount rate of 1%	
Cash-generating unit							
Mt Isa zinc	656	11.8%	Zn: 2,476 - 2,700	382	(345)	60	(67)
Katanga copper/cobalt	3,773	15.8%	Cu: 8,196 - 8,500 Co ⁴ : 20,668 - 37,203	931	-	183	-
Coal South Africa	1,845	10.1%	API4: \$118/t flat	304	-	79	-

1 Capital employed includes property, plant and equipment, non-current inventory, less rehabilitation provisions and net deferred tax liabilities.

2 Discount rates expressed on a real terms, post tax basis.

3 Across the curve.

4 Cobalt hydroxide price.

1. Accounting policies continued**(iii) Restoration, rehabilitation and decommissioning costs (note 23)**

A provision for future restoration, rehabilitation and decommissioning costs requires estimates and assumptions to be made around the relevant regulatory framework, the magnitude of the possible disturbance and the timing, extent and costs of the required closure and rehabilitation activities. Most of these rehabilitation and decommissioning events are expected to take place many years in the future and the currently estimated requirements and costs that will have to be met when the restoration events occur are inherently uncertain and could materially change over time.

In calculating the appropriate provision for the expected restoration, rehabilitation or decommissioning obligations, cost estimates of the future potential cash outflows based on current studies of the expected rehabilitation activities and timing thereof, are prepared. These forecasts are then discounted to their present value using a risk-free rate specific to the liability and the currency in which they are denominated.

Any changes in the expected future costs or risk-free rate are initially reflected in both the provision and the asset and subsequently in the consolidated statement of income over the remaining economic life of the asset. As the actual future costs can differ from the estimates due to changes in laws, regulations, technology, costs and timing, the provisions including the estimates and assumptions contained therein are reviewed regularly by management. A material change in the provision within the next financial year could arise from changes in risk-free rates. The aggregate effect of changes within the next financial year as a result of revisions to cost and timing assumptions is not expected to be material.

ADOPTION OF NEW AND REVISED STANDARDS

The following clarification revisions to existing accounting pronouncements became effective as of 1 January 2023 and have been adopted by the Group.

(i) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – effective for year ends beginning on or after 1 January 2023

The amendments specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations, and clarify that the initial recognition exception does not apply to transactions where both an asset and a liability are recognised in a single transaction. Accordingly, deferred tax is required to be recognised on such transactions.

(ii) Definition of Accounting Estimates (Amendments to IAS 8) – effective for year ends beginning on or after 1 January 2023

The amendments introduce the definition of accounting estimates and include other amendments to IAS 8 to help entities distinguish changes in accounting estimates from changes in accounting policies.

(iii) Materiality of Accounting Policy Disclosure (Amendments to IAS 1) – effective for year ends beginning on or after 1 January 2023

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

(iv) IFRS 17 – Insurance Contracts and amendments to IFRS 17 – effective for year ends beginning on or after 1 January 2023

IFRS 17 replaces IFRS 4 'Insurance Contracts' and provides a new general model for accounting for contracts where the issuer accepts significant insurance risk from another party and agrees to compensate that party if future uncertain events adversely affect them.

These amendments did not have a material impact on the Group.

(v) International Tax Reform – Pillar Two Model Rules – effective for year ends beginning on or after 1 January 2023
IAS 12 - Income Taxes was amended and requires entities during the period between the legislation being enacted or substantively enacted and the legislation becoming effective to disclose known or reasonable estimable information to their exposure to Pillar Two income taxes.

Glencore is within the scope of the Organisation for Economic Co-operation and Development (OECD) Pillar Two model rules. The Group operates in several jurisdictions where Pillar Two legislation has been enacted, or substantively enacted. In Switzerland, the jurisdiction in which the ultimate parent company is tax-resident, a gradual implementation of Pillar Two is taking place with the introduction of a Qualified Domestic Top-up Tax effective from 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, the Group has no related current tax exposure. Glencore applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12.

Under the legislation, the Group is liable to pay a top-up tax for the difference between its Global Anti-Base Erosion (GloBE) effective tax rate per jurisdiction and the 15% minimum rate. The Group operates in some jurisdictions with a nominal tax rate below 15%, however, Glencore might not be exposed to paying a material amount of Pillar Two income taxes due to the application of specific modifiers envisaged in the Pillar Two legislation. Glencore is in the process of assessing its exposure to the Pillar Two legislation. Due to the complexities in applying the legislation and calculating GloBE effective tax rates, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimatable, although it is not expected to be significant.

NOTES TO THE FINANCIAL STATEMENTS

continued

1. Accounting policies continued

REVISED STANDARDS NOT YET EFFECTIVE

At the date of the authorisation of this preliminary announcement, the following revised IFRSs, which are applicable to Glencore, were issued but not yet effective:

(i) Classification of Liabilities as current or non-current (Amendments to IAS 1) – effective for year ends beginning on or after 1 January 2024

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

(ii) Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) – effective for year ends beginning on or after 1 January 2024

The amendments require an entity to provide additional disclosures about its supplier finance arrangements which enable users of financial statements to assess how supplier finance arrangements affect an entity's liabilities and cash flows and to understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

(iii) Lack of Foreign Currency Exchangeability (Amendments to IAS 21) – effective for year ends beginning on or after 1 January 2025

The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

No significant changes to presentation or disclosures within these financial statements are expected following the adoption of these amendments.

BASIS OF PREPARATION

The preliminary announcement is prepared under the historical cost convention except for certain financial assets, liabilities, marketing inventories and pension obligations that are measured at revalued amounts or fair values at the end of each reporting period as explained in the accounting policies below. Historical cost is defined as the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. The principal accounting policies adopted are set out below.

The Directors have assessed that they have, at the time of approving this preliminary announcement, a reasonable expectation that the Group has adequate resources to continue in operational existence for the 12 months from the expected date of approval of the 2023 Annual Report and Accounts. Therefore, they continue to adopt the going concern basis of accounting in preparing these financial statements. The Directors have made this assessment after consideration of the Group's capital commitments, budgeted 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. Further information on Glencore's objectives, policies and processes for managing its capital and financial risks is detailed in note 27.

All amounts are expressed in millions of United States dollars, the presentation currency of the Group, unless otherwise stated.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved when Glencore is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, Glencore controls an investee if, and only if, Glencore has all of the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When Glencore has less than a majority of the voting rights of an investee or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over the investee including:

- The size of Glencore's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by Glencore, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that Glencore has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

1. Accounting policies continued

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when Glencore obtains control over the subsidiary and ceases when Glencore loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income and other comprehensive income from the date Glencore gains control until the date when Glencore ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in Glencore's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions with any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received being recognised directly in equity and attributed to equity holders of Glencore.

When Glencore loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of income and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if Glencore had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, when applicable, or the cost on the initial recognition of an investment in an associate or a joint venture.

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Associates and joint ventures (together 'Associates') in which Glencore exercises significant influence or joint control are accounted for using the equity method. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. Significant influence is presumed if Glencore holds between 20% and 50% of the voting rights, unless evidence exists to the contrary. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when decisions about relevant strategic and/or key operating decisions require unanimous consent of the parties sharing control.

Equity accounting involves Glencore recording its share of the Associate's net income and equity. Glencore's interest in an Associate is initially recorded at cost and is subsequently adjusted for Glencore's share of changes in net assets of the Associate, less any impairment in the value of individual investments. Where Glencore transacts with an Associate, unrealised profits and losses are eliminated to the extent of Glencore's interest in that Associate.

Changes in Glencore's interests in Associates are accounted for as a gain or loss on disposal with any difference between the amount by which the carrying value of the Associate is adjusted and the fair value of the consideration received being recognised directly in the consolidated statement of income.

JOINT OPERATIONS

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement, have rights to the assets and obligations for the liabilities relating to the arrangement.

When Glencore undertakes its activities under joint operations, Glencore recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

Where Glencore transacts with a joint operation, unrealised profits and losses are eliminated to the extent of Glencore's interest in that joint operation.

1. Accounting policies continued**OTHER UNINCORPORATED ARRANGEMENTS**

In some cases, Glencore participates in unincorporated arrangements where it has the rights to its share of the assets and obligations for its share of the liabilities of the arrangement, rather than a right to the net returns of the arrangement, but does not share joint control. In such cases, Glencore accounts for its share of the assets, liabilities, revenues and expenses in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses and obligations for the liabilities relating to the arrangement, similar to a joint operation noted above.

BUSINESS COMBINATIONS AND GOODWILL

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method of accounting. The cost of the acquisition is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred, liabilities incurred to the former owners of the acquiree and the equity interests issued in exchange for control of the acquiree. The identifiable assets, liabilities and contingent liabilities ('identifiable net assets') are recognised at their fair value at the date of acquisition. Acquisition-related costs are recognised in the consolidated statement of income as incurred.

Where a business combination is achieved in stages, Glencore's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date Glencore attains control) and the resulting gain or loss, if any, is recognised in the consolidated statement of income.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the CGUs that are expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit.

Any impairment loss is recognised directly in profit or loss. An impairment loss recognised for goodwill is not able to be reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, Glencore reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted for additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Similar procedures are applied in accounting for the purchases of interests in Associates and joint operations. Any goodwill arising from such purchases is included within the carrying amount of the investment in Associates, but not amortised thereafter. Any excess of Glencore's share of the net fair value of the Associate's identifiable net assets over the cost of the investment is included in the consolidated statement of income in the period of the purchase.

NON-CURRENT ASSETS HELD FOR SALE AND DISPOSAL GROUPS

Non-current assets, liabilities and those included in disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, they are available for immediate disposal and the sale is highly probable. Non-current assets, liabilities and those included in disposal groups held for sale are measured at the lower of their carrying amount or fair value less costs to sell.

REVENUE RECOGNITION

Revenue is derived principally from the sale of goods (sale of commodities) and in some instances the goods are sold on Cost and Freight (CFR) or Cost, Insurance and Freight (CIF) Incoterms. When goods are sold on a CFR or CIF basis, the Group is responsible for providing these services (shipping and insurance) to the customer, sometimes after the date at which Glencore has lost control of the goods. Revenue is recognised when the performance obligations have been satisfied, which is once control of the goods and/or services has transferred from Glencore to the buyer. Revenue is measured based on consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties. The same recognition and presentation principles apply to revenues arising from physical settlement of forward sale contracts that do not meet the own use exemption.

NOTES TO THE FINANCIAL STATEMENTS

continued

1. Accounting policies continued

Revenue related to the sale of goods is recognised when the product is delivered to the destination specified by the customer, which is typically the vessel on which it is shipped, the destination port or the customer's premises and the buyer has gained control through their ability to direct the use of and obtain substantially all the benefits from the asset. Where the sale of goods is connected with an agreement to repurchase goods at a later date, revenue is recognised when the purchase terms are at prevailing market prices, the goods repurchased are readily available in the market, and the buyer gained control of the goods originally sold to them. Should it be determined that control has not transferred or the buyer does not have the ability to benefit substantially from ownership of the asset, revenue is not recognised and any proceeds received are accounted for as a financing arrangement.

For certain commodities, the sales price is determined on a provisional basis at the date of sale as the final selling price is subject to movements in market prices up to the date of final pricing, normally ranging from 30 to 90 days after initial booking (provisionally priced sales). Revenue on provisionally priced sales is recognised based on the estimated fair value of the total consideration receivable. The revenue adjustment mechanism embedded within provisionally priced sales arrangements has the character of a commodity derivative.

Accordingly, the fair value of the final sales price adjustment is re-estimated continuously and changes in fair value are recognised as an adjustment to revenue. In all cases, fair value is estimated by reference to forward market prices.

Revenue from the sale of material by-products are included within revenue. Where a by-product is not regarded as significant, revenue may be credited against cost of goods sold.

Revenue related to the provision of shipping and insurance related activities is recognised over time as the service is rendered.

Payments received for future metal (primarily gold and silver) deliveries (prepayments) are accounted for as executory contracts whereby the prepayment is initially recorded as deferred revenue in the consolidated statement of financial position. The initial deferred revenue amount is unwound and revenue is recognised in the consolidated statement of income as and when Glencore physically delivers the metal and loses control of it. Where these prepayments are in excess of one year and contain a significant financing component, the amount of the deferred revenue is adjusted for the effects of the time value of money. Glencore applies the practical expedient to not adjust the promised amount of consideration for the effects of time value of money if the period between delivery and the respective payment is one year or less.

Interest income is recognised using the effective interest method for debt instruments measured at amortised cost and at FVTOCI. For financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset. For credit-impaired financial assets, interest income is calculated on the net carrying amount of the financial asset.

Dividend income is recognised when the right to receive payment is established, typically when the shareholder's entitlement to the dividend is confirmed.

FOREIGN CURRENCY TRANSLATION

Glencore's reporting currency and the functional currency of the majority of its operations is the US dollar as this is assessed to be the principal currency of the economic environment in which it operates.

(i) Foreign currency transactions

Transactions in foreign currencies are converted into the functional currency of each entity using the exchange rate prevailing at the transaction date. Monetary assets and liabilities outstanding at year-end are converted at year-end rates. Non-monetary items measured in terms of historical cost are translated using the exchange rate at the date of the transaction. The resulting exchange differences are recorded in the consolidated statement of income.

(ii) Translation of financial statements

For the purposes of consolidation, assets and liabilities of group companies whose functional currency is in a currency other than the US dollar are translated into US dollars using year-end exchange rates, while their statements of income are translated using average rates of exchange for the year. Translation adjustments are included as a separate component of shareholders' equity and have no consolidated statement of income impact to the extent that no disposal of the foreign operation has occurred. Where an intragroup balance is, in substance, part of the Group's net investment in an entity, exchange gains and losses on that balance are taken to the currency translation reserve. Cumulative translation differences are recycled from equity and recognised as income or expense on partial disposal of the net investment in an entity, which includes repayments of capital and loans. On such partial disposals, when the Group's percentage of equity ownerships do not change, the 'absolute' approach is applied. Under this approach, the amounts held in the foreign currency translation reserve are reclassified to income or expense based on the proportionate share of total cumulative translation differences recognised in the net investment.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate.

BORROWING COSTS

Borrowing costs are expensed as incurred except where they relate to the financing of construction or development of qualifying assets in which case they are capitalised up to the date when the qualifying asset is ready for its intended use.

1. Accounting policies continued**EMPLOYEE AND RETIREMENT BENEFITS**

Wages, salaries, bonuses, social security contributions, paid annual and sick leave are accrued in the period in which the associated services are rendered by the employees of the Group.

Glencore operates various pension schemes in accordance with local requirements and practices of the respective countries. The annual costs for defined contribution plans that are funded by payments to separate trustee administered funds or insurance companies equal the contributions that are required under the plans and accounted for as an expense.

For defined benefit retirement plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income are not reclassified. Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset.

Defined benefit costs are split into three categories:

- service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurements.

The Group recognises service costs within the consolidated statement of income.

Net interest expense or income is recognised within interest expense or income within the consolidated statement of income.

Any past service cost (or the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). The Group uses the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest for the period post-plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

The retirement benefit obligation recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Glencore also provides post-retirement healthcare benefits to certain employees in Canada, South Africa and the United States. These are accounted for in a similar manner to the defined benefit pension plans, however are unfunded.

SHARE-BASED PAYMENTS**(i) Equity-settled share-based payments**

Equity-settled share-based payments are measured at the fair value of the awards based on the market value of the shares at the grant date. Fair value excludes the effect of non-market-based vesting conditions. The fair value is charged to the consolidated statement of income and credited to retained earnings on a straight-line basis over the period the estimated awards are expected to vest.

At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the consolidated statement of income such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to retained earnings.

(ii) Cash-settled share-based payments

For cash-settled share-based payments, a liability is initially recognised at fair value based on the estimated number of awards that are expected to vest, adjusting for market and non-market-based performance conditions. Subsequently, at each reporting period until the liability is settled, it is remeasured to fair value with any changes in fair value recognised in the consolidated statement of income.

NOTES TO THE FINANCIAL STATEMENTS

continued

1. Accounting policies continued

INCOME TAXES

Income taxes consist of current and deferred income taxes. Current taxes represent income taxes expected to be payable based on enacted or substantively enacted tax rates at the period end on expected current taxable income, and any adjustment to tax payable in respect of previous years. Deferred taxes are recognised for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income, using enacted or substantively enacted income tax rates which are expected to be effective at the time of reversal of the underlying temporary difference. Deferred tax assets and unused tax losses are only recognised to the extent that their recoverability is probable. Deferred tax assets are reviewed at reporting period end and amended to the extent that it is no longer probable that the related benefit will be realised. To the extent that a deferred tax asset not previously recognised subsequently fulfils the criteria for recognition, an asset is then recognised.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same authority and Glencore has both the right and the intention to settle its current tax assets and liabilities on a net or simultaneous basis. The tax effect of certain temporary differences is not recognised principally with respect to the initial recognition of an asset or liability (other than those arising in a business combination or in a manner that initially impacted accounting or taxable profit) and temporary differences relating to investments in subsidiaries and Associates to the extent that Glencore can control the timing of the reversal of the temporary difference and it is probable the temporary difference will not reverse in the foreseeable future. Deferred tax is provided in respect of fair value adjustments on acquisitions. These adjustments may relate to assets such as extraction rights that, in general, are not eligible for income tax allowances.

Current and deferred tax are recognised as an expense or income in the consolidated statement of income, except when they relate to items that are recognised outside the consolidated statement of income (whether in other comprehensive income or directly in equity) or where they arise from the initial accounting for a business combination.

Royalties, extraction taxes and other levies/taxes are treated as taxation arrangements when they have the characteristics of an income tax, including being imposed and determined in accordance with regulations established by the respective government's taxation authority and the amount payable is based on taxable income – rather than physical quantities produced or as a percentage of revenues – after adjustment for temporary differences. For such arrangements, current and deferred tax is provided on the same basis as described above for other forms of taxation. Obligations arising from royalty arrangements that do not satisfy these criteria are recognised as current provisions and included in cost of goods sold.

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 best estimate of these tax liabilities, including related interest charges. Where the amount of tax payable or recoverable is uncertain, due to local tax authority challenges or uncertainty regarding the appropriate treatment, judgment is required to assess the range of possible outcomes. In accordance with IFRIC 23, if it is not probable that the treatment will be accepted, the Group accounts for uncertain tax provisions for all matters worldwide based on the Group's judgement of the most likely amount of the liability or recovery, or where there is a wide range of possible outcomes, using the probability weighted average approach. Generally, uncertain tax treatments are assessed on an individual basis, except where they are expected to be settled collectively. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled is recognised in the statement of income in the period in which the change occurs. This requires application of judgement as to the possible outcome, which can change over time depending on facts and circumstances.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, being the fair value of the consideration given to acquire or construct the asset, including directly attributable costs required to bring the asset to the location or to a condition necessary for operation and the direct cost of dismantling and removing the asset, less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment are depreciated to their estimated residual value over the estimated useful life of the specific asset concerned, or the estimated remaining life of the associated mine (LOM), field or lease.

Depreciation commences when the asset is available for use. The major categories of property, plant and equipment are depreciated/amortised on a units of production (UOP) and/or straight-line basis as follows:

Buildings	10 – 45 years
Freehold land	not depreciated
Plant and equipment	3 – 30 years/UOP
Right-of-use assets	2 – 20 years
Mineral and petroleum rights	UOP
Deferred mining costs	UOP

NOTES TO THE FINANCIAL STATEMENTS

continued

1. Accounting policies continued

(i) Mineral and petroleum rights

Mineral and petroleum reserves, resources and rights (together 'Mineral and petroleum rights') which can be reasonably valued, are recognised in the assessment of fair values on acquisition. Mineral and petroleum rights for which values cannot be reasonably determined are not recognised. Exploitable Mineral and petroleum rights are amortised using the UOP basis over the commercially recoverable reserves and, in certain circumstances, other mineral resources. Mineral resources are included in amortisation calculations where there is a high degree of confidence that they will be extracted in an economic manner.

(ii) Exploration and evaluation expenditure

Exploration and evaluation expenditure relates to costs incurred in the exploration and evaluation of potential mineral and petroleum resources and includes costs such as exploration and production licences, researching and analysing historical exploration data, exploratory drilling, trenching, sampling and the costs of pre-feasibility studies. Exploration and evaluation expenditure for each area of interest, other than that acquired from another entity, is charged to the consolidated statement of income as incurred except when the expenditure is expected to be recouped from future exploitation or sale of the area of interest and it is planned to continue with active and significant operations in relation to the area, or at the reporting period end, the activity has not reached a stage which permits a reasonable assessment of the existence of commercially recoverable reserves, in which case the expenditure is capitalised. As the intangible component (i.e. licences) represents an insignificant and indistinguishable portion of the overall expected tangible amount to be incurred and recouped from future exploitation, these costs along with other capitalised exploration and evaluation expenditure are recorded as a component of property, plant and equipment. Purchased exploration and evaluation assets are recognised at their fair value at acquisition.

As the capitalised exploration and evaluation expenditure asset is not available for use, it is not depreciated. All capitalised exploration and evaluation expenditure is monitored for indications of impairment. Where a potential impairment is indicated, an assessment is performed for each area of interest or at the CGU level. To the extent that capitalised expenditure is not expected to be recovered it is charged to the consolidated statement of income.

Administration costs that are not directly attributable to a specific exploration area are charged to the consolidated statement of income. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

DEVELOPMENT EXPENDITURE

When commercially recoverable reserves are determined and such proposed development receives the appropriate approvals, capitalised exploration and evaluation expenditure is transferred to construction in progress, a component within the plant and equipment asset sub-category. All subsequent development expenditure is similarly capitalised, provided commercial viability conditions continue to be satisfied.

Proceeds from the sale of product extracted during the development phase are recognised in the statement of income. Upon completion of development and commencement of production, capitalised development costs are further transferred, as required, to the appropriate plant and equipment asset category and depreciated using the unit of production method (UOP) or straight-line basis.

Deferred mining costs

Mainly comprises certain capitalised costs related to underground mining as well as pre-production and in-production stripping activities as outlined below. Deferred mining costs are amortised using the UOP basis over the life of the ore body to which those costs relate.

DEFERRED STRIPPING COSTS

Stripping costs incurred in the development of a mine (or pit) before production commences are capitalised as part of the cost of constructing the mine (or pit) and subsequently amortised over the life of the mine (or pit) on a UOP basis.

In-production stripping costs incurred to access an identifiable component of the ore body to realise benefits in the form of improved access to ore to be mined in the future (stripping activity asset), are capitalised within deferred mining costs provided all the following conditions are met:

- (a) it is probable that the future economic benefit associated with the stripping activity will be realised;
- (b) the component of the ore body for which access has been improved can be identified; and
- (c) the costs relating to the stripping activity associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are charged to the consolidated statement of income as they are incurred.

The stripping activity asset is subsequently depreciated on a UOP basis over the life of the identified component of the ore body that became more accessible as a result of the stripping activity and is then stated at cost less accumulated depreciation and any accumulated impairment losses.

1. Accounting policies continued**LEASES**

As lessee, the Group assesses whether a contract contains a lease at inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability in the statement of financial position for all lease arrangements where it is the lessee, except for short-term leases with a term of twelve months or less and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the future lease payments from the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, the asset and company specific incremental borrowing rates. Lease liabilities are recognised within borrowings on the statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability, with a corresponding adjustment to the related right-of-use assets, whenever:

- The lease term changes or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to the changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate; or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

The right-of-use assets are initially recognised on the balance sheet at cost, which comprises the amount of the initial measurement of the corresponding lease liability, adjusted for any lease payments made at or prior to the commencement date of the lease, any lease incentive received and any initial direct costs incurred, and expected costs for obligations to dismantle and remove right-of-use assets when they are no longer used. Right-of-use assets are recognised within property, plant and equipment on the statement of financial position. Right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease over the shorter of the useful life of the right-of-use asset or the end of the lease term.

The Group enters into lease arrangements as a lessor with respect to some of its time charter vessels. Leases for which the Group is an intermediate lessor are classified as finance or operating leases by reference to the right-of-use asset arising from the head lease. Income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of these leases.

RESTORATION, REHABILITATION AND DECOMMISSIONING

Restoration, rehabilitation and decommissioning costs arising from the installation of plant and other site preparation work, discounted using a risk-free rate specific to the liability and the currency in which they are denominated to their net present value, are provided for and capitalised at the time such an obligation arises. Capitalised costs are charged to the consolidated statement of income over the life of the operation through depreciation of the asset together with the unwinding of the discount on the provision.

Costs for restoration of subsequent site disturbance, which is created on an ongoing basis during production, are provided for at their net present values and charged to the consolidated statement of income as extraction progresses.

Changes in the estimated timing of the rehabilitation or changes to the estimated future costs are accounted for prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, provided a reduction, if any, in the provision is not greater than the depreciated capitalised cost of the related asset, in which case the capitalised cost is reduced to nil and the remaining adjustment recognised in the consolidated statement of income. In the case of closed sites, changes to estimated costs are recognised immediately in the consolidated statement of income.

INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

Identifiable intangible assets with a finite life are amortised on a straight-line basis over their expected useful life. The amortisation method and period are reviewed annually and impairment testing is undertaken when circumstances indicate the carrying amount may not be recoverable. Other than goodwill which is not amortised, Glencore has no identifiable intangible assets with an indefinite life.

NOTES TO THE FINANCIAL STATEMENTS

continued

1. Accounting policies continued

The major categories of intangibles are amortised on a units of production (UOP) and/or straight-line basis as follows:

Port allocation rights	UOP
Licences, trademarks and software	3 – 20 years
Customer relationships	5 – 9 years

Goodwill impairment testing

For the purpose of impairment testing, goodwill has been allocated to the CGUs, or groups of CGUs, that are expected to benefit from the synergies of the business combination and which represent the level at which management monitors and manages the goodwill. In assessing whether an impairment is required, the carrying value of the CGU is compared with its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal (FVLCD) and its value in use (VIU). If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated statement of income. An impairment loss recognised for goodwill can not be reversed in subsequent periods.

OTHER INVESTMENTS

Equity investments, other than investments in Associates, are recorded at fair value. Glencore designated investments that are not held for trading as at fair value through other comprehensive income (FVTOCI). As a result, changes in fair value are recorded in the consolidated statement of other comprehensive income. Dividends from these investments are recognised in the consolidated statement of income, unless the dividend represents a recovery of part of the cost of the equity investment. Investments that are held for trading are subsequently measured at fair value through profit or loss (FVTPL).

IMPAIRMENT OR IMPAIRMENT REVERSALS

Glencore conducts, at least annually, an internal review of asset values which is used as a source of information to assess for any indications of impairment or impairment reversal. Formal impairment tests are carried out, at least annually, for cash-generating units containing goodwill and for all other non-current assets, when events or changes in circumstances indicate the carrying value may not be recoverable.

A formal impairment or reversal test involves determining whether the carrying amounts are in excess (or below, as the case may be) of their recoverable amounts. An asset's recoverable amount is determined as the higher of its FVLCD and its VIU. Such reviews are undertaken on an asset-by-asset basis, except where assets do not generate cash flows independent of other assets, in which case the review is undertaken at the CGU level.

If the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recorded in the consolidated statement of income to reflect the asset at the lower amount.

For those assets which were impaired in prior periods, if their recoverable amount exceeds their carrying amount, and the change in their recoverable amount is not solely due to the passage of time, an impairment reversal is recorded in the consolidated statement of income to reflect the asset at the higher amount to the extent the increased carrying amount does not exceed the carrying value of the asset that would have been determined had no impairment previously been recognised. Goodwill impairments cannot be subsequently reversed.

PROVISIONS

Provisions are recognised when Glencore has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources embodying economic benefits that can be reliably estimated will be required to settle the liability.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation, including interpretation of specific laws and likelihood of settlement. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

ONEROUS CONTRACTS

An onerous contract is considered to exist where Glencore has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Present obligations arising under onerous contracts are recognised and measured as provisions.

UNFAVOURABLE CONTRACTS

An unfavourable contract is considered to exist when Glencore, in a business combination, acquires a contract under which the terms of the contract require Glencore to sell or purchase products or services on terms which are economically unfavourable compared to current market terms at the time of the business combination. Unfavourable contracts are recognised at the present value of the economic loss and amortised into the statement of income over the term of the contract.

1. Accounting policies continued**INVENTORIES**

The vast majority of inventories attributable to the marketing activities are valued at fair value less costs of disposal with the remainder valued at the lower of cost or net realisable value, with costs allocated using the first-in-first-out (FIFO) method. Unrealised gains and losses from changes in fair value are reported in cost of goods sold.

Inventories held by the industrial activities are valued at the lower of cost or net realisable value. Cost is determined using FIFO or the weighted average method and comprises material costs, labour costs and allocated production related overhead costs. Typically raw materials and consumables are measured using the FIFO method and work in progress inventories using the weighted average method. Where the production process results in more than one product being produced (joint products), cost is allocated between the various products according to the ratio of contribution of these metals to gross sales revenue. Financing and storage costs related to inventory are expensed as incurred.

Non-current inventories primarily relate to stockpiles which are not expected to be utilised within the normal operating cycle.

PHYSICAL ADVANCES AND PREPAYMENTS

The Group periodically enters into physical advances and prepayment agreements with certain suppliers and customers. Where such advances and prepayments are separable from contracts to buy or sell commodities and are primarily settled in cash or another financial asset, they are initially recorded at the amount of the cash paid or received and are subsequently classified and measured as financial assets or financial liabilities at amortised cost.

Certain physically-settled advances and prepayments which are not separable from contracts to buy or sell commodities and do not meet the own-use exemption criteria are considered prepaid commodity forward contracts and are accounted for as financial instruments measured at fair value through profit and loss.

When physically-settled advances and prepayments which are not separable from contracts to buy or sell commodities meet the own-use exemption criteria, they are classified as non-financial assets or non-financial liabilities. These are initially recorded at the amount of the cash paid or received and are subsequently reduced by the relevant value of the contractual volumes of physical deliveries made.

To conform with current period presentation, certain prior period amounts which are accounted for as financial instruments were reclassified from 'Non-financial assets' to 'Financial assets at amortised cost' and 'Financial assets at fair value through profit and loss' (see notes 12 and 14), from 'Prepayments' to 'Prepayments at fair value through profit and loss' (see note 22), and from 'Non-financial liabilities' to 'Financial liabilities at fair value through profit and loss' (see note 25).

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Contractual maturities of such financial assets and financial liabilities may be longer than one year. However, in the normal course of trading activities, derivative financial instruments are often settled before their maturity date, and therefore classified as current assets or current liabilities.

Financial assets are classified as either financial assets at amortised cost, at fair value through other comprehensive income (FVTOCI) or at fair value through profit or loss (FVTPL) depending upon the business model for managing the financial assets and the nature of the contractual cash flow characteristics of the financial asset. Financial assets are initially recognised at fair value on the trade date, including, in the case of instruments not subsequently measured at fair value through profit or loss, directly attributable transaction costs. Trade receivables with no provisional price features and where there is no significant financing component, are initially recognised at their transaction price. Subsequently, other investments, provisionally priced trade receivables and derivatives are carried at fair value and trade receivables that do not contain provisional price features, loans and other receivables are carried at amortised cost.

Financial liabilities, other than derivatives and those containing provisional price features, are initially recognised at fair value of consideration received net of transaction costs as appropriate and subsequently carried at amortised cost. Financial liabilities that contain provisional pricing features (accounted for as embedded derivatives) were designated in their entirety as at FVTPL. Derivatives are carried at FVTPL.

Where financial assets and financial liabilities recognised at fair value are managed and reported to key management personnel on the basis of its net exposure to either market risks or credit risk, fair value of that group of financial assets and financial liabilities is measured on the basis of the net price that would be received to sell the long position and to transfer the short position for a particular risk exposure of the specific financial asset or liability being measured. When the group of financial assets and/or financial liabilities are not presented on a net basis in the statement of financial position, any portfolio level adjustments are allocated to the individual instruments that make up the group on an appropriate basis.

(i) Impairment of financial assets

A loss allowance for expected credit losses is determined for all financial assets (as well as for issued loan commitments and financial guarantee contracts), other than those at FVTPL and investments in equity instruments measured at FVTOCI, at the end of each reporting period. The expected credit loss recognised represents a probability-weighted estimate of credit losses over the expected life of the financial instrument.

1. Accounting policies continued

The Group applies the simplified approach to measure the loss allowance for trade receivables classified at amortised cost, using the lifetime expected loss provision. The expected credit losses on these financial assets are estimated using a provision matrix by reference to past default experience and an equivalent credit rating, adjusted as appropriate for current observable data and forward-looking information.

For all other financial assets at amortised cost, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition, which is determined by:

- A review of overdue amounts;
- Comparing the risk of default at the reporting date and at the date of initial recognition; and
- An assessment of relevant historical and forward-looking quantitative and qualitative information.

For those balances that are beyond 30 days overdue, such is presumed to be an indicator of a significant increase in credit risk.

If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit loss, which comprises the expected lifetime loss from the instrument taking into account the probability of a default occurring within 12 months of the reporting date.

The Group considers an event of default has materialised and the financial asset is credit impaired when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay the Group without taking into account any collateral held by the Group or if the financial asset is more than 90 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

(ii) Derecognition of financial assets and financial liabilities

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

The Group derecognises financial liabilities when the Group's obligations are discharged, cancelled or have expired.

On derecognition of a financial asset/financial liability in its entirety, the difference between the carrying amount of the financial asset/financial liability and the sum of the consideration received and receivable/paid and payable is recognised in profit and loss. On derecognition of equity investments designated and measured at FVTOCI, the cumulative gain or loss recognised in other comprehensive income is reclassified directly to retained earnings.

OWN SHARES

The cost of purchases of own shares is deducted from equity. Where they are purchased, issued to employees or sold, no gain or loss is recognised in the consolidated statement of income. Such gains and losses are recognised directly in equity. Any proceeds received on disposal of the shares or transfers to employees are recognised in equity.

DERIVATIVES AND HEDGING ACTIVITIES

Derivative instruments, which include physical contracts to sell or purchase commodities that do not meet the own use exemption, are initially recognised at fair value when Glencore becomes a party to the contractual provisions of the instrument and are subsequently remeasured to fair value at the end of each reporting period. Fair values are determined using quoted market prices, dealer price quotations or using models and other valuation techniques, the key inputs for which include current market and contractual prices for the underlying instrument, time to expiry, yield curves, volatility of the underlying instrument and counterparty risk.

Gains and losses on derivative instruments for which hedge accounting is not applied, other than the revenue adjustment mechanism embedded within provisionally priced sales and mark-to-market movements on physical forward sales contracts, are recognised in cost of goods sold.

Those derivatives qualifying and designated as hedges are either (i) a Fair Value Hedge of the change in fair value of a recognised asset or liability or an unrecognised firm commitment, or (ii) a Cash Flow Hedge of the change in cash flows to be received or paid relating to a recognised asset or liability or a highly probable transaction.

At the inception of the hedge and on an ongoing basis, Glencore documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets the qualifying hedge effectiveness requirements.

Glencore discontinues hedge accounting when the qualifying criteria for the hedged relationship is no longer met.

A change in the fair value of derivatives designated as a Fair Value Hedge is reflected together with the change in the fair value of the hedged item in the consolidated statement of income.

NOTES TO THE FINANCIAL STATEMENTS

continued

1. Accounting policies continued

A change in the fair value of derivatives designated as a Cash Flow Hedge is initially recognised in the consolidated statement of comprehensive income and accumulated in the cash flow hedge reserve in shareholders' equity. The deferred amount is then released to the consolidated statement of income in the same periods during which the hedged transaction affects the consolidated statement of income. Hedge ineffectiveness is recorded in the consolidated statement of income when it occurs.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in shareholders' equity and is recognised in the consolidated statement of income when the committed or forecast transaction is ultimately recognised in the consolidated statement of income. However, if a forecast or committed transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the consolidated statement of income.

A derivative may be embedded in a non-derivative 'host contract' such as provisionally priced sales and purchases. Such combinations are known as hybrid instruments. If a hybrid contract contains a host that is a financial asset within the scope of IFRS 9, then the relevant classification and measurement requirements are applied to the entire contract at the date of initial recognition. Should the host contract not be a financial asset within the scope of IFRS 9, the embedded derivative is separated from the host contract, if it is not closely related to the host contract, and accounted for as a standalone derivative. Where the embedded derivative is separated, the host contract is accounted for in accordance with its relevant accounting policy, unless the entire instrument is designated at FVTPL in accordance with IFRS 9.

FINANCIAL GUARANTEE CONTRACTS

Financial guarantee contracts are accounted for in accordance with IFRS 9 as financial liabilities. After initial recognition, any such contracts are subsequently measured at the higher of the amount of the provision for expected credit losses and the amount initially recognised less any income recognised in accordance with the principles of IFRS 15.

2. 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 (historical 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 amounts represent Group related income and expenses (including share of Viterra earnings and certain variable bonus charges). Statement of financial position amounts represent Group related balances. In June 2023, Glencore and its fellow shareholders in Viterra Limited, concluded an agreement with Bunge Limited to merge Bunge and Viterra in a cash and stock transaction. As a result, the carrying amount of the 49.9% investment in Viterra as at 31 December 2023 is classified as held for sale (see note 16) and, while having this classification, Glencore no longer accounts for its share of Viterra’s income. However, for segmental reporting purposes, and for internal reporting, Viterra continues to be accounted for as an equity accounted associate.

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 the Antamina copper/zinc mine, the Collahuasi joint venture and Volcan. Under IAS 28 and IFRS 11, Glencore’s investment in the Antamina copper/zinc mine (34% owned at 31 December 2023 and 31 December 2022) is considered to be an associate as it is not subject to joint control and the Collahuasi copper mine (44% owned at 31 December 2023 and 31 December 2022) 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 (at 31 December 2023 and 31 December 2022) 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.

In Q4 2022, Glencore commenced a process to dispose of its 23.3% economic interest in Volcan, which is ongoing. As a result, the carrying amounts of Volcan assets and liabilities as at 31 December 2023 and 31 December 2022 are classified as held for sale (see note 16). For segmental reporting purposes, Volcan continues to be accounted for as an equity accounted associate.

NOTES TO THE FINANCIAL STATEMENTS

continued

2. 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.

2023 US\$ million	Marketing activities	Industrial activities	Inter-segment eliminations	Total
Revenue				
Metals and minerals	69,293	35,556	(22,808)	82,041
Energy products	117,415	24,858	(3,933)	138,340
Corporate and other	–	7	–	7
Revenue – segmental	186,708	60,421	(26,741)	220,388
Proportionate adjustment – revenue ¹	–	(2,559)	–	(2,559)
Revenue – reported measure	186,708	57,862	(26,741)	217,829
Metals and minerals				
Adjusted EBITDA	1,774	5,445	–	7,219
Depreciation and amortisation	(60)	(3,165)	–	(3,225)
Proportionate adjustment – depreciation ¹	–	(729)	–	(729)
Adjusted EBIT	1,714	1,551	–	3,265
Energy products				
Adjusted EBITDA	2,098	8,452	–	10,550
Depreciation and amortisation	(390)	(2,320)	–	(2,710)
Adjusted EBIT	1,708	6,132	–	7,840
Corporate and other				
Adjusted EBITDA ²	28	(695)	–	(667)
Depreciation and amortisation	–	(46)	–	(46)
Adjusted EBIT	28	(741)	–	(713)
Total Adjusted EBITDA	3,900	13,202	–	17,102
Total depreciation and amortisation	(450)	(5,531)	–	(5,981)
Total depreciation proportionate adjustment	–	(729)	–	(729)
Total Adjusted EBIT	3,450	6,942	–	10,392
Share of associates' significant items ^{1,3}				(90)
Viterra share in earnings post held for sale classification ²				(186)
Movement in unrealised inter-segment profit elimination adjustments ⁴				258
Gain on acquisitions and disposals of non-current assets				850
Other expense – net				(1,091)
Impairments				(2,484)
Interest expense – net				(1,900)
Income tax expense				(2,207)
Proportionate adjustment – net finance, impairment and income tax expense ¹				(332)
Income for the year				3,210

1 Refer to segment information on previous page and APMs section for definition.

2 Marketing activities include \$321 million of Glencore's equity accounted share of Viterra, of which \$186 million relates to the period following the held for sale classification as at 30 June 2023. In June 2023, Glencore and its fellow shareholders in Viterra Limited, concluded an agreement with Bunge Limited to merge Bunge and Viterra in a cash and stock transaction. As a result, the carrying amount of the 49.9% investment in Viterra as at 31 December 2023 is classified as held for sale (see note 16) and, while having this classification, Glencore no longer accounts for its share of Viterra's income. However, for segmental reporting purposes, and for internal reporting, Viterra continues to be accounted for as an equity accounted associate.

3 Share of associates' significant items comprise Glencore's share of significant charges relating to impairments and other items booked directly by various associates.

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.

NOTES TO THE FINANCIAL STATEMENTS

continued

2. Segment information continued

2022 US\$ million	Marketing activities	Industrial activities	Inter-segment eliminations	Total
Revenue				
Metals and minerals	77,382	38,993	(25,499)	90,876
Energy products	137,720	39,333	(9,256)	167,797
Corporate and other	–	6	–	6
Revenue – segmental	215,102	78,332	(34,755)	258,679
Proportionate adjustment – revenue ¹	–	(2,695)	–	(2,695)
Revenue – reported measure	215,102	75,637	(34,755)	255,984
Metals and minerals				
Adjusted EBITDA	1,694	9,274	–	10,968
Depreciation and amortisation	(54)	(3,776)	–	(3,830)
Proportionate adjustment – depreciation ¹	–	(416)	–	(416)
Adjusted EBIT	1,640	5,082	–	6,722
Energy products				
Adjusted EBITDA	5,558	18,590	–	24,148
Depreciation and amortisation	(359)	(2,740)	–	(3,099)
Adjusted EBIT	5,199	15,850	–	21,049
Corporate and other				
Adjusted EBITDA ²	(457)	(599)	–	(1,056)
Depreciation and amortisation	–	(58)	–	(58)
Adjusted EBIT	(457)	(657)	–	(1,114)
Total Adjusted EBITDA	6,795	27,265	–	34,060
Total depreciation and amortisation	(413)	(6,574)	–	(6,987)
Total depreciation proportionate adjustment	–	(416)	–	(416)
Total Adjusted EBIT	6,382	20,275	–	26,657
Share of associates' significant items ³				(9)
Movement in unrealised inter-segment profit elimination adjustments ⁴				1,176
Gain on acquisitions and disposals of non-current assets				1,287
Other expense – net				(911)
Impairments				(3,337)
Interest expense – net				(1,336)
Income tax expense				(6,368)
Proportionate adjustment – net finance, impairment and income tax expense ¹				(648)
Income for the year				16,511

1 Refer to segment information above and APMs section for definition.

2 Marketing activities include \$494 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

continued

2. Segment information continued

2023 US\$ million	Marketing activities	Industrial activities	Corporate and other	Total
Current assets	38,010	18,677	–	56,687
Current liabilities	(28,603)	(8,359)	–	(36,962)
Allocatable current capital employed	9,407	10,318	–	19,725
Property, plant and equipment	987	38,246	–	39,233
Intangible assets	5,144	858	–	6,002
Investments in associates and other investments	699	8,637	–	9,336
Non-current advances and loans	1,818	1,058	–	2,876
Inventories	–	623	–	623
Allocatable non-current capital employed	8,648	49,422	–	58,070
Other assets ¹			9,112	9,112
Other liabilities ²			(48,670)	(48,670)
Total net assets	18,055	59,740	(39,558)	38,237
Capital expenditure				
Metals and minerals	95	4,492	–	4,587
Energy products	508	1,521	–	2,029
Corporate and other	–	61	–	61
Capital expenditure – segmental	603	6,074	–	6,677
Proportionate adjustment – capital expenditure ³	–	(1,291)	–	(1,291)
Capital expenditure – reported measure⁴	603	4,783	–	5,386

2022 US\$ million	Marketing activities	Industrial activities	Corporate and other	Total
Current assets	47,534	17,326	–	64,860
Current liabilities	(32,495)	(9,258)	–	(41,753)
Allocatable current capital employed	15,039	8,068	–	23,107
Property, plant and equipment	920	38,644	–	39,564
Intangible assets	5,142	1,018	–	6,160
Investments in associates and other investments	4,509	7,825	–	12,334
Non-current advances and loans	1,666	988	–	2,654
Inventories	–	605	–	605
Allocatable non-current capital employed	12,237	49,080	–	61,317
Other assets ¹			6,406	6,406
Other liabilities ²			(45,611)	(45,611)
Total net assets	27,276	57,148	(39,205)	45,219
Capital expenditure				
Metals and minerals	60	3,597	–	3,657
Energy products	239	1,172	–	1,411
Corporate and other	–	38	–	38
Capital expenditure – segmental	299	4,807	–	5,106
Proportionate adjustment – capital expenditure ³	–	(461)	–	(461)
Capital expenditure – reported measure⁴	299	4,346	–	4,645

1 Other assets include non-current financial assets, deferred tax assets, cash and cash equivalents and assets held for sale.

2 Other liabilities include borrowings, non-current deferred income, deferred tax liabilities, non-current provisions, non-current post-retirement and other employee benefits, non-current financial liabilities and liabilities held for sale.

3 Refer to APMs section for definition.

4 Includes \$821 million (2022: \$425 million), comprising \$485 million (2022: \$219 million) in Marketing activities and \$336 million (2022: \$206 million) in Industrial activities, of 'right-of-use assets' capitalised in accordance with IFRS 16 – Leases.

NOTES TO THE FINANCIAL STATEMENTS

continued

2. Segment information continued

GEOGRAPHICAL INFORMATION

US\$ million	2023	2022
Revenue from third parties¹		
The Americas	42,495	44,354
Europe	64,129	87,662
Asia	95,459	104,861
Africa	11,570	13,238
Oceania	4,176	5,869
	217,829	255,984
Non-current assets²		
The Americas	19,627	17,183
Europe	7,465	11,297
Asia	3,481	3,966
Africa	10,068	11,300
Oceania	14,040	14,461
	54,681	58,207

1 Revenue by geographical destination is based on the country of incorporation of the sales counterparty, however this may not necessarily be the country of the counterparty's ultimate parent and/or final destination of product.

2 Non-current assets are non-current assets excluding other investments, advances and loans, other financial assets and deferred tax assets. Non-current assets comprise assets in Australia of \$13,733 million (2022: \$14,164 million), in Peru of \$5,340 million (2022: \$5,519 million) and the DRC of \$5,158 million (2022: \$6,074 million).

3. Revenue

US\$ million	2023	2022
Sale of commodities	214,286	252,356
Freight, storage and other services	3,543	3,628
Total	217,829	255,984

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 \$1,773 million negative (2022: \$78 million positive) of mark-to-market related adjustments on provisionally priced sales arrangements, recognised within our Marketing segment. 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 2).

NOTES TO THE FINANCIAL STATEMENTS

continued

4. Gain on acquisitions and disposals of non-current assets

US\$ million	Notes	2023	2022
Gain on sale of Cobar	26	585	–
Gain on revaluation of MARA	26	224	–
Gain on revaluation of Noranda Income Fund	26	18	–
Gain on bargain purchase of Cerrejón	26	–	1,029
Gain on sale of Ernest Henry	26	–	512
Loss on sale of Bolivia Zinc	26	–	(104)
Loss on sale of E&P Chad	26	–	(34)
Gain on sale of BaseCore	11	–	131
Loss on sale of Los Quenuales	26	–	(180)
Loss on sale of Access World	26	–	(23)
Net gain on sale of other investments/operations		3	71
Gain/(loss) on disposal of property, plant and equipment		20	(115)
Total		850	1,287

2023

Disposal of Cobar

In June 2023, Glencore completed the disposal of its interest in the CSA mine, a copper mine in New South Wales, Australia, resulting in a gain on sale of \$585 million (see note 26).

Acquisition of MARA

In September 2023, Glencore completed the acquisition of the remaining 56.25% interest in the MARA project, a copper and gold brownfield project located in the Caramarca province, Argentina, resulting in a gain on acquisition of \$224 million, following the revaluation of Glencore's previously recognised interest (see note 26).

Acquisition of Noranda Income Fund

In March 2023, Glencore completed the acquisition of the remaining 75% interest in Noranda Income Fund, an electrolytic zinc processing facility and ancillary assets located in Salaberry-de-Valleyfield, Quebec, that it did not previously own, resulting in a gain on acquisition of \$18 million, following the revaluation of Glencore's previously recognised interest (see note 26).

2022

Acquisition of Cerrejón

In January 2022, Glencore completed the acquisition of the remaining 66.67% interest in Cerrejón, a coal mine in Colombia, resulting in a bargain purchase gain of \$1,029 million (see note 26).

Disposal of Ernest Henry

In January 2022, Glencore completed the disposal of its interest in Ernest Henry Mining Pty Ltd, a copper-gold mine in Queensland, Australia, resulting in a gain on sale of \$512 million (see note 26).

Disposal of Bolivia Zinc

In March 2022, Glencore completed the disposal of its interest in the Bolivia zinc assets (Sinchi Wayra and Illapa), resulting in a loss on sale of \$104 million (see note 26).

Disposal of E&P Chad

In June 2022, Glencore completed the disposal of its Chad upstream oil operations, resulting in a loss on sale of \$34 million (see note 26).

Disposal of BaseCore

In July 2022, BaseCore Metals (a Glencore joint venture) completed the disposal of a royalty package to Sandstrom Gold Ltd, resulting in an overall gain on sale to Glencore of \$131 million (see note 11).

Disposal of Los Quenuales

In December 2022, Glencore completed the disposal of its Los Quenuales zinc, lead, silver operations in Peru, facilitated by the earlier settlement of an underlying silver streaming arrangement, resulting in a loss on sale of \$180 million (see note 26).

Disposal of Access World

In December 2022, Glencore completed the disposal of its interest in the Access World Group, a global commodities storage and logistics group, resulting in a loss on sale of \$23 million (see note 26).

NOTES TO THE FINANCIAL STATEMENTS

continued

5. Other income/(expense)

US\$ million	Notes	2023	2022
Net foreign exchange gains		46	–
Gain on energy contracts		–	264
Other income		130	101
Total other income		176	365
Net foreign exchange losses		–	(349)
Net loss in mark-to-market valuations		(103)	(106)
Loss on energy contracts		(94)	–
Legal and regulatory proceedings		(168)	(302)
Closed sites rehabilitation provisioning		(503)	(370)
Closure and severance costs		(40)	–
Other expenses		(359)	(149)
Total other expenses		(1,267)	(1,276)
Net other expenses		(1,091)	(911)

Together with foreign exchange movements and mark-to-market valuations, other net income / (expense) 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 FOREIGN EXCHANGE GAINS/LOSSES

2022 net foreign exchange losses included realised foreign currency losses of \$431 million (see page 26) recognised on the restructuring and partial repayment of ZAR-denominated intragroup debt and return of capital that were part of the Group's net investment in its South African operations. These repayments are considered a partial disposal of a net investment in a subsidiary, and thus a proportionate share of the total accumulated foreign exchange losses recognised in the net investment were recycled to the statement of income upon these repayments.

NET LOSS IN MARK-TO-MARKET VALUATIONS

Primarily relates to movements on interests in investments and loans (see notes 11 and 14), the ARM Coal non-discretionary dividend obligation (see note 29) and deferred consideration related to Mototolo stake sale in 2018 (see notes 12 and 14), all carried at fair value.

LOSS/GAIN ON ENERGY CONTRACTS

2023 loss of \$94 million relates to mark-to-market movements on long-term physically settled electricity contracts entered into by our European metallurgical operations, and the 2022 gain of \$264 million relates to the settlement of certain physically settled electricity contracts, following the significant appreciation in European traded power prices in the summer of 2022.

LEGAL AND REGULATORY PROCEEDINGS

\$168 million (2022: \$302 million) relating to various legal matters and related costs (legal, expert and compliance), including in respect of the government investigations (see notes 23 and 31) and monitorships (\$57 million).

CLOSED SITES REHABILITATION PROVISIONING

Comprises movements in restoration, rehabilitation and decommissioning estimates related to sites that are no longer operational (see note 23).

CLOSURE AND SEVERANCE COSTS

Closure and severance related costs were primarily incurred at operations in Australia.

NOTES TO THE FINANCIAL STATEMENTS

continued

6. Interest income/(expense)

US\$ million	Notes	2023	2022
Bank deposits and other financial assets		604	290
Interest income and accretion on certain advances repayable with product	12	–	133
Loans to associates		11	12
Interest income		615	435
Interest expense for financial liabilities not classified at FVTPL			
Capital market notes		(1,334)	(869)
Revolving credit facilities		(195)	(118)
Lease liabilities	9	(117)	(88)
Other bank loans		(346)	(225)
Less: capitalised interest	9	51	31
Other interest		(262)	(178)
		(2,203)	(1,447)
Other interest expense			
Post-retirement employee benefits	24	(21)	(19)
Deferred income	22	(89)	(97)
Restoration and rehabilitation	23	(122)	(155)
Other provisions	23	(43)	(36)
Other accretion interest		(37)	(17)
		(312)	(324)
Interest expense		(2,515)	(1,771)

7. Impairments

US\$ million	Notes	2023	2022
Impairments of non-current assets			
Property, plant and equipment and intangible assets	9/10	(2,103)	(1,984)
Investments	11	–	(167)
Advances repayable with products	12/14	(156)	(389)
VAT receivable – non-current		–	(632)
Inventory and other		(5)	(113)
		(2,264)	(3,285)
Impairments of financial assets			
Advances and loans – current and non-current	12/14	(220)	(52)
		(220)	(52)
Total impairments¹		(2,484)	(3,337)

¹ Impairments recognised during the year are allocated to Glencore's operating segments as follows: Marketing activities \$393 million (2022: \$515 million) and Industrial activities \$2,091 million (2022: \$2,822 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). The FVLCD 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 8.7% – 15.8% (2022: 7.4% – 14.9%). 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 used 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:

NOTES TO THE FINANCIAL STATEMENTS

continued

7. Impairments continued

2023

Property, plant and equipment and intangible assets

During 2023, many central bank interest rates continued to increase, often leading to higher equity risk and certain country risk premiums and ultimately an environment of generally higher discount rates. These macro factors, together with a particularly subdued cobalt hydroxide short-to-medium term pricing outlook and various operational challenges, resulted in a number of impairments related to metals and minerals CGUs in our Industrial activities segment. The valuations are most sensitive to commodity price and discount rate assumptions and a deterioration/improvement in these assumptions could result in additional impairments/reversal of impairments, as set out below.

US\$ million	2023 impairment/ (reversal of impairment)		Capital employed ¹	Discount rate ²	Short to Long-term price assumption	Impairments/(reversal of impairments) resulting from changes in key assumptions			
	pre tax	post tax				Decrease/(increase) in price of 10% ³	Increase/(decrease) in discount rate of 1%		
Cash-generating unit									
Mutanda copper/cobalt	1,045	762	1,432	15.0%	Cu: 8,196 - 8,500 Co ⁴ : 20,668 - 37,203	261	(254)	133	(148)
McArthur River zinc	211	118	758	10.6%	Zn: 2,476 - 2,700	364	(332)	70	(79)
Kazzinc Smelting zinc	156	134	1,265	13.3%	Zn: 2,476 - 2,700	160	(134)	109	(123)
Kazzinc - Zhairem zinc	77	62	522	13.3%	Zn: 2,476 - 2,700	125	(126)	16	(18)
Volcan zinc ⁵	375	340	1,086			-	-	-	-
Nordenham Zinc ⁵	231	191	-	9.2%	Zn: 2,476 - 2,700	-	-	-	-
Astron oil	(190)	(138)	1,056	8.7%	Margin \$/bbl: 10.9 - 13.7	230	(48)	88	(48)
Various other	198	147	-			-	-	-	-
	2,103	1,616	6,119			1,447	(1,186)	416	(416)

1 Estimated recoverable capital employed, post impairment. Capital employed includes property, plant and equipment, non-current inventory, less rehabilitation provisions and net deferred tax liabilities.

2 Discount rates expressed on a real terms, post tax basis.

3 Across the curve.

4 Cobalt hydroxide price

5 The estimated recoverable value of Nordenham is estimated to be de minimis. In respect of Volcan, the recoverable value reflects indicative third-party offers. No reasonably possible change in assumptions would materially impact this value, hence no sensitivity analysis is presented.

- \$1,045 million, Mutanda CGU. On account of significantly increased global production, the cobalt hydroxide market moved further into oversupply during 2023. In response, Mutanda has made certain market-related adjustments to its short to medium term production plans, which, in addition to the Group revising cobalt price assumptions lower over this period, has significantly impacted Mutanda's expected overall returns.
- \$211 million, McArthur River CGU. Lower modelled saleable production volumes due to revised processing recovery assumptions and a higher assessed discount rate of 10.6% (2022: 8.7%) were the primary drivers of the impairment.
- \$156 million, Kazzinc Smelting CGU. In addition to the above noted macro inputs, the Kazzinc Smelting CGU was incrementally impacted by cost inflation on both capital and operational expenditures as it continues to manage logistical and supply chain challenges stemming from the Russia/Ukraine war.
- \$77 million, Kazzinc Zhairem CGU. As above with the Kazzinc Smelting site CGU, the Zhairem CGU was impacted by inflationary pressures and the macro impacts increasing the assessed discount rate to 13.3% (2022: 11%).
- \$375 million, Volcan CGU. Volcan is a listed zinc / silver mining entity in Peru, in which the Group holds a 63% controlling (23.2% economic) interest in. Over the past year, the Group has been exploring various disposal options and as a result, has classified the assets and liabilities of Volcan as held for sale (see note 16). The Group has received various proposals to acquire its equity interest and the current carrying value reflects the value indicated by such proposals.
- \$231 million, Nordenham CGU. In 2022, Nordenham's zinc processing operations were put into care and maintenance, with value being realised through the resale of committed electricity supply into the grid. In 2023, forecast treatment and refinery fee assumptions over the medium term are insufficient to support the carrying value. A full impairment has been recognised.
- The balance of the impairment charges of \$198 million on property, plant and equipment (none of which were individually material) relate to specific assets (Industrial activities segment) where utilisation is no longer required or to projects no longer progressed due to changes in production and development plans.

Reversal of impairment:

- \$190 million, Astron Energy CGU. The CGU was impaired in 2020, reflecting the global macro-economic impact of Covid-19 on refined petroleum product demand, the resulting industry overcapacity and lower refining margins. As demand continued to recover post-Covid, refining margins and their outlook also improved and as a result, a large portion of the previously recorded impairment has been reversed, further enabled by the restart of operations of the Astron Energy in Cape Town in early 2023, following a multi-year rebuild.

NOTES TO THE FINANCIAL STATEMENTS

continued

7. Impairments continued

Advances repayable with products

During 2023, the originally expected production rate at Mopani was not achieved, in part due to a lack of funding. The new shareholder conducted operational and strategic reviews, resulting in Mopani seeking additional equity funding, alongside the restructuring of our transaction debt (see note 12). As a result, the advance was impaired by \$156 million (Marketing activities segment).

Advances and loans

Impairment charges on advances and loans of \$220 million (none of which were individually material) were recognised following changes in the underlying financial conditions of various counterparties and / or non-performance in settling certain obligations.

2022

Property, plant and equipment and intangible assets

During 2022, significant changes to key macro estimates ensued, exacerbated by the Russian/Ukrainian war, which contributed to significant supply/demand imbalances, extreme commodity price volatility, higher energy prices and, in some cases, which are generally linked, emboldening governments to raise royalties and taxes. 2022 saw broad based cost increases, reflecting:

- direct and indirect inflationary pressures on goods and services (particularly energy related flow-through impacts on electricity costs, coal, diesel, steel, explosives, chemicals, reagents and Original Equipment Manufacturer spare parts);
- competition for skilled employees and contractors; and
- supply chain pressures, including their secondary effects on shipping and handling costs, as trade flows adjusted in response to the war.

The weighting of the above macro factors on certain CGUs, combined with various operational challenges, resulted in a number of impairments in our Industrial activities segment, almost exclusively related to metals and minerals' CGUs. The valuations are most sensitive to price and discount rate assumptions and a deterioration/improvement in these assumptions could result in additional impairments/reversal of impairments, as set out below.

US\$ million	2022 impairment/ (reversal of impairment)		Capital employed ¹	Discount rate ²	Short to Long-term price assumption	Impairments/(reversal of impairments) resulting from changes in key assumptions			
	pre tax	post tax				Decrease/(increase) in price of 10% ³	Increase/(decrease) in discount rate of 1%		
Cash-generating unit									
Mt. Isa copper ⁴	656	460	–	9.7%	Cu: 8,157 - 7,400	–	–	–	–
Mt. Isa zinc	455	318	630	9.7%	Zn: 3,250 - 2,450	504	(318)	50	(58)
McArthur River zinc	172	96	869	8.7%	Zn: 3,250 - 2,450	396	(96)	63	(71)
Zhaimem zinc	185	148	565	11.0%	Zn: 3,250 - 2,450	161	(148)	21	(22)
Portovesme zinc ⁴	143	105	72	9.9%	Zn: 3,250 - 2,450	–	–	–	–
Volcan zinc	164	116	1,243	9.4%	Zn: 3,250 - 2,450	303	(242)	69	(96)
Koniambo nickel ⁴	227	227	–	10.7%	Ni: 19,500 - 18,400	–	–	–	–
Various other	(18)	(18)	–	–	–	–	–	–	–
	1,984	1,452	3,379			1,364	(804)	203	(247)

1 Estimated recoverable non-current capital employed, post impairment. Non-current capital employed includes property, plant and equipment, non-current inventory, less rehabilitation provisions and net deferred tax liabilities.

2 Discount rates expressed on a real terms, post tax basis.

3 Across the curve.

4 The estimated recoverable value of non-current capital employed of these CGUs is estimated to be de minimis. No reasonably possible change in assumptions would materially impact this value, hence no sensitivity analysis is presented.

- \$656 million, Mt. Isa Copper CGU. During the year, various options for copper mining activities were considered in the context of higher costs due to the above macro factors. These factors outweighed the significant efforts made over the past few years to make the operation more competitive, such that the entire carrying value of this CGU was impaired.
- \$455 million, Mt. Isa Zinc CGU and \$172 million, McArthur River Zinc CGU. Resulting primarily from the above noted macro impacts, during 2022, the zinc market and its related treatment and refinery cost / revenue / profit drivers were significantly impacted, particularly in relation to ex-China smelting, where updated Group assumptions have significantly impacted Australia Zinc's long-term through-the-cycle expected mining returns.
- \$185 million, Zhaimem zinc/lead CGU. In addition to the above noted macro impacts, the Zhaimem CGU, located in Kazakhstan, was significantly impacted by additional logistical impositions, as traditional supply chains were re-routed and the Kazakhstan government increased mineral extraction tax by some 50% (e.g. the rate applicable to zinc increased from 7% to 10.5%).

7. Impairments continued

- \$143 million, Portovesme zinc/lead CGU. As a result of the above noted macro impacts, particularly relating to increases in European energy costs, Portovesme curtailed its primary zinc and lead smelting operations, with its remaining focus then being the treatment / recycling of waelz oxides. These macro factors outweighed the significant efforts made over the past few years to make the primary operations more competitive, such that the entire carrying value of these CGUs, other than the waelz-oxide line, was impaired.
- \$164 million, Volcan zinc CGU. Resulting primarily from the above noted macro impacts, during 2022, the zinc market and its related treatment and refinery cost / revenue / profit drivers were significantly impacted, particularly in relation to ex-China smelting, whereby updated assumptions, including in relation to Peru's increasing political challenges, have impacted the long-term through-the-cycle expected returns of Volcan's southern cluster CGU.
- \$227 million, Koniambo nickel CGU. As a result of persistent operational challenges, high ferro-nickel price discounts, and the above noted macro impacts, which have produced significantly higher energy and other costs, a strategic review of the long-term viability of Koniambo was initiated with one of the options being the potential cessation of operations. These factors outweigh the significant efforts made over the past few years to make the operation more competitive, such that the entire carrying value of this CGU was impaired.
- Net \$18 million reversal of impairments. The balance of the impairment charges of \$70 million on property, plant and equipment (none of which were individually material) relate to specific assets (Industrial activities segment) where utilisation is no longer required or to projects no longer progressed due to changes in production and development plans, net of reversals of impairment of \$88 million on property, plant and equipment (none of which were individually material) as a result of improved market conditions in the oil and gas market (Industrial activities segment).

Investments

Primarily comprised impairment charges of \$55 million in respect of our 26.3% interest in Trevali Mining Corporation (Industrial activities segment), reflecting the Company obtaining creditor protection, following a serious mining incident at its Perkoa Mine in Burkina Faso in April 2022, and \$54 million in respect of our 2.1% interest in Britishvolt (Marketing activities segment), owing to its financial difficulties and entering into administration. As a result, the entire carrying values of these investments were impaired.

Advances repayable with products

During 2022, the originally expected production rate at Mopani was not achieved, in part due to a lack of funding. The new shareholder had conducted operational and strategic reviews, resulting in Mopani seeking additional funding and to restructure and extend repayment of the transaction debt (see note 12). As a result, the advance was impaired by \$422 million to a value of \$596 million. The valuation assumed a long-term copper price of \$7,400/t and an asset specific discount rate of 19%, which is reflective of an increase in emerging market risk premiums and underlying interest rates. The valuation was most sensitive to price, receipt of physical copper and discount rate assumptions, and a deterioration in these assumptions could have resulted in additional impairments (Marketing activities segment). As at 31 December 2022, had the price assumptions declined by 10% (across the curve), it could have resulted in a further \$43 million of impairment being recognised. If the discount rate increased by 1%, it could have resulted in a further \$36 million of impairment being recognised, while a 10% decrease in physical copper estimates could have resulted in an additional impairment of \$19 million. Conversely, a 10% increase in price assumptions (across the curve) would have resulted in an impairment reversal of \$44 million and a 10% increase in physical copper receipts would have resulted in an impairment reversal of \$18 million.

VAT receivable – non-current

As a result of the continued delay and non-performance by the DRC government in settling long outstanding Value Added Tax ('VAT') claims, impairment charges of \$632 million were recognised in respect of balances outstanding at our Mutanda and Katanga CGUs (Industrial activities segment).

Inventories – non-current

As a result of geotechnical and other operational challenges, the Katanga CGU undertook an extensive technical review and operational optimisation exercise, resulting in a significant reduction in its shorter-term production forecasts over the next 3-4 years, such that \$113 million of inventory stockpile value was impaired, consistent with its latest life of mine model.

NOTES TO THE FINANCIAL STATEMENTS

continued

8. Income taxes

Income taxes consist of the following:

US\$ million	2023	2022
Current income tax expense	(2,583)	(7,165)
Adjustments in respect of prior year current income tax	(282)	(274)
Deferred income tax credit	697	998
Adjustments in respect of prior year deferred income tax	(39)	73
Total tax expense reported in the statement of income	(2,207)	(6,368)
Deferred income tax recognised directly in other comprehensive income	(17)	(65)
Total tax expense recognised directly in other comprehensive income	(17)	(65)

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

US\$ million	2023	2022
Income before income taxes	5,417	22,879
Less: Share of income from associates and joint ventures	(1,337)	(2,300)
Parent Company's and subsidiaries' income before income tax and attribution	4,080	20,579
Income tax expense calculated at the Swiss income tax rate of 12% (2022: 12%)	(490)	(2,469)
Tax effects of:		
Different tax rates from the standard Swiss income tax rate	(891)	(3,057)
Tax-exempt income	525	538
Items not tax deductible	(939)	(1,252)
Foreign exchange fluctuations	263	(187)
Changes in tax rates	17	(47)
Utilisation and changes in recognition of tax losses and temporary differences	(198)	385
Tax losses not recognised	(255)	(98)
Adjustments in respect of prior years	(321)	(201)
Other	82	20
Income tax expense	(2,207)	(6,368)

The non-tax deductible items of \$939 million (2022: \$1,252 million) primarily relate to financing costs, impairments and various other expenses.

The impact of tax-exempt income of \$525 million (2022: \$538 million) primarily relates to non-taxable 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.

For significant items, including non-recurring adjustments, refer to APM section.

NOTES TO THE FINANCIAL STATEMENTS

continued

8. Income taxes continued

DEFERRED TAXES

Deferred taxes as at 31 December 2023 and 2022 are attributable to the items in the table below:

US\$ million	2023	Recognised in the statement of income	Recognised in other comprehensive income	Business combination and disposal of subsidiaries	Foreign currency exchange movements	Other	2022
Deferred tax assets ¹							
Tax losses carried forward	1,170	(357)	–	11	1	–	1,515
Other	220	(108)	(17)	22	1	–	322
Total	1,390	(465)	(17)	33	2	–	1,837
Deferred tax liabilities ¹							
Depreciation and amortisation	(2,097)	1,639	–	(438)	61	(60)	(3,299)
Mark-to-market valuations	(306)	(183)	2	–	–	–	(125)
Other	(567)	(333)	(2)	–	(2)	(3)	(227)
Total	(2,970)	1,123	–	(438)	59	(63)	(3,651)
Total Deferred tax - net	(1,580)	658	(17)	(405)	61	(63)	(1,814)

US\$ million	2022	Recognised in the statement of income	Recognised in other comprehensive income	Business combination and disposal of subsidiaries	Foreign currency exchange movements	Other	2021
Deferred tax assets ¹							
Tax losses carried forward	1,515	116	–	(4)	1	(16)	1,418
Other	322	(18)	(2)	(17)	(2)	–	361
Total	1,837	98	(2)	(21)	(1)	(16)	1,779
Deferred tax liabilities ¹							
Depreciation and amortisation	(3,299)	1,254	–	(625)	60	168	(4,156)
Mark-to-market valuations	(125)	(1)	(2)	5	–	–	(127)
Other	(227)	(280)	(61)	295	5	–	(186)
Total	(3,651)	973	(63)	(325)	65	168	(4,469)
Total Deferred tax - net	(1,814)	1,071	(65)	(346)	64	152	(2,690)

¹ Asset and liability positions in the same category reflect the impact of tax assets and liabilities arising in local tax jurisdictions that cannot be offset against tax assets and liabilities arising in other tax jurisdictions.

Deferred tax assets are net of \$324 million (2022: \$311 million) of uncertain tax liabilities related to tax estimation and judgement uncertainties with respect to various open tax disputes discussed below.

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable. As at 31 December 2023, \$1,665 million (2022: \$1,915 million) of deferred tax assets related to available loss carry forwards have been recognised, of which \$1,170 million (2022: \$1,515 million) are disclosed as deferred tax assets with the remaining balance being offset against deferred tax liabilities arising in the same tax entity. This balance is primarily comprised of:

- \$483 million (2022: \$652 million) in entities domiciled in the DRC;
- \$416 million (2022: \$493 million) in entities domiciled in Switzerland; and
- \$255 million (2022: \$277 million) in entities domiciled in the US.

In evaluating whether it is probable that taxable profits will be earned in future accounting periods prior to any tax loss expiry as may be the case, all available evidence was considered, including approved budgets, forecasts and business plans and, in certain cases, analysis of historical operating results. These forecasts are consistent with those prepared and used internally for business planning and impairment testing purposes. Following this evaluation, it was determined there would be sufficient taxable income generated to realise the benefit of the deferred tax assets. With the exception of the deferred tax assets raised in respect of the Group's DRC operations (see below), no reasonably possible change in any of the key assumptions would result in a material reduction in forecast headroom of tax profits so that the recognised deferred tax asset would not be realised.

NOTES TO THE FINANCIAL STATEMENTS

continued

8. Income taxes continued

The recognised losses carried forward in the DRC primarily relate to historical development, ramp-up and financing related costs at KCC. The losses carried forward have an unlimited carry forward period, but are subject to annual utilisation limitation. As at 31 December 2023, deferred taxation assets have been recognised for available tax losses carried forward where they are expected to be utilised fully by taxable profits. In recognising these deferred tax assets, consideration was given to the range of possible outcomes to determine the expected value of the tax losses available for future offset, including to what extent previously incurred tax losses would be available to offset future taxable profits. Any adverse challenge by the DRC tax authorities could materially impact the currently recognised tax losses and could result in a reversal of part or all of the recognised deferred tax assets.

The recognised losses carried forward in Switzerland primarily relate to non-recurring events. Based on the core business activities conducted in Switzerland and taxable income forecasts going forward, sufficient taxable profits are expected to fully utilise the recognised tax losses prior to expiration.

The recognised losses carried forward in the US primarily relate to non-recurring events in 2011 and have a carry forward period of 20 years. The US entities comprise our core US marketing activities and based on taxable income forecasts going forward, sufficient taxable profits are expected to fully utilise the recognised tax losses prior to expiration.

INCOME TAX RECEIVABLE / PAYABLE

US\$ million	2023	2022
Income tax receivable	1,229	401
Income tax payable	(1,850)	(4,660)
Net income tax payable	(621)	(4,259)

INCOME TAX JUDGEMENTS AND UNCERTAIN TAX LIABILITIES

The 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 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 31 December 2023, the Group has recognised \$1,425 million (2022: \$1,486 million) of uncertain tax liabilities related to possible adverse outcomes of these open matters, of which, \$324 million (2022: \$311 million) has been recognised net of deferred tax assets, with the balance of \$1,101 million (2022: \$1,175 million) recognised as an income tax payable. The change in the total uncertain tax position during the year reflects the issuance of various new assessments and the outcome of certain settlements and discussions at the administrative phase.

UK Tax Audit

In previous periods, HMRC have issued formal transfer pricing, unallowable purposes and diverted profits tax assessments for the 2008-2019 tax years, amounting to \$912 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 within the next financial year.

DRC Tax Audit

As a matter of course, various tax authorities in the DRC issue draft assessments adjusting revenue and denying costs and other items, along with customs-related claims for alleged non-compliance or incorrect coding on certain filings. Upon receipt of such draft assessments, the Group engages with the tax authorities to defend its filing positions. As at 31 December 2023, there are various ongoing technical discussions and challenges, the ultimate outcome of which remains uncertain, and therefore 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.

AVAILABLE GROSS TAX LOSSES

Available gross tax losses carried forward and deductible temporary differences, for which no deferred tax assets have been recognised in the consolidated financial statements, are detailed below and will expire as follows:

US\$ million	2023	2022
1 year	18	115
2 years	217	48
3 years	16	44
Thereafter	12,193	9,642
Unlimited	17,212	13,806
Total	29,656	23,655

As at 31 December 2023, unremitted earnings of \$58,500 million (2022: \$62,829 million) have been retained by subsidiaries for reinvestment. No provision is made for income taxes.

NOTES TO THE FINANCIAL STATEMENTS

continued

9. Property, plant and equipment

2023

US\$ million	Notes	Freehold land and buildings	Plant and equipment	Right-of-use assets	Mineral and petroleum rights	Exploration and evaluation	Deferred mining costs	Total
Gross carrying amount:								
1 January 2023		6,504	45,850	3,198	27,255	413	15,094	98,314
Business combination	26	8	541	6	969	–	2	1,526
Disposal of subsidiaries	26	(1)	(71)	–	(133)	–	–	(205)
Additions		46	3,571	821	145	–	772	5,355
Disposals		(52)	(818)	(491)	(81)	–	(569)	(2,011)
Effect of foreign currency exchange movements		(8)	(178)	–	(156)	(1)	(31)	(374)
Other movements ¹		122	(1,110)	(24)	905	13	886	792
31 December 2023		6,619	47,785	3,510	28,904	425	16,154	103,397
Accumulated depreciation and impairment:								
1 January 2023		2,807	29,142	1,726	14,347	362	10,366	58,750
Disposal of subsidiaries	26	–	(56)	–	(105)	–	–	(161)
Disposals		(50)	(721)	(444)	(72)	–	(561)	(1,848)
Depreciation		301	2,179	665	1,440	1	1,271	5,857
Impairment	7	72	334	–	980	29	295	1,710
Effect of foreign currency exchange movements		(4)	(89)	–	(67)	–	(10)	(170)
Other movements ¹		17	(112)	(12)	(12)	–	145	26
31 December 2023		3,143	30,677	1,935	16,511	392	11,506	64,164
Net book value 31 December 2023		3,476	17,108	1,575	12,393	33	4,648	39,233

¹ Primarily consists of increases in rehabilitation provision of \$780 million and reclassifications within the various property, plant and equipment headings.

Plant and equipment includes expenditure for construction in progress of \$4,640 million (2022: \$3,731 million). Depreciation expenses included in cost of goods sold are \$5,805 million (2022: \$6,782 million) and in selling and administrative expenses, \$52 million (2022: \$46 million).

During 2023, \$51 million (2022: \$31 million) of interest was capitalised. With the exception of project specific borrowings, the rate used to determine the amount of borrowing costs eligible for capitalisation was 6.1% (2022: 3.5%).

As at 31 December 2023, with the exception of leases, no property, plant or equipment was pledged as security for borrowings (2022: \$Nil).

NOTES TO THE FINANCIAL STATEMENTS

continued

9. Property, plant and equipment continued

2022

US\$ million	Notes	Freehold land and buildings	Plant and equipment	Right-of-use assets	Mineral and petroleum rights	Exploration and evaluation	Deferred mining costs	Total
Gross carrying amount:								
1 January 2022		6,854	44,580	3,048	30,019	665	15,552	100,718
Business combination	26	542	1,009	20	961	–	271	2,803
Disposal of subsidiaries	26	(169)	(256)	(37)	(163)	(255)	(382)	(1,262)
Additions		67	3,179	425	84	–	876	4,631
Disposals		(59)	(1,127)	(169)	(94)	(4)	(186)	(1,639)
Effect of foreign currency exchange movements		(8)	(171)	(1)	(145)	2	(30)	(353)
Reclassification to held for sale	16	(897)	(953)	(86)	(3,824)	–	(1,199)	(6,959)
Other movements ¹		174	(411)	(2)	417	5	192	375
31 December 2022		6,504	45,850	3,198	27,255	413	15,094	98,314
Accumulated depreciation and impairment:								
1 January 2022		2,940	27,361	1,343	15,777	577	9,561	57,559
Disposal of subsidiaries	26	(137)	(199)	(33)	(113)	(210)	(323)	(1,015)
Disposals		(53)	(1,003)	(134)	(50)	(2)	(185)	(1,427)
Depreciation		383	2,610	573	1,993	–	1,269	6,828
Impairment	7	91	910	–	323	(2)	660	1,982
Effect of foreign currency exchange movements		(3)	(89)	(2)	(54)	(1)	(7)	(156)
Reclassification to held for sale	16	(447)	(474)	(21)	(3,490)	–	(609)	(5,041)
Other movements ¹		33	26	–	(39)	–	–	20
31 December 2022		2,807	29,142	1,726	14,347	362	10,366	58,750
Net book value 31 December 2022		3,697	16,708	1,472	12,908	51	4,728	39,564

¹ Primarily consists of increases in rehabilitation provision of \$399 million and reclassifications within the various property, plant and equipment headings.

LEASES

The Group leases various assets including land and buildings and plant and equipment. As at 31 December 2023, the net book value of recognised right-of use assets relating to land and buildings was \$468 million (2022: \$418 million) and plant and equipment \$1,107 million (2022: \$1,054 million). The depreciation charge for the period relating to those assets was \$72 million (2022: \$58 million) and \$593 million (2022: \$515 million), respectively.

Disclosure of amounts recognised as lease liabilities in the statement of financial position and cash outflows for leases in the year are included within note 21 and their maturity analysis within note 27.

Amounts recognised in the statement of income are detailed below:

US\$ million	2023	2022
Depreciation on right-of-use assets	(665)	(573)
Interest expense on lease liabilities	(117)	(88)
Expense relating to short-term leases	(992)	(781)
Expense relating to low-value leases	(17)	(16)
Expense relating to variable lease payments not included in the measurement of the lease liability	(34)	(7)
Income from subleasing right-of-use assets	187	153
Total	(1,638)	(1,312)

At 31 December 2023, the Group is committed to \$407 million of short-term lease payments (2022: \$229 million) and \$87 million (2022: \$Nil) related to capitalised leases not yet commenced.

NOTES TO THE FINANCIAL STATEMENTS

continued

10. Intangible assets

2023

US\$ million	Notes	Goodwill	Port allocation rights	Licences, trademarks and software	Customer relationships and other	Total
Cost:						
1 January 2023		13,134	1,128	554	753	15,569
Business combination	26	–	–	–	7	7
Disposal of subsidiaries	26	–	–	(12)	–	(12)
Additions		–	–	5	26	31
Disposals		–	–	(5)	(23)	(28)
Effect of foreign currency exchange movements		–	(79)	6	10	(63)
Other movements		–	–	11	2	13
31 December 2023		13,134	1,049	559	775	15,517
Accumulated amortisation and impairment:						
1 January 2023		8,134	381	348	546	9,409
Disposals		–	–	(5)	(12)	(17)
Amortisation expense ¹		–	52	40	32	124
Impairment	7	–	–	–	18	18
Effect of foreign currency exchange movements		–	(26)	1	6	(19)
Other movements		–	–	(2)	2	–
31 December 2023		8,134	407	382	592	9,515
Net book value 31 December 2023		5,000	642	177	183	6,002

¹ Recognised in cost of goods sold.

2022

US\$ million	Notes	Goodwill	Port allocation rights	Licences, trademarks and software	Customer relationships and other	Total
Cost:						
1 January 2022		13,293	1,203	561	669	15,726
Disposal of subsidiaries	26	(159)	–	(4)	(24)	(187)
Additions		–	1	6	7	14
Disposals		–	(1)	(25)	(2)	(28)
Effect of foreign currency exchange movements		–	(73)	3	2	(68)
Reclassification to held for sale	16	–	–	(1)	(10)	(11)
Other movements ¹		–	(2)	14	111	123
31 December 2022		13,134	1,128	554	753	15,569
Accumulated amortisation and impairment:						
1 January 2022		8,293	308	341	549	9,491
Disposal of subsidiaries	26	(159)	–	(4)	(24)	(187)
Disposals		–	–	(24)	(3)	(27)
Amortisation expense ²		–	97	34	28	159
Impairment	7	–	–	2	–	2
Effect of foreign currency exchange movements		–	(24)	–	2	(22)
Reclassification to held for sale	16	–	–	–	(6)	(6)
Other movements		–	–	(1)	–	(1)
31 December 2022		8,134	381	348	546	9,409
Net book value 31 December 2022		5,000	747	206	207	6,160

¹ Includes \$109 million for Mutanda mining license renewal, which is being amortised over 15 years.

² Recognised in cost of goods sold.

NOTES TO THE FINANCIAL STATEMENTS

continued

10. Intangible assets continued

GOODWILL

The carrying amount of goodwill has been allocated to cash-generating units (CGUs), or groups of CGUs as follows:

US\$ million	2023	2022
Metals and minerals marketing business	3,326	3,326
Coal marketing business	1,674	1,674
Total	5,000	5,000

METALS AND MINERALS AND COAL MARKETING BUSINESSES

Goodwill of \$3,326 million and \$1,674 million was recognised in connection with previous business combinations and was allocated to the metals and minerals marketing and coal marketing CGUs, respectively, based on the annual synergies expected to accrue to the respective marketing departments as a result of increased volumes, blending opportunities and freight and logistics arbitrage opportunities.

GOODWILL IMPAIRMENT TESTING

Given the nature of each CGU's activities, information on its fair value is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently:

- The recoverable amount for each of the marketing CGUs is determined by reference to the FVLCD which utilises a price to earnings multiple approach based on the 2024 approved financial budget which includes factors such as marketing volumes handled and operating, interest and income tax charges, generally based on past experience. The price to earnings multiple of 10 times (2022: 12 times) is derived from observable market data for broadly comparable businesses; and
- Glencore believes that no reasonably possible changes in any of the above key assumptions would cause the recoverable amount to fall below the carrying value of the CGU over the next 12 months. The determination of FVLCD for each of the marketing CGUs used Level 3 valuation techniques in both years.

PORT ALLOCATION RIGHTS

Port allocation rights represent contractual entitlements to export certain amounts of coal on an annual basis from Richards Bay Coal Terminal in South Africa recognised as part of previous business combinations. The rights are amortised on a units of production basis.

LICENCES, TRADEMARKS AND SOFTWARE

Intangibles related to internally developed technology and patents were recognised in previous business combinations and are amortised over the estimated economic life of the technology which ranges between 3 – 20 years.

CUSTOMER RELATIONSHIPS

Customer relationships mainly represent intangible assets related to long-standing customer relationships recognised in previous business combinations. These intangible assets are being amortised on a straight-line basis over their estimated economic life which ranges between 5 – 9 years.

NOTES TO THE FINANCIAL STATEMENTS

continued

11. Investments in associates, joint ventures and other investments

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

US\$ million	Notes	2023	2022
1 January		11,878	12,294
Additions		829	157
Disposals		(22)	(232)
Share of income from associates and joint ventures		1,337	2,300
Share of other comprehensive income/(loss) from associates and joint ventures		16	(100)
Transfer of previously held equity accounted investment to subsidiary	26	(175)	(598)
Impairments	7	–	(113)
Dividends received		(1,328)	(1,691)
Reclassification to held for sale	16	(3,711)	(148)
Other movements		(1)	9
31 December		8,823	11,878
Of which:			
Investments in associates		5,281	4,806
Investments in joint ventures		3,542	7,072

As at 31 December 2023, the carrying value of our listed associates is \$591 million (2022: \$430 million), mainly comprising Century Aluminum, PT CITA and Metals Acquisition Corp., which have carrying values of \$170 million (2022: \$232 million), \$199 million (2022: \$181 million) and \$100 million (2022: \$Nil), respectively. The fair value of our listed associates, using published price quotations (a Level 1 fair value measurement) is \$862 million (2022: \$652 million). As at 31 December 2023, Glencore's investment in Century Aluminum was pledged under a loan facility, with proceeds received and recognised in current borrowings of \$125 million (2022: \$Nil) (see note 21).

Additions

On 1 December 2023, Glencore completed the acquisition of a non-controlling 30% equity stake in Alunorte S.A. and a non-controlling 45% equity stake in Mineracão Rio do Norte S.A. for a combined payment on completion, including earn-in and other adjustments, of \$677 million. The acquisition of the equity stakes provides Glencore with exposure to lower-quartile carbon alumina and bauxite, enhancing our capability to supply to our customers such critical materials for the ongoing energy transition.

Disposals

On 12 July 2022, Glencore effected the sale of a royalty package by BaseCore Metals LP ('BaseCore') to Sandstorm Gold Ltd. ('Sandstorm'). Glencore received, in aggregate, \$300 million in cash and Sandstorm shares for its 50% interest in BaseCore. The disposal resulted in a gain on disposal of non-current assets of \$131 million (see note 4).

Transfer of previously held equity accounted investments to subsidiary

In March 2023, Glencore completed the acquisition of the remaining 75% interest in Noranda Income Fund, an electrolytic zinc processing facility and ancillary assets located in Salaberry-de-Valleyfield, Quebec, that it did not previously own. Prior to the acquisition, Glencore owned a 25% interest in Noranda Income Fund which was accounted for as an associate (see note 26).

In September 2023, Glencore completed the acquisition of the remaining 56.25% interest in the MARA Project, a copper and gold brownfield project located in Argentina, that it did not previously own. Prior to the acquisition, Glencore owned a 43.75% interest in the MARA Project which was accounted for as an associate (see note 26).

In January 2022, Glencore completed the acquisition of the remaining 66.67% interest in Cerrejón, a coal mine in Colombia, that it did not own. Prior to the acquisition, Glencore owned a 33.33% interest in Cerrejón which was accounted for as an associate (see note 26).

NOTES TO THE FINANCIAL STATEMENTS

continued

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

2023 Details of material associates and joint ventures

Summarised financial information in respect of Glencore's associates and joint ventures, reflecting 100% of the underlying associates' and joint ventures' relevant figures, is set out below.

US\$ million	Antamina	Total material associates	Collahuasi	Viterra ²	Total material joint ventures	Total material associates and joint ventures
Non-current assets	6,275	6,275	6,914	–	6,914	13,189
Current assets	1,596	1,596	2,173	–	2,173	3,769
Non-current liabilities	(2,488)	(2,488)	(2,662)	–	(2,662)	(5,150)
Current liabilities	(857)	(857)	(718)	–	(718)	(1,575)
<i>The above assets and liabilities include the following:</i>						
Cash and cash equivalents	71	71	327	–	327	398
Current financial liabilities ¹	(106)	(106)	(31)	–	(31)	(137)
Non-current financial liabilities ¹	(1,138)	(1,138)	(1,091)	–	(1,091)	(2,229)
Net assets 31 December 2023	4,526	4,526	5,707	–	5,707	10,233
Glencore's ownership interest	33.8%		44.0%	49.9%		
Acquisition fair value and other adjustments	1,618	1,618	1,031	–	1,031	2,649
Carrying value	3,148	3,148	3,542	–	3,542	6,690

1 Financial liabilities exclude trade, other payables and provisions.

2 Classified as held for sale, see note 16.

Summarised profit and loss in respect of Glencore's associates and joint ventures, reflecting 100% of the underlying associates' and joint ventures' relevant figures for the year ended 31 December 2023 including group adjustments relating to alignment of accounting policies or fair value adjustments, is set out below.

US\$ million	Antamina	Total material associates	Collahuasi	Viterra ³	Total material joint ventures	Total material associates and joint ventures
Revenue	4,243	4,243	4,648	–	4,648	8,891
Income for the year	1,206	1,206	1,471	–	1,471	2,677
Other comprehensive loss	–	–	(18)	–	(18)	(18)
Total comprehensive income	1,206	1,206	1,453	–	1,453	2,659
Glencore's share of dividends paid	452	452	308	–	308	760
<i>The above income for the year includes the following:</i>						
Depreciation and amortisation	(1,193)	(1,193)	(741)	–	(741)	(1,934)
Interest income ¹	34	34	20	–	20	54
Interest expense ²	(21)	(21)	(18)	–	(18)	(39)
Income tax expense	(664)	(664)	(761)	–	(761)	(1,425)

1 Includes foreign exchange gains and other income of \$29 million.

2 Includes foreign exchange losses and other expenses of \$22 million.

3 Classified as held for sale, see note 16.

NOTES TO THE FINANCIAL STATEMENTS

continued

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

2022 Details of material associates and joint ventures

Summarised financial information in respect of Glencore's associates and joint ventures, reflecting 100% of the underlying associates' and joint ventures' relevant figures, is set out below.

US\$ million	Antamina	Total material associates	Collahuasi	Viterra	Total material joint ventures	Total material associates and joint ventures
Non-current assets	5,137	5,137	5,540	7,207	12,747	17,884
Current assets	2,105	2,105	2,405	16,480	18,885	20,990
Non-current liabilities	(2,129)	(2,129)	(2,602)	(7,496)	(10,098)	(12,227)
Current liabilities	(681)	(681)	(436)	(10,958)	(11,394)	(12,075)
<i>The above assets and liabilities include the following:</i>						
Cash and cash equivalents	87	87	446	637	1,083	1,170
Current financial liabilities ¹	(50)	(50)	(21)	(4,007)	(4,028)	(4,078)
Non-current financial liabilities ¹	(1,089)	(1,089)	(1,084)	(6,759)	(7,843)	(8,932)
Net assets 31 December 2022	4,432	4,432	4,907	5,233	10,140	14,572
Glencore's ownership interest	33.8%		44.0%	49.9%		
Acquisition fair value and other adjustments	1,694	1,694	1,046	1,256	2,302	3,996
Carrying value	3,192	3,192	3,205	3,867	7,072	10,264

1 Financial liabilities exclude trade, other payables and provisions.

Summarised profit and loss in respect of Glencore's associates and joint ventures, reflecting 100% of the underlying associates' and joint ventures' relevant figures for the year ended 31 December 2022, including group adjustments relating to alignment of accounting policies or fair value adjustments, is set out below.

US\$ million	Antamina	Total material associates	Collahuasi	Viterra	Total material joint ventures	Total material associates and joint ventures
Revenue	4,668	4,668	4,817	53,854	58,671	63,339
Income for the year	1,601	1,601	1,807	995	2,802	4,403
Other comprehensive loss	-	-	(13)	(155)	(168)	(168)
Total comprehensive income	1,601	1,601	1,794	840	2,634	4,235
Glencore's share of dividends paid	472	472	660	200	860	1,332
<i>The above (loss)/income for the year includes the following:</i>						
Depreciation and amortisation	(1,039)	(1,039)	(658)	(936)	(1,594)	(2,633)
Interest income ¹	86	86	9	131	140	226
Interest expense ²	(5)	(5)	(120)	(397)	(517)	(522)
Income tax expense	(952)	(952)	(832)	(463)	(1,295)	(2,247)

1 Includes foreign exchange gains and other income of \$186 million.

2 Includes foreign exchange losses and other expenses of \$62 million.

NOTES TO THE FINANCIAL STATEMENTS

continued

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

Aggregate information of associates and joint ventures that are not individually material:

US\$ million	2023	2022
The Group's share of income	282	467
The Group's share of other comprehensive gain/(loss)	24	(17)
The Group's share of total comprehensive income	306	450
Aggregate carrying value of the Group's interests	2,133	1,614

The amount of corporate guarantees in favour of associates and joint ventures as at 31 December 2023 was \$131 million (2022: \$463 million). No amounts have been claimed or provided as at 31 December 2023. Glencore's share of joint ventures' capital commitments amounts to \$431 million (2022: \$464 million).

Refer to note 35 for further details of the Group's principal associates and joint ventures.

OTHER INVESTMENTS

Other investments comprise equity investments, other than investments in Associates, recorded at fair value.

2023

US\$ million	FVTOCI ¹	FVTPL ²	Total
1 January	419	37	456
Additions	62	108	170
Disposals	–	(39)	(39)
Changes in mark-to-market valuations	(94)	20	(74)
Total	387	126	513

2022

US\$ million	FVTOCI ¹	FVTPL ²	Total
1 January	1,620	–	1,620
Additions	338	50	388
Disposals	(312)	(10)	(322)
Changes in mark-to-market valuations	(1,124)	(17)	(1,141)
Impairments	(54)	–	(54)
Reclassification to held for sale	(38)	–	(38)
Other movements	(11)	14	3
Total	419	37	456

1 FVTOCI - Fair value through other comprehensive income

2 FVTPL - Fair value through profit and loss

During the year, dividend income from equity investments designated at fair value through other comprehensive income amounted to \$6 million (2022: \$45 million).

Refer to note 35 for further details of the Group's principal other investments.

NOTES TO THE FINANCIAL STATEMENTS

continued

12. Advances and loans

US\$ million	Notes	2023	2022
Financial assets at amortised cost			
Loans to associates		137	130
Advances and loans ²		1,363	580
Deferred consideration	26	60	142
Rehabilitation trust fund ³		148	148
		1,708	1,000
Financial assets at fair value through profit and loss			
Prepaid commodity forward contracts ^{2,4}	28	124	44
Other non-current receivables and loans	28	22	22
Convertible loan	28	136	168
Contingent consideration	28	–	103
		282	337
Non-financial assets			
Pension surpluses	24	189	148
Advances repayable with product ²		447	939
Land rights prepayment		150	150
Other tax and related non-current receivables		100	80
		886	1,317
Total		2,876	2,654

1 Net of \$261 million (2022: \$538 million) provided by various banks, the repayment terms of which are contingent upon and connected to the future delivery of contractual production.

2 Certain amounts related to advances that are accounted for as financial instruments were reclassified from their prior period presentation within 'Non-financial assets' to 'Financial assets at amortised cost' (\$271 million) and 'Financial assets at fair value through profit and loss' (\$44 million).

3 The balance has been assessed for impairment and is deemed recoverable.

4 Net of \$572 million (2022: \$Nil) provided by various banks, the repayment terms of which are contingent upon and connected to the future delivery of contractual production.

FINANCIAL ASSETS AT AMORTISED COST

Loans to associates

Loans to associates generally bear interest at applicable floating market rates plus a premium.

Advances and loans

Various financing facilities, generally marketing related and secured against certain assets and/or payable from the future sale of production of the counterparty. Secured financing arrangements are separable from contracts to buy or sell commodities and are primarily settled in cash or another financial asset. They are interest bearing and on average are to be repaid over a three-year period.

Rehabilitation trust fund

Glencore makes contributions to controlled funds established to meet the costs of its restoration and rehabilitation liabilities, primarily in South Africa. These funds are not available for the general purposes of the Group, and there is no present obligation to make any further contributions.

NOTES TO THE FINANCIAL STATEMENTS

continued

12. Advances and loans continued

Loss allowances of financial assets at amortised cost

The Group determines the expected credit loss of loans to associates, advances and loans (at amortised cost) and deferred consideration 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 movement in loss allowance for financial assets classified at amortised cost is detailed below:

2023 US\$ million	Loans to associates			Advances and loans and deferred consideration			Total
	12-Month ECL	Lifetime ECL ¹	Total	12-Month ECL	Lifetime ECL ²	Total	
Gross carrying value							
1 January 2023 ³	15	191	206	364	717	1,081	1,287
Increase during the period	–	17	17	362	31	393	410
Decrease during the period	–	(2)	(2)	(70)	(262)	(332)	(334)
Assumed in business combination	–	–	–	8	–	8	8
Effect of foreign currency exchange movements	–	(5)	(5)	1	–	1	(4)
Reclassifications	1	(1)	–	(143)	748	605	605
31 December 2023	16	200	216	522	1,234	1,756	1,972
Allowance for credit loss							
1 January 2023 ³	–	76	76	9	350	359	435
Released during the period ⁴	–	(3)	(3)	(3)	(9)	(12)	(15)
Charged during the period ⁴	–	2	2	27	127	154	156
Utilised during the period	–	–	–	–	(203)	(203)	(203)
Effect of foreign currency exchange movements	–	1	1	(5)	1	(4)	(3)
Reclassifications	–	3	3	–	39	39	42
31 December 2023	–	79	79	28	305	333	412
Net carrying value 31 December 2023	16	121	137	494	929	1,423	1,560

2022 US\$ million	Loans to associates			Advances and loans and deferred consideration			Total
	12-Month ECL	Lifetime ECL ¹	Total	12-Month ECL	Lifetime ECL ²	Total	
Gross carrying value							
1 January 2022 ³	31	159	190	529	676	1,205	1,395
Increase during the period	10	14	24	143	143	286	310
Decrease during the period	(1)	(5)	(6)	(75)	(150)	(225)	(231)
Disposal of subsidiaries	(6)	–	(6)	(49)	–	(49)	(55)
Reclassification to held for sale	6	–	6	10	–	10	16
Reclassifications	(25)	23	(2)	(194)	48	(146)	(148)
31 December 2022	15	191	206	364	717	1,081	1,287
Loss allowances							
1 January 2022 ³	–	62	62	14	278	292	354
Released during the period ⁴	–	–	–	–	(9)	(9)	(9)
Charged during the period ⁴	–	14	14	–	91	91	105
Reclassifications	–	–	–	(5)	(10)	(15)	(15)
31 December 2022	–	76	76	9	350	359	435
Net carrying value 31 December 2022	15	115	130	355	367	722	852

1 Gross carrying amount comprises stage 2 receivables of \$126 million (2022: \$Nil) and stage 3 receivables of \$74 million (2022: \$191 million). Loss allowance comprises stage 2 credit losses of \$31 million (2022: \$Nil) and stage 3 credit losses of \$48 million (2022: \$76 million).

2 Gross carrying amount comprises stage 2 receivables of \$738 million (2022: \$138 million) and stage 3 receivables of \$496 million (2022: \$579 million). Loss allowance comprises stage 2 credit losses of \$101 million (2022: \$51 million) and stage 3 credit losses \$204 million (2022: \$299 million).

3 Certain amounts related to prepaid commodity contracts which do not meet the own-use exemption and are thus accounted for as financial instruments, were reclassified from their prior period presentation within 'Non-financial assets' to 'Financial assets at amortised cost'. Advances and loans opening balances have been adjusted accordingly.

4 \$135 million (2022: \$37 million) recognised as impairment (see note 7) and the balancing charge of \$6 million (2022: \$59 million) recognised in net expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS

continued

12. Advances and loans continued

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Prepaid commodity forward contracts

Certain physically settled advances and prepayments which are not separable from contracts to buy or sell commodities where the commodities do not meet the own use exemption criteria are accounted for as financial instruments at fair value through profit and loss.

Other non-current receivables and loans

During 2023, fair value movements of positive \$7 million were recognised (2022: \$Nil)(see note 7).

Convertible loan

In May 2022, Glencore subscribed for \$200 million of convertible debt in Li-Cycle Holdings Corp. ('Li-Cycle'), a lithium-ion battery recycler in North America, listed on the New York Stock Exchange. The convertible loan is repayable by 2027 at an effective interest rate of SOFR plus 5% per annum. If Glencore elects to convert during the conversion option period, Glencore would hold an approximate 10% equity stake in Li-Cycle. The loan is classified as financial asset at fair value through profit and loss in accordance with IFRS (see notes 28 and 29). During 2023, fair value movements of negative \$74 million (2022: \$40 million) were recognised in net changes in mark-to-market valuations (see note 5).

Contingent consideration

In 2023, fair value movements of negative \$32 million (2022: \$117 million positive) were recognised in net changes in mark-to-market valuations (see note 5).

NON-FINANCIAL ASSETS

Advances repayable with product

Where physically settled advances and prepayments which are not separable from contracts to buy or sell commodities meet the own use exemption criteria, they are classified as non-financial assets and assessed for impairment.

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 transaction debt attracts interest at a floating benchmark rate 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 26). During 2022 and 2023, the originally expected production rate at Mopani was not achieved, in part due to a lack of funding. The new shareholder has conducted operational and strategic reviews, resulting in Mopani seeking additional equity funding and to restructure the transaction debt. As a result, a further impairment of \$156 million (2022: \$566 million) was recognised (see note 7).

Land rights prepayment

In August 2020, Kamoto Copper Company ('KCC') advanced \$150 million to La Générale des Carrières et des Mines ('Gécamines'), to acquire a comprehensive land package covering areas adjacent to KCC's existing mining concessions for \$250 million. If the closing conditions as prescribed in the agreement are not fulfilled, Glencore has the right to accrue interest on the prepaid amount, terminate the agreement and, if funds are not returned, offset against future amounts owing to Gécamines. The balance of the consideration is due 5 days after the respective closing conditions of each area to be transferred are satisfied. During 2023, activities and discussions to facilitate access to the land packages continued.

NOTES TO THE FINANCIAL STATEMENTS

continued

13. Inventories

US\$ million	2023	2022
Inventory at fair value less costs of disposal¹	14,441	15,608
Raw materials and consumables	5,827	5,970
Semi finished products	4,955	5,527
Finished goods ¹	6,346	6,355
Inventory at the lower of cost or net realisable value	17,128	17,852
Total current inventory	31,569	33,460
Raw materials and consumables	623	605
Inventory at the lower of cost or net realisable value	623	605
Total non-current inventory	623	605

¹ Certain amounts were reclassified from their prior period presentation to conform with current year presentation.

CURRENT INVENTORY

The amount of inventories and related ancillary costs recognised as an expense during the period was \$188,291 million (2022: \$211,666 million).

Fair value of inventories are predominantly a Level 2 fair value measurement 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.

Inventories of \$216 million (2022: \$862 million) are a Level 3 fair value measurement using observable market prices obtained from exchanges, traded reference indices or market survey services, adjusted for significant unobservable inputs such as relevant location and quality differentials. Movements during the year comprise unrealised losses recognised in cost of goods sold of \$121 million (2022: \$231 million) million, purchases of \$574 million (2022: \$1,870 million) and sales of \$1,099 million (2022: \$1,115 million). A 10% change in pricing assumptions would result in a \$4 million (2022: \$18 million) adjustment to the current carrying value.

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 21). As at 31 December 2023, the total amount of inventory pledged under such facilities was \$1,808 million (2022: \$3,455 million). The proceeds received and recognised as current borrowings were \$1,843 million (2022: \$3,092 million) and \$Nil (2022: \$80 million) as non-current borrowings.

NON-CURRENT INVENTORY

Non-current 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.

NOTES TO THE FINANCIAL STATEMENTS

continued

14. Accounts receivable

US\$ million	Notes	2023	2022
Financial assets at amortised cost			
Trade receivables ¹		4,281	5,610
Margin calls paid and other broker balances		3,036	8,111
Receivables from associates		352	441
Deferred consideration	26	73	333
Other receivables ^{2,3,4}		1,050	605
		8,792	15,100
Financial assets at fair value through profit and loss			
Trade receivables containing provisional pricing features ¹	28	6,229	7,018
Prepaid commodity forward contracts ^{2,5}	28	543	520
Contingent consideration	28	137	128
Other receivables	28	8	73
		6,917	7,739
Non-financial assets			
Advances repayable with product ²		624	223
Other tax and related receivables ⁶		2,052	1,503
		2,676	1,726
Total		18,385	24,565

- Certain amounts were reclassified from their prior period presentation within 'Trade receivables' to 'Trade receivables containing provisional pricing features' (\$1,592 million) to conform with current year presentation.
- Certain amounts related to advances that are accounted for as financial instruments were reclassified from their prior period presentation within 'Non-financial assets' to 'Financial assets at amortised cost' (\$596 million to 'Margin calls paid and other broker balances' and \$77 million to 'Other receivables') and 'Financial assets at fair value through profit and loss' (\$520 million).
- Includes loans and advances of \$724 million (2022: \$396 million).
- Net of \$181 million (2022: \$240 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.
- Net of \$217 million (2022: \$247 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.
- Comprises sales and other tax receivables of \$1,892 million (2022: \$1,351 million) and other receivables of \$160 million (2022: \$152 million).

FINANCIAL ASSETS AT AMORTISED COST

Trade receivables

Trade receivables are separable from contracts to buy or sell commodities and are primarily settled in cash or another financial asset.

The average credit period on sales of goods is 20 days (2022: 17 days). The carrying value of trade receivables approximates fair value.

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 net expected credit losses and during the period, a gain of \$6 million (2022: charge of \$148 million) was recognised. The current year provision is lower in the current period primarily due to the lower overall gross receivable balances on-hand at the period-end as a result of lower commodity prices. The following table details the risk profile of trade receivables based on the Group's provision matrix.

US\$ million	Trade receivables – days past due					Total
	Not past due	<30	31 – 60	61 – 90	>90	
As at 31 December 2023						
Gross carrying amount	2,865	251	20	42	1,269	4,447
Weighted average expected credit loss rate	0.43%	0.62%	1.01%	1.01%	11.18%	
Lifetime expected credit loss	(12)	(2)	–	–	(152)	(166)
Total	2,853	249	20	42	1,117	4,281

US\$ million	Trade receivables – days past due					Total
	Not past due	<30	31 – 60	61 – 90	>90	
As at 31 December 2022						
Gross carrying amount	3,422	444	158	85	1,673	5,782
Weighted average expected credit loss rate	0.45%	0.67%	0.98%	1.17%	7.34%	
Lifetime expected credit loss	(23)	(3)	(2)	(1)	(143)	(172)
Total	3,399	441	156	84	1,530	5,610

NOTES TO THE FINANCIAL STATEMENTS

continued

14. Accounts receivable continued

The Group determines the expected credit loss of receivables from associates, deferred consideration and other receivables (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 movement in allowance for credit loss relating to receivables from associates and other receivables is detailed below:

2023 US\$ million	Receivables from associates			Other receivables and deferred consideration			Total
	12-Month ECL	Lifetime ECL ¹	Total	12-Month ECL	Lifetime ECL ²	Total	
Gross carrying value							
1 January 2023 ³	432	136	568	896	185	1,081	1,649
Increase during the period	77	1	78	491	3	494	572
Decrease during the period	(166)	(16)	(182)	(429)	(84)	(513)	(695)
Assumed in business combination	–	–	–	13	–	13	13
Effect of foreign currency exchange movements	1	4	5	(8)	3	(5)	–
Reclassifications	(2)	2	–	(34)	292	258	258
31 December 2023	342	127	469	929	399	1,328	1,797
Allowance for credit loss							
1 January 2023 ³	–	127	127	39	104	143	270
Released during the period ⁴	–	(15)	(15)	(30)	–	(30)	(45)
Charged during the period ⁴	–	4	4	11	101	112	116
Utilised during the period	–	–	–	–	(30)	(30)	(30)
Effect of foreign currency exchange movements	–	4	4	(1)	4	3	7
Reclassifications	–	(3)	(3)	2	5	7	4
31 December 2023	–	117	117	21	184	205	322
Net carrying value 31 December 2023	342	10	352	908	215	1,123	1,475

2022 US\$ million	Receivables from associates			Other receivables and deferred consideration			Total
	12-Month ECL	Lifetime ECL ¹	Total	12-Month ECL	Lifetime ECL ²	Total	
Gross carrying value							
1 January 2022 ³	391	138	529	387	199	586	1,115
Increase during the period	136	20	156	427	26	453	609
Decrease during the period	(94)	(15)	(109)	(81)	(10)	(91)	(200)
Business combination	–	–	–	28	–	28	28
Disposal of subsidiaries	(2)	–	(2)	(14)	–	(14)	(16)
Effect of foreign currency exchange movements	(2)	(7)	(9)	(18)	–	(18)	(27)
Reclassification to held for sale	1	–	1	(1)	(8)	(9)	(8)
Reclassifications	2	–	2	168	(22)	146	148
31 December 2022	432	136	568	896	185	1,081	1,649
Allowance for credit loss							
1 January 2022 ³	–	116	116	23	106	129	245
Released during the period ⁴	–	(2)	(2)	(5)	–	(5)	(7)
Charged during the period ⁴	–	21	21	34	16	50	71
Utilised during the period	–	–	–	(3)	(4)	(7)	(7)
Effect of foreign currency exchange movements	–	(8)	(8)	–	(4)	(4)	(12)
Reclassification to held for sale	–	–	–	–	(6)	(6)	(6)
Reclassifications	–	–	–	(10)	(4)	(14)	(14)
31 December 2022	–	127	127	39	104	143	270
Net carrying value 31 December 2022	432	9	441	857	81	938	1,379

1 Gross carrying value comprises stage 2 receivables of \$9 million (2022: \$9 million) and stage 3 receivables of \$118 million (2022: \$127 million). Allowance for credit losses comprises of stage 2 credit losses of \$2 million (2022: \$2 million) and stage 3 credit losses of \$115 million (2022: \$125 million).

2 Gross carrying value comprises stage 2 receivables of \$170 million (2022: \$33 million) and stage 3 receivables of \$229 million (2022: \$152 million). Allowance for credit loss comprises stage 2 credit losses of \$37 million (2022: \$29 million) and stage 3 credit losses of \$147 million (2022: \$75 million).

3 Certain amounts related to advances which do not meet the own-use exemption and are thus accounted for as financial instruments, were reclassified from their prior period presentation within 'Non-financial assets' to 'Financial assets at amortised cost'. Other receivables opening balance has been adjusted accordingly.

4 \$92 million recognised as impairment (2022: \$15 million reversal of impairment) (see note 7) and the balancing \$21 million net credit (2022: \$49 million charge) recognised in net expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS

continued

14. Accounts receivable continued

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

Trade receivables containing provisional pricing features

Trade receivables containing provisional pricing features meet the definition of a derivative and are recorded at fair value through profit and loss.

Prepaid commodity forward contracts

Certain physically settled advances and prepayments which are not separable from contracts to buy or sell commodities where the commodities do not meet the own use exemption criteria are accounted for as financial instruments at fair value through profit and loss.

NON-FINANCIAL ASSETS

Advances repayable with product

Advances repayable with product are not separable from contracts to buy or sell commodities and meet the own use exemption criteria.

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 21). As at 31 December 2023, the total amount of trade receivables pledged was \$794 million (2022: \$278 million) and proceeds received and classified as current borrowings amounted to \$712 million (2022: \$200 million).

15. Cash and cash equivalents

US\$ million	2023	2022
Bank and cash on hand	1,415	1,445
Deposits and treasury bills	510	478
Total	1,925	1,923

Cash and cash equivalents comprise cash held at bank, cash in hand and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

As at 31 December 2023, \$249 million (2022: \$78 million) was restricted.

NOTES TO THE FINANCIAL STATEMENTS

continued

16. Assets and liabilities held for sale

Net assets held for sale are measured at their carrying amount, being the lower of carrying amount and fair value less costs to sell. As of 31 December 2023, the carrying amounts of assets and liabilities held for sale were lower than their fair value less costs to sell, hence no gains or losses were recognised in the statement of income for the period.

The carrying value of the assets and liabilities classified as held for sale are detailed below:

2023

US\$ million	Viterra	Volcan	Total
Non-current assets			
Property, plant and equipment	–	1,245	1,245
Intangible assets	–	10	10
Investments in associates and joint ventures	3,711	148	3,859
Advances and loans	–	72	72
Deferred tax assets	–	37	37
	3,711	1,512	5,223
Current assets			
Inventories	–	48	48
Accounts receivable	–	65	65
Income tax receivable	–	28	28
Prepaid expenses	–	4	4
Cash and cash equivalents	–	62	62
	–	207	207
Total assets held for sale	3,711	1,719	5,430
Non-current liabilities			
Borrowings	–	(668)	(668)
Deferred tax liabilities	–	(94)	(94)
Provisions	–	(329)	(329)
Deferred income	–	(3)	(3)
	–	(1,094)	(1,094)
Current liabilities			
Borrowings	–	(123)	(123)
Accounts payable	–	(300)	(300)
Provisions	–	(18)	(18)
Income tax payable	–	(15)	(15)
	–	(456)	(456)
Total liabilities held for sale	–	(1,550)	(1,550)
Total net assets held for sale	3,711	169	3,880
Non-controlling interest	–	302	302

VOLCAN

In Q4 2022, Glencore commenced a process to explore a disposal of its 23.3% economic interest in Volcan (Industrial activities segment). The Group has received various proposals to acquire its equity interest, which it is actively pursuing.

VITERRA

In June 2023, Glencore and its fellow shareholders in Viterra Limited, concluded an agreement with Bunge Limited to merge Bunge and Viterra in a cash and stock transaction. Under the terms of the agreement, Glencore will receive c.\$3.1 billion in Bunge stock (based on Bunge's stock price at the date of announcement) and \$1.0 billion in cash for its c.50% stake in Viterra (Marketing, corporate activities segment) resulting in a c.15% holding in the combined group, based on the number of Bunge shares outstanding at the time. The merger, subject to satisfaction of customary closing conditions, including receipt of regulatory approvals is expected to close in mid-2024.

NOTES TO THE FINANCIAL STATEMENTS

continued

16. Assets and liabilities held for sale continued

2022

US\$ million	Cobar	Volcan	Total
Non-current assets			
Property, plant and equipment	451	1,467	1,918
Intangible assets	1	4	5
Investments in associates and joint ventures	–	148	148
Advances and loans	–	71	71
Deferred tax assets	–	32	32
	452	1,722	2,174
Current assets			
Inventories	25	57	82
Accounts receivable	4	68	72
Income tax receivable	–	29	29
Prepaid expenses	3	5	8
Cash and cash equivalents	1	74	75
	33	233	266
Total assets held for sale	485	1,955	2,440
Non-current liabilities			
Borrowings	–	(777)	(777)
Deferred tax liabilities	(25)	(151)	(176)
Provisions	(20)	(322)	(342)
Deferred income	–	(6)	(6)
Post-retirement and other employee benefits	(1)	–	(1)
	(46)	(1,256)	(1,302)
Current liabilities			
Borrowings	(1)	(22)	(23)
Accounts payable	(42)	(315)	(357)
Provisions	–	(31)	(31)
Income tax payable	–	(28)	(28)
	(43)	(396)	(439)
Total liabilities held for sale	(89)	(1,652)	(1,741)
Total net assets held for sale	396	303	699
Non-controlling interest	–	201	201

COBAR

In March 2022, Glencore entered into an agreement with Metals Acquisition Corp (MAC) for the disposal of its 100% interest in Cobar (Industrial activities segment), a copper mine in New South Wales, Australia for a mix of cash and other forms of consideration. The transaction closed in June 2023 (see note 24).

NOTES TO THE FINANCIAL STATEMENTS

continued

17. Share capital and reserves

	Number of ordinary shares (thousand)	Share capital (US\$ million)	Share premium (US\$ million)
Authorised:			
31 December 2023 and 2022 Ordinary shares with a par value of \$0.01 each	50,000,000		
Issued and fully paid up:			
1 January 2022 – Ordinary shares	14,586,200	146	43,679
Own shares cancelled during the year	(500,000)	(5)	(2,130)
Distributions paid (see note 19)	–	–	(4,832)
31 December 2022 – Ordinary shares	14,086,200	141	36,717
Own shares cancelled during the year	(536,200)	(5)	(1,898)
Distributions paid (see note 19)	–	–	(6,450)
31 December 2023 – Ordinary shares	13,550,000	136	28,369

	Treasury Shares		Trust Shares		Total	
	Number of shares (thousand)	Own shares (US\$ million)	Number of shares (thousand)	Own shares (US\$ million)	Number of shares (thousand)	Own shares (US\$ million)
Own shares:						
1 January 2022	1,390,388	(5,417)	99,213	(460)	1,489,601	(5,877)
Own shares purchased during the year	425,309	(2,503)	–	–	425,309	(2,503)
Own shares transferred to satisfy employee share awards	(50,000)	225	50,000	(271)	–	(46)
Own shares disposed during the year	–	–	(93,567)	430	(93,567)	430
Own shares cancelled during the year	(500,000)	2,135	–	–	(500,000)	2,135
31 December 2022	1,265,697	(5,560)	55,646	(301)	1,321,343	(5,861)
1 January 2023	1,265,697	(5,560)	55,646	(301)	1,321,343	(5,861)
Own shares purchased during the year	625,956	(3,672)	–	–	625,956	(3,672)
Own shares transferred to satisfy employee share awards	(25,000)	75	25,000	(132)	–	(57)
Own shares disposed during the year	–	–	(34,511)	187	(34,511)	187
Own shares cancelled during the year	(536,200)	1,903	–	–	(536,200)	1,903
31 December 2023	1,330,453	(7,254)	46,135	(246)	1,376,588	(7,500)

OWN SHARES

Own shares comprise shares acquired under the Company's share buyback programmes ('Treasury Shares') 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 ('Trust Shares').

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

During the year, Glencore purchased the remaining \$1,080 million of shares under the \$3 billion share buyback programme announced in July 2022 and purchased \$1.5 billion of shares under the \$1.5 billion share buyback programme announced in February 2023. In August 2023, Glencore announced a \$1.2 billion share buyback programme to be completed by February 2024. As at 31 December 2023, \$1,092 million of shares had been purchased. No liability has been recognised in respect of this share buyback programme as the terms of the arrangement do not result in a contractual obligation.

In line with the policy to reduce and maintain from time to time treasury shares below 10% of total issued share capital, in February 2023, Glencore cancelled 286 million treasury shares, in June 2023, cancelled 100 million treasury shares, in September 2023, cancelled 100 million treasury shares and in December 2023, cancelled 50 million treasury shares.

As at 31 December 2023, 1,376,588,292 shares (2022: 1,321,342,547 shares), including 1,330,453,041 Treasury Shares (2022: 1,265,696,812 shares), equivalent to 10.16% (2022: 9.38%) of the issued share capital were held at a cost of \$7,500 million (2022: \$5,861 million) and market value of \$8,279 million (2022: \$8,809 million).

NOTES TO THE FINANCIAL STATEMENTS

continued

17. Share capital and reserves continued

OTHER RESERVES

US\$ million	Foreign currency translation reserve	Cash flow hedge reserve	Net unrealised gain/(loss)	Net ownership changes in subsidiaries	Total
1 January 2023	(2,673)	(97)	(1,417)	(2,646)	(6,833)
Exchange loss on translation of foreign operations	(170)	–	–	–	(170)
Items recycled to the statement of income upon disposal of subsidiaries (see note 26)	(3)	–	–	–	(3)
Gain on cash flow hedges, net of tax	–	55	–	–	55
Loss on equity investments accounted for at fair value through other comprehensive income, net of tax	–	–	(93)	–	(93)
Change in ownership interest in subsidiaries (see note 34)	–	–	–	24	24
Loss due to changes in credit risk on financial liabilities accounted for at fair value through profit and loss	–	–	(12)	–	(12)
31 December 2023	(2,846)	(42)	(1,522)	(2,622)	(7,032)
1 January 2022	(2,898)	(124)	(300)	(2,609)	(5,931)
Exchange loss on translation of foreign operations	(290)	–	–	–	(290)
Items recycled to the statement of income on restructuring of intragroup debt (see note 5)	431	–	–	–	431
Items recycled to the statement of income upon disposal of subsidiaries (see note 26)	84	–	–	(34)	50
Gain on cash flow hedges, net of tax	–	27	–	–	27
Loss on equity investments accounted for at fair value through other comprehensive income, net of tax	–	–	(1,122)	–	(1,122)
Change in ownership interest in subsidiaries (see note 34)	–	–	–	(3)	(3)
Gain due to changes in credit risk on financial liabilities accounted for at fair value through profit and loss	–	–	2	–	2
Reclassifications	–	–	3	–	3
31 December 2022	(2,673)	(97)	(1,417)	(2,646)	(6,833)

The translation adjustment reserve is used to capture the cumulative impact of foreign currency translation adjustments arising from the Group's non-USD denominated functional currency subsidiaries.

The cash flow hedge reserve is used to accumulate the gains and losses from the effective portion of hedging instruments contained within hedge relationships until the hedged item impacts profit or loss. Cost of hedging is recorded within the cash flow hedge reserve due to its immaterial amount.

The net unrealised gain/loss reserve is used to accumulate the gains and losses associated with the remeasurement of the Group's investments carried at FVTOCI and changes in credit risk on financial liabilities measured at FVTPL.

The net ownership changes in subsidiaries reserve is used to capture equity movements arising from changes in the Group's ownership in its subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

continued

18. Earnings per share

US\$ million	2023	2022
Income attributable to equity holders of the Parent for basic earnings per share	4,280	17,320
Weighted average number of shares for the purposes of basic earnings per share (thousand)	12,425,821	13,042,304
Effect of dilution:		
Equity-settled share-based payments (thousand)	112,115	98,454
Weighted average number of shares for the purposes of diluted earnings per share (thousand)	12,537,936	13,140,758
Basic earnings per share (US\$)	0.34	1.33
Diluted earnings per share (US\$)	0.34	1.32

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 1/2023 as issued by the South African Institute of Chartered Accountants (SAICA), is reconciled using the following data:

US\$ million	2023	2022
Income attributable to equity holders of the Parent for basic earnings per share	4,280	17,320
Net gain on acquisitions and disposals ¹	(850)	(1,287)
Net gain on acquisitions and disposals – non-controlling interest	(5)	(4)
Net gain on acquisitions and disposals – tax	192	86
Impairments ²	2,731	3,181
Impairments – non-controlling interest	(349)	(404)
Impairments – tax	(495)	(585)
Headline and diluted earnings for the year	5,504	18,307
Headline earnings per share (US\$)	0.44	1.40
Diluted headline earnings per share (US\$)	0.44	1.39

¹ See note 4.

² Comprises impairments of property, plant and equipment and intangible assets, investments, advances and loans, VAT receivable (see note 7) and Glencore's share of impairments booked directly by associates (see note 2).

19. Distributions

US\$ million	2023	2022
Paid during the year:		
First tranche distribution – \$0.22 per ordinary share (2022: \$0.13)	2,750	1,707
Second tranche and additional distribution – \$0.30 per ordinary share (2022: \$0.24)	3,700	3,125
Total	6,450	4,832

The proposed distribution in respect of the year ended 31 December 2023 of \$0.13 per ordinary share amounting to some \$1.6 billion is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Such declared distribution is expected to be paid equally (\$0.065 each) in June 2024 and September 2024.

A distribution of \$0.52 per ordinary share amounting to \$6,450 million was paid in 2023.

NOTES TO THE FINANCIAL STATEMENTS

continued

20. Share-based payments

	Number of awards granted (thousands)	Fair value at grant date (US\$ million)	Number of awards outstanding 2023 (thousands)	Number of awards outstanding 2022 (thousands)	Expense recognised 2023 (US\$ million)	Expense recognised 2022 (US\$ million)
Deferred awards						
2018 Series	12,891	65	1,170	3,535	2	3
2019 Series	10,791	37	667	667	–	–
2021 Series	21,327	94	217	13,016	–	(1)
2022 Series ¹	6,719	40	2,875	5,267	1	30
2023 Series	37,555	202	36,915	–	198	–
	89,283		41,844	22,485	201	32
Performance share awards						
2017 Series	19,750	95	–	344	–	–
2018 Series	28,499	104	2,218	2,293	1	2
2019 Series	29,705	90	690	9,066	1	9
2020 Series	33,583	104	8,933	19,555	10	26
2021 Series ¹	27,012	130	16,039	24,918	33	69
2022 Series ¹	25,580	166	22,134	19,793	79	12
2023 Series	20,247	116	20,257	–	3	–
	184,376		70,271	75,969	127	118
Total	273,659		112,115	98,454	328	150

¹ During the current year, 316 thousand shares have been granted as part of the deferred awards 2022 series and 4,861 thousand shares have been granted as part of the performance share awards 2021 & 2022 series, resulting in an increase of the fair value at grant date amount by \$2 million for deferred share awards and \$32 million for performance share awards.

Between 2011-2021 deferred awards were made under the Company's Deferred Bonus Plan and performance share awards were made under the Company's Performance Share Plan. In May 2021 the Company introduced a single Incentive Plan which replaced both of these plans and under which both deferred awards and performance share awards continue to be made.

DEFERRED AWARDS

Under a deferred award the payment of a portion of a participant's annual bonus is deferred for a period of one to seven years as an award of either ordinary shares (a "Bonus Share Award") or cash. Awards vest over a specified period, subject to continued employment and forfeiture for malus events. The Bonus Share Awards may be satisfied, at Glencore's option, in shares by the issue of new ordinary shares, by the transfer of ordinary shares held in treasury or by the transfer of ordinary shares purchased in the market or in cash, with a value equal to the market value of the award at settlement, including distributions paid between award and settling. Glencore currently intends to settle all Bonus Share Awards in shares. The associated expense is recorded in the statement of income/loss as part of the expense for performance bonuses. The fair value at grant date is determined as the monthly volume-weighted average share price (VWAP) of Glencore plc prior to the respective award date.

PERFORMANCE SHARE AWARDS

Performance share awards vest in tranches over a specified period, subject to continued employment and forfeiture for malus events. At grant date, each award is equivalent to one ordinary share of Glencore. Awards vest in one, two or three tranches on 31 January or 30 June of the years following the year of grant, as may be the case. The awards may be satisfied, at Glencore's option, in shares by the issue of new ordinary shares, by the transfer of ordinary shares held in treasury or by the transfer of ordinary shares purchased in the market or in cash, with a value equal to the market value of the award at vesting, including distributions paid between award and vesting. Glencore currently intends to settle these awards in shares. The fair value at grant date is determined as the monthly volume-weighted average share price (VWAP) of Glencore plc prior to the respective award date.

NOTES TO THE FINANCIAL STATEMENTS

continued

20. Share-based payments continued

SHARE-BASED AWARDS ASSUMED IN PREVIOUS BUSINESS COMBINATIONS

	Total options outstanding (thousands)	Weighted average exercise price (GBP)
1 January 2022	44,537	3.91
Exercised	(44,537)	4.16
31 December 2022	-	-

All awards were settled in the prior year and none were outstanding as at December 2023. Since the share price leading up to the expiry date of 17 February 2022 was above the exercise price, all options were exercised. Glencore settled these awards by the transfer of ordinary shares held as Trust Shares.

21. Borrowings

US\$ million	Notes	2023	2022
Non-current borrowings			
Capital market notes		18,587	17,229
Amount drawn under revolving credit facilities		1,306	-
Lease liabilities		961	934
Other bank loans		421	688
Total non-current borrowings		21,275	18,851
Current borrowings			
Secured inventory/receivables/other facilities	11/13/14	2,680	3,292
Amount drawn under revolving credit facilities		150	-
US commercial paper		1,044	333
Capital market notes		2,823	2,977
Lease liabilities		547	445
Other bank loans ¹		3,722	2,879
Total current borrowings		10,966	9,926
Total borrowings		32,241	28,777

¹ Comprises various uncommitted bilateral bank credit facilities and other financings.

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Liabilities arising from financing activities are those for which cash flows are classified in the Group's consolidated cash flow statement as cash flows from financing activities. The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

NOTES TO THE FINANCIAL STATEMENTS

continued

21. Borrowings continued

2023

US\$ million	Borrowings excluding lease liabilities	Lease liabilities	Total borrowings	Cross currency and interest rate swaps and net margins ¹	Total liabilities arising from financing activities
1 January 2023	27,398	1,379	28,777	(154)	28,623
Cash related movements²					
Proceeds from issuance of capital market notes	3,474	–	3,474	–	3,474
Repayment of capital market notes	(2,996)	–	(2,996)	(163)	(3,159)
Proceeds from revolving credit facilities	1,289	–	1,289	–	1,289
Repayment of other non-current borrowings	(314)	–	(314)	–	(314)
Repayment of lease liabilities	–	(616)	(616)	–	(616)
Margin receipts from financing related hedging activities	–	–	–	897	897
Proceeds from US commercial papers	711	–	711	–	711
Proceeds from current borrowings	430	–	430	–	430
	2,594	(616)	1,978	734	2,712
Non-cash related movements					
Borrowings acquired in business combinations ³	6	9	15	–	15
Fair value adjustment to fair value hedged borrowings	410	–	410	–	410
Fair value movement of hedging derivatives	–	–	–	(525)	(525)
Foreign exchange movements	248	(1)	247	–	247
Change in lease liabilities	–	737	737	–	737
Interest on convertible bonds	22	–	22	–	22
Other movements	55	–	55	–	55
	741	745	1,486	(525)	961
31 December 2023	30,733	1,508	32,241	55	32,296

2022

US\$ million	Borrowings excluding lease liabilities	Lease liabilities	Total borrowings	Cross currency and interest rate swaps and net margins ¹	Total liabilities arising from financing activities
1 January 2022	33,023	1,618	34,641	23	34,664
Cash related movements²					
Repayment of capital market notes	(2,850)	–	(2,850)	–	(2,850)
Repurchase of capital market notes	(103)	–	(103)	–	(103)
Repayment of revolving credit facilities	(2,563)	–	(2,563)	–	(2,563)
Proceeds from other non-current borrowings	430	–	430	–	430
Repayment of other non-current borrowings	(73)	–	(73)	–	(73)
Repayment of lease liabilities	–	(577)	(577)	–	(577)
Margin payments for financing related hedging activities	–	–	–	(1,824)	(1,824)
Proceeds from US commercial papers	(1,407)	–	(1,407)	–	(1,407)
Repayment of current borrowings	3,306	–	3,306	–	3,306
	(3,260)	(577)	(3,837)	(1,824)	(5,661)
Non-cash related movements					
Borrowings acquired in business combinations ³	52	30	82	–	82
Borrowings reclassified to held for sale ⁴	(762)	(38)	(800)	–	(800)
Borrowings derecognised on disposal of subsidiaries ³	–	(2)	(2)	–	(2)
Fair value adjustment to fair value hedged borrowings	(1,250)	–	(1,250)	–	(1,250)
Fair value movement of hedging derivatives	–	–	–	1,647	1,647
Foreign exchange movements	(436)	(41)	(477)	–	(477)
Change in lease liabilities	–	389	389	–	389
Interest on convertible bonds	21	–	21	–	21
Other movements	10	–	10	–	10
	(2,365)	338	(2,027)	1,647	(380)
31 December 2022	27,398	1,379	28,777	(154)	28,623

1 The currency and interest rate swaps are reported on the balance sheet within the headings 'Other financial assets' and 'Other financial liabilities' (see note 27) and margin calls paid/received within accounts receivable/payable (see notes 14 and 25).

2 See consolidated statement of cash flows.

3 See note 26.

4 See note 16.

NOTES TO THE FINANCIAL STATEMENTS

continued

21. Borrowings continued

CAPITAL MARKET NOTES

US\$ million	Maturity	2023	2022
Euro 600 million 0.625% coupon bonds	Sep 2024	–	644
Euro 750 million 1.75% coupon bonds	Mar 2025	799	749
Euro 500 million 3.75% coupon bonds	Apr 2026	534	499
Euro 500 million 1.50% coupon bonds	Oct 2026	512	470
Euro 950 million 1.125% coupon bonds	Mar 2028	1,050	1,014
Euro 600 million 0.75% coupon bonds	Mar 2029	570	510
Euro 500 million 1.25% coupon bonds	Mar 2033	421	367
Eurobonds		3,886	4,253
GBP 500 million 3.125% coupon bonds	Mar 2026	596	541
Sterling bonds		596	541
CHF 175 million 1.25% coupon bonds	Oct 2024	–	184
CHF 250 million 0.35% coupon bonds	Sep 2025	297	270
CHF 225 million 1.00% coupon bonds	Mar 2027	268	244
CHF 150 million 0.51% coupon bonds	Sep 2028	167	142
Swiss Franc bonds		732	840
US\$ 974 million 4.125% coupon bonds	Mar 2024	–	972
US\$ 990 million 4.625% coupon bonds	Apr 2024	–	960
US\$ 625 million non-dilutive convertible bonds	Mar 2025	596	574
US\$ 500 million 4.00% coupon bonds	Apr 2025	481	470
US\$ 1,000 million 1.625% coupon bonds	Sep 2025	997	995
US\$ 600 million 1.625% coupon bonds	Apr 2026	554	503
US\$ 1,000 million 4.00% coupon bonds	Mar 2027	945	926
US\$ 50 million 4.00% coupon bonds	Mar 2027	50	50
US\$ 500 million 3.875% coupon bonds	Oct 2027	470	460
US\$ 500 million 5.40% coupon bonds	May 2028	492	–
US\$ 750 million 6.125% coupon bonds	Oct 2028	773	–
US\$ 750 million 4.875% coupon bonds	Mar 2029	709	697
US\$ 1,000 million 2.50% coupon bonds	Sep 2030	994	993
US\$ 750 million 6.375% coupon bonds	Oct 2030	781	–
US\$ 600 million 2.85% coupon bonds	Apr 2031	514	535
US\$ 750 million 2.625% coupon bonds	Sep 2031	638	621
US\$ 500 million 5.70% coupon bonds	May 2033	485	–
US\$ 1,000 million 6.50% coupon bonds	Oct 2033	1,059	–
US\$ 250 million 6.20% coupon bonds	Jun 2035	267	269
US\$ 500 million 6.90% coupon bonds	Nov 2037	575	580
US\$ 497 million 6.00% coupon bonds	Nov 2041	533	535
US\$ 468 million 5.30% coupon bonds	Oct 2042	473	473
US\$ 500 million 3.875% coupon bonds	Apr 2051	496	496
US\$ 500 million 3.375% coupon bonds	Sep 2051	491	486
US\$ bonds		13,373	11,595
Total non-current bonds		18,587	17,229
Euro 1,000 million 1.875% coupon bonds	Sep 2023	–	1,070
Euro 400 million 3.70% coupon bonds	Oct 2023	–	422
Euro 600 million 0.625% coupon bonds	Sep 2024	663	–
CHF 175 million 1.25% coupon bonds	Oct 2024	205	–
US\$ 1,500 million 4.125% coupon bonds	May 2023	–	1,485
US\$ 974 million 4.125% coupon bonds	Mar 2024	974	–
US\$ 990 million 4.625% coupon bonds	Apr 2024	981	–
Total current bonds		2,823	2,977

NOTES TO THE FINANCIAL STATEMENTS

continued

21. Borrowings continued

2023 BOND ACTIVITIES

- In May 2023, issued:
 - 5 year \$500 million, 5.40% coupon bond
 - 10 year \$500 million, 5.70% coupon bond
- In October 2023, issued:
 - 5 year \$750 million, 6.125% coupon bond
 - 7 year \$750 million, 6.375% coupon bond
 - 10 year \$1,000 million, 6.50% coupon bond

2022 BOND ACTIVITIES

There were no bond activities during the year.

COMMITTED REVOLVING CREDIT FACILITIES

In April 2023 (effective May 2023), Glencore refinanced its core syndicated revolving credit facilities.

As at 31 December 2023, the facilities comprise:

- a \$9,060 million one year revolving credit facility with a one-year borrower's term-out option (to May 2025); and
- a \$3,900 million medium-term revolving credit facility (to May 2028).

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.

SECURED FACILITIES

US\$ million	Maturity ¹	Interest	2023	2022
Syndicated committed metals inventory/receivables facilities - US\$ ²	Nov 2024	3.2%	84	81
Syndicated uncommitted metals inventory/receivables facilities - non-US\$ ²	Sep 2024	19.0%	61	20
Syndicated uncommitted metals and oil inventory/receivables facilities ²	Oct 2024	SOFR + 65 bps	712	610
Other secured facilities ^{2,3}	Jan 2024 & Dec 2024	6.0%	1,823	2,661
Total			2,680	3,372
Current			2,680	3,292
Non-current			–	80

1 Uncommitted facilities are re-drawn several times until actual expiry of the facility contract.

2 Comprises various facilities. The maturity and interest detail represent the weighted average of the various debt balances outstanding at year end.

3 Inventory and equity related. The interest rate represents the weighted average of the various debt balances outstanding at year end. The weighted average maturity is January 2024 for inventory related facilities and December 2024 for equity related facilities. Since year end, in the ordinary course of business, these maturities have been rolled/extended.

NOTES TO THE FINANCIAL STATEMENTS

continued

22. Deferred income

US\$ million	Notes	Unfavourable contracts	Prepayments ¹	Prepayments at FVTPL ² (see note 28)	Total
1 January 2023		265	1,149	1,193	2,607
Additions		–	113	822	935
Accretion in the year		–	89	–	89
Revenue recognised in the year		(64)	(145)	(1,130)	(1,339)
Acquired in business combination	26	–	39	–	39
Effect of foreign currency exchange difference		(4)	8	–	4
Mark-to-market		–	–	3	3
31 December 2023		197	1,253	888	2,338
Current		73	193	778	1,044
Non-current		124	1,060	110	1,294
1 January 2022		336	1,157	2,168	3,661
Additions		–	41	521	562
Accretion in the year		–	97	–	97
Revenue recognised in the year		(66)	(133)	(1,500)	(1,699)
Reclassification to held for sale	16	–	(6)	–	(6)
Effect of foreign currency exchange difference		(5)	(7)	4	(8)
31 December 2022		265	1,149	1,193	2,607
Current		72	89	899	1,060
Non-current		193	1,060	294	1,547

1 \$1,193 million of prepayments that are accounted for as financial instruments were reclassified from their prior period presentation within 'Prepayments' to 'Prepayments at FVTPL'.

2 FVTPL – Fair value through profit and loss.

UNFAVOURABLE CONTRACTS

In several business combinations, Glencore recognised liabilities related to various assumed contractual agreements to deliver tonnes of coal over various periods ending until 2032 at fixed prices lower than the prevailing market prices on the respective acquisition dates.

These amounts are released to revenue as the underlying commodities are delivered to the buyers over the life of the contracts at rates consistent with the extrapolated forward price curves at the time of the acquisitions.

PREPAYMENTS

Prepayments comprise various short- to long-term product supply agreements whereby an upfront prepayment is received in exchange for the future delivery of a specific product, such as gold, silver or cobalt. The arrangements are accounted for as executory contracts whereby the advance payment is recorded as deferred revenue. Revenue is recognised in the consolidated statement of income as specific products are delivered, at the implied forward price curve at the time of transaction execution together with an accretion expense, representing the time value of the prepayment received.

Prepayments include various long-term streaming agreements for the future delivery of gold and/or silver produced over the life of mine from our Antamina and Antapaccay operations. In addition to the upfront payments received, Glencore receives ongoing amounts equal to 20% of the spot silver or gold price, as the case may be. Once certain delivery thresholds have been met at Antapaccay, the ongoing cash payment increases to 30% of the spot gold price. As at 31 December 2023, \$990 million (2022: \$1,025 million) of product delivery obligations remain, of which \$30 million (2022: \$42 million) are due within 12 months.

PREPAYMENTS AT FVTPL

Prepayments at FVTPL comprise various short- to long-term product supply agreements accounted for as financial instruments, whereby an upfront prepayment is received in exchange for the future delivery of a specific product or financial asset which is not separable from the contract to sell the commodities. Revenue is recognised in the consolidated statement of income as specific products are delivered or the financial obligation is settled.

NOTES TO THE FINANCIAL STATEMENTS

continued

23. Provisions

US\$ million	Notes	Rehabilitation costs	Onerous contracts	Legal investigations	Other provisions	Total
1 January 2023		6,963	530	484	611	8,588
Utilised		(366)	(157)	(484)	(92)	(1,099)
Released		(20)	(100)	–	(29)	(149)
Accretion		122	35	–	8	165
Assumed in business combination	26	213	–	–	46	259
Disposal of subsidiaries	26	(33)	–	–	–	(33)
Additions		1,350	12	–	153	1,515
Effect of foreign currency exchange movements		(49)	–	–	16	(33)
31 December 2023		8,180	320	–	713	9,213
Current		680	153	–	275	1,108
Non-current		7,500	167	–	438	8,105
1 January 2022		5,731	455	1,500	524	8,210
Utilised		(238)	(143)	(883)	(152)	(1,416)
Released		(30)	(71)	(133)	(30)	(264)
Accretion		155	26	–	10	191
Assumed in business combination	26	998	–	–	73	1,071
Disposal of subsidiaries	26	(158)	–	–	(9)	(167)
Additions		840	265	–	285	1,390
Reclassification to held for sale	16	(290)	–	–	(83)	(373)
Effect of foreign currency exchange movements		(45)	(2)	–	(7)	(54)
31 December 2022		6,963	530	484	611	8,588
Current		531	185	484	225	1,425
Non-current		6,432	345	–	386	7,163

REHABILITATION COSTS

Rehabilitation provision represents the accrued costs required to provide adequate restoration and rehabilitation upon the completion of production activities. These amounts will be settled when rehabilitation is undertaken, generally at the end of a project's life, which ranges from two to in excess of 50 years with an average for all sites, weighted by closure provision, of some 18 years (2022: 19 years). Discount rates were determined for each relevant jurisdiction by reference to the average annual real-terms return on a relevant government security with a tenor of 20 years.

As at 31 December 2023, the discount rate applied in calculating the restoration and rehabilitation provision is a pre-tax risk free rate specific to the liability and the currency in which they are denominated as follows: US dollar 1.85% (2022: 1.25%), South African rand 7.3% (2022: 3.75%), Australian dollar 1.38% (2022: 2.0%), Canadian dollar 1.34% (2022: 1.25%), and Chilean peso 2.42% (2022: 2.5%). The impact of changes in the discount rate on the value of the provision in the period was \$161 million.

The sensitivity of the rehabilitation costs provision to changes in the discount rate assumptions as at 31 December 2023, assuming that all other assumptions are held constant, is set out below:

US\$ million	Discount rate	
	Increase 1%	Decrease 1%
Decrease/(increase) in overall rehabilitation provision	936	(1,224)
(Decrease)/increase in property, plant and equipment	(769)	998
Net increase/(decrease) in statement of income	167	(226)
Effect in the following year		
Decrease/(increase) in depreciation expense	40	(53)
(Increase)/decrease in interest expense	(26)	40
Net increase/(decrease) in statement of income	14	(13)

ONEROUS CONTRACTS

Onerous contracts represent liabilities related to contractual take or pay commitments for securing coal logistics capacity over various periods ending until 2048 at fixed prices and quantities higher than the acquisition date forecasted usage and prevailing market price. The provision is released to costs of goods sold as the underlying commitments are incurred.

NOTES TO THE FINANCIAL STATEMENTS

continued

23. Provisions continued

INVESTIGATIONS BY REGULATORY AND ENFORCEMENT AUTHORITIES

On 24 May 2022, the Group announced that it had resolved the previously disclosed investigations by authorities in the United States, the United Kingdom and Brazil.

The Group remains subject to the following ongoing investigations:

- The Office of the Attorney General of Switzerland ('OAG') is investigating Glencore International AG for failure to have the organisational measures in place to prevent alleged corruption.
- The Dutch authorities are conducting a criminal investigation into Glencore International AG related to potential corruption pertaining to the DRC. The scope of the investigation is similar to that of the OAG investigation. The Dutch authorities are coordinating their investigation with the OAG and the Group expects any possible resolution to avoid duplicative penalties for the same conduct.

The timing and outcome of the OAG and Dutch investigations remains uncertain – see note 32.

OTHER PROVISIONS

Other comprises provisions for possible demurrage, mine concession and construction-related claims, a royalty indemnification related to the disposal of the Ernest Henry operations (see note 26) and various other individually immaterial legal matters. This balance comprises no individually material provisions.

NOTES TO THE FINANCIAL STATEMENTS

continued

24. Personnel costs and employee benefits

US\$ million	Notes	Post-retirement employee benefits	Other employee entitlements	Total
1 January 2023		488	189	677
Utilised		(78)	(6)	(84)
Released		(1)	(4)	(5)
Accretion		21	–	21
Additions		96	71	167
Actuarial loss		14	–	14
Effect of foreign currency exchange movements		11	(1)	10
31 December 2023		551	249	800
1 January 2022		782	157	939
Utilised		(82)	(37)	(119)
Released		(1)	(1)	(2)
Accretion		19	–	19
Additions		97	79	176
Actuarial gain		(298)	–	(298)
Reclassification to held for sale	16	–	(1)	(1)
Effect of foreign currency exchange movements		(29)	(8)	(37)
31 December 2022		488	189	677

The provision for post-retirement employee benefits includes pension plan liabilities of \$220 million (2022: \$178 million) and post-retirement medical plan liabilities of \$331 million (2022: \$310 million).

The other employee entitlements provision represents the value of employee entitlements due to employees upon their termination of employment. The associated expenditure will occur in a pattern consistent with when employees choose to exercise their entitlements.

Total personnel costs, which include salaries, wages, social security, other personnel costs and share-based payments, incurred for the years ended 31 December 2023 and 2022, were \$5,969 million and \$6,319 million, respectively. Personnel costs related to consolidated industrial subsidiaries of \$4,478 million (2022: \$4,284 million) are included in cost of goods sold. Other personnel costs, including deferred bonus and performance share plans, are included in selling and administrative expenses.

The Company and certain subsidiaries sponsor various pension schemes in accordance with local regulations and practices. Eligibility for participation in the various plans is either based on completion of a specified period of continuous service, or date of hire. Among these schemes are defined contribution plans as well as defined benefit plans.

DEFINED CONTRIBUTION PLANS

Glencore's contributions under these plans amounted to \$176 million in 2023 (2022: \$171 million).

POST-RETIREMENT MEDICAL PLANS

The Company participates in a number of post-retirement medical plans in Canada, USA and South Africa, which provide coverage for prescription drugs, medical, dental, hospital and life insurance to eligible retirees. Almost all of the post-retirement medical plans in the Group are unfunded.

NOTES TO THE FINANCIAL STATEMENTS

continued

24. Personnel costs and employee benefits continued

DEFINED BENEFIT PENSION PLANS

The Company operates defined benefit plans in various countries, the main locations being Canada, Switzerland, UK and the US. Approximately 61% of the present value of the pension obligations accrued relates to the defined benefit plans in Canada, which are pension plans that provide benefits to members in the form of a guaranteed level of pension payable for life. Contributions to the Canadian plans are made to meet or exceed minimum funding requirements based on provincial statutory requirements and associated federal taxation rules.

The majority of benefit payments are from trustee-administered funds; however, there are also a number of unfunded plans where Glencore meets the benefit payments as they fall due. Plan assets held in trusts are governed by local regulations and practices in each country. Responsibility for governance of the plans – overseeing all aspects of the plans including investment decisions and contribution schedules – lies with Glencore. Glencore has set up committees to assist in the management of the plans and has also appointed experienced, independent professional experts such as investment managers, actuaries, custodians, and trustees.

The movement in the defined benefit pension and post-retirement medical plans over the year is as follows:

US\$ million	Notes	Defined benefit pension plans			
		Post-retirement medical plans	Present value of defined benefit obligation	Fair value of plan assets	Net liability for defined benefit pension plans
1 January 2023		310	1,912	(1,882)	30
Current service cost		4	41	–	41
Past service cost – plan amendments		–	9	–	9
Interest expense/(income)		18	91	(88)	3
Total expense recognised in consolidated statement of income		22	141	(88)	53
Gain on plan assets, excluding amounts included in interest expense – net		–	–	(107)	(107)
Gain from change in demographic assumptions		(9)	(3)	–	(3)
Loss from change in financial assumptions		19	99	–	99
Loss from actuarial experience		3	12	–	12
Actuarial losses/(gains) recognised in consolidated statement of comprehensive income		13	108	(107)	1
Employer contributions		–	–	(60)	(60)
Employee contributions		–	4	(4)	–
Benefits paid directly by the Company		(18)	(8)	8	–
Benefits paid from plan assets		–	(110)	110	–
Net cash (outflow)/inflow		(18)	(114)	54	(60)
Exchange differences		4	72	(65)	7
31 December 2023		331	2,119	(2,088)	31
Of which:					
Pension surpluses	12	–			(189)
Pension deficits		331			220

The actual return on plan assets in respect of defined benefit pension plans amounted to a gain of \$260 million (2022: loss of \$456 million), comprising interest income and the re-measurement of plan assets, including exchange differences.

During the next financial year, the Group expects to make a contribution of \$97 million in respect of the defined benefit pension and post-retirement medical plans across all countries, including current service costs and contributions required by pension legislation. Contributions over the next five years for the Canadian plans only, based on the most recently filed actuarial reports, approximate \$113 million. Future funding requirements and contributions are reviewed and adjusted on an annual basis.

NOTES TO THE FINANCIAL STATEMENTS

continued

24. Personnel costs and employee benefits continued

US\$ million	Notes	Defined benefit pension plans			
		Post-retirement medical plans	Present value of defined benefit obligation	Fair value of plan assets	Net liability for defined benefit pension plans
1 January 2022		430	2,760	(2,533)	227
Current service cost		8	52	–	52
Past service cost – plan amendments		1	3	–	3
Settlement of pension plan disposal		–	(115)	121	6
Interest expense/(income)		17	67	(65)	2
Total expense/(income) recognised in consolidated statement of income		26	7	56	63
Loss on plan assets, excluding amounts included in interest expense – net		–	–	383	383
Gain from change in demographic assumptions		(7)	(26)	–	(26)
Gain from change in financial assumptions		(91)	(576)	–	(576)
(Gain)/loss from actuarial experience		(6)	25	–	25
Actuarial (gains)/losses recognised in consolidated statement of comprehensive income		(104)	(577)	383	(194)
Employer contributions		–	–	(64)	(64)
Benefits paid directly by the Company		(18)	(8)	8	–
Benefits paid from plan assets		–	(130)	130	–
Net cash (outflow)/inflow		(18)	(138)	74	(64)
Exchange differences		(24)	(140)	138	(2)
31 December 2022		310	1,912	(1,882)	30
Of which:					
Pension surpluses	12	–			(148)
Pension deficits		310			178

The defined benefit obligation accrued in Canada represents the majority for the Company. The breakdown below provides details of the Canadian plans for both the statement of financial position and the weighted average duration of the defined benefit obligation as at 31 December 2023 and 2022. The net liability of any of the Group's defined benefit plans outside of Canada as at 31 December 2023 does not exceed \$74 million (2022: \$34 million).

NOTES TO THE FINANCIAL STATEMENTS

continued

24. Personnel costs and employee benefits continued

2023

US\$ million	Canada	Other	Total
Post-retirement medical plans			
Present value of defined benefit obligation	287	44	331
of which: amounts owing to active members	87	7	94
of which: amounts owing to pensioners	200	37	237
Defined benefit pension plans			
Present value of defined benefit obligation	1,292	827	2,119
of which: amounts owing to active members	290	449	739
of which: amounts owing to non-active members	15	104	119
of which: amounts owing to pensioners	987	274	1,261
Fair value of plan assets	(1,398)	(690)	(2,088)
Net defined benefit (asset)/liability at 31 December 2023	(106)	137	31
Of which:			
Pension surpluses	(159)	(30)	(189)
Pension deficits	53	167	220
Weighted average duration of defined benefit obligation – years	11	11	11

2022

US\$ million	Canada	Other	Total
Post-retirement medical plans			
Present value of defined benefit obligation	264	46	310
of which: amounts owing to active members	74	8	82
of which: amounts owing to pensioners	190	38	228
Defined benefit pension plans			
Present value of defined benefit obligation	1,203	709	1,912
of which: amounts owing to active members	261	364	625
of which: amounts owing to non-active members	14	91	105
of which: amounts owing to pensioners	928	254	1,182
Fair value of plan assets	(1,277)	(605)	(1,882)
Net defined benefit (asset)/liability at 31 December 2022	(74)	104	30
Of which:			
Pension surpluses	(126)	(22)	(148)
Pension deficits	52	126	178
Weighted average duration of defined benefit obligation – years	10	12	11

Estimated future benefit payments of the Canadian plans, which reflect expected future services but exclude plan expenses, up until 2033 are as follows:

US\$ million	Post-retirement medical plans	Defined benefit pension plans	Total
2024	18	86	104
2025	19	86	105
2026	18	85	103
2027	18	85	103
2028	18	85	103
2029-2033	87	406	493
Total	178	833	1,011

NOTES TO THE FINANCIAL STATEMENTS

continued

24. Personnel costs and employee benefits continued

The plan assets consist of the following:

	2023			2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Cash and short-term investments	10	–	–	37	–	–
Fixed income	779	–	–	569	182	–
Equities	533	–	–	567	–	–
Real estate	–	–	213	–	–	198
Other	402	–	151	329	–	–
Total	1,724	–	364	1,502	182	198

The fair value of plan assets includes none of Glencore's own financial instruments and no property occupied by or other assets used by Glencore. For many of the plans, representing a large portion of the global plan assets, asset-liability matching strategies are in place, where the fixed-income assets are invested broadly in alignment with the duration of the plan liabilities, and the proportion allocated to fixed-income assets is raised when the plan funding level increases. The asset mix for each plan reflects the nature, expected changes in, and size of the liabilities and the assessment of long-term economic conditions, market risk, expected investment returns as considered during a formal asset mix study, including sensitivity analysis and/or scenario analysis, conducted periodically for the plans.

Through its defined benefit plans, Glencore is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility: The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The funded plans hold a significant proportion of equities, which are expected to outperform bonds in the long term while contributing volatility and risk in the short term. Glencore believes that due to the long-term nature of the plan liabilities, a level of continuing equity investment is an appropriate element of Glencore's long-term strategy to manage the plans efficiently.

Change in bond yields: A decrease in bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risk: Some of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities, although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation.

Life expectancy: The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liability.

Salary increases: Some of the plans' benefit obligations related to active members are linked to their salaries. Higher salary increases will therefore tend to lead to higher plan liabilities.

The principal weighted-average actuarial assumptions used were as follows:

	Post-retirement medical plans		Defined benefit pension plans	
	2023	2022	2023	2022
Discount rate	5.7%	6.2%	4.3%	4.9%
Future salary increases	–	–	2.6%	2.7%
Future pension increases	–	–	0.4%	0.4%
Ultimate medical cost trend rate	4.6%	3.5%	–	–

Mortality assumptions are based on the latest available standard mortality tables for the individual countries concerned. As at 31 December 2023, these tables imply expected future life expectancy, for employees aged 65, 16 to 24 years for males (2022: 16 to 24) and 20 to 25 years for females (2022: 20 to 25). The assumptions for each country are reviewed regularly and are adjusted where necessary to reflect changes in fund experience and actuarial recommendations.

NOTES TO THE FINANCIAL STATEMENTS

continued

24. Personnel costs and employee benefits continued

The sensitivity of the defined benefit obligation to changes in principal assumptions as at 31 December 2023 is set out below, assuming that all other assumptions are held constant and the effect of interrelationships is excluded.

US\$ million	Increase/(decrease) in pension obligation		Total
	Post-retirement medical plans	Defined benefit pension plans	
Discount rate			
Increase by 100 basis points	(35)	(197)	(232)
Decrease by 100 basis points	44	226	270
Rate of future salary increase			
Increase by 100 basis points	–	29	29
Decrease by 100 basis points	–	(28)	(28)
Rate of future pension benefit increase			
Increase by 100 basis points	–	22	22
Decrease by 100 basis points	–	(18)	(18)
Medical cost trend rate			
Increase by 100 basis points	35	–	35
Decrease by 100 basis points	(29)	–	(29)
Life expectancy			
Increase in longevity by one year	10	44	54

25. Accounts payable

US\$ million	Notes	2023	2022
Financial liabilities at amortised cost			
Trade payables ¹		4,669	6,865
Margin calls received and other broker balances		597	112
Associated companies		992	903
Other payables and accrued liabilities		754	644
		7,012	8,524
Financial liabilities at fair value through profit and loss			
Trade payables containing provisional pricing features ¹	28	20,423	18,258
Other payables ²	28	24	484
		20,447	18,742
Non-financial liabilities			
Advances settled in product ²		–	294
Other payables and accrued liabilities ³		1,322	1,839
Other tax and related payables		508	327
		1,830	2,460
Total		29,289	29,726

1 Certain amounts were reclassified from their prior period presentation within 'Trade payables' to 'Trade payables containing provisional pricing features' (\$4,179 million) to conform with current year presentation.

2 \$382 million related to other payables accounted for as financial instruments were reclassified from their prior period presentation within 'Non-financial liabilities' to 'Financial liabilities at fair value through profit and loss'.

3 Primarily comprised of employee benefits accruals.

Trade payables are obligations to pay for goods and services. Trade payables typically have maturities up to 90 days depending on the type of material and the geographic area in which the purchase transaction occurs and the agreed terms. The carrying value of trade payables approximates fair value.

NOTES TO THE FINANCIAL STATEMENTS

continued

26. Acquisition and disposal of subsidiaries and other entities

2023 ACQUISITIONS

In 2023, Glencore acquired the remaining 75% interest in Noranda Income Fund and the remaining 56.25% interest in the MARA copper project that it did not already own. The fair values are provisional pending final valuations expected to be finalised within 12 months of the acquisitions. It is expected that adjustments could be made to the allocation of value between acquired plant and equipment, inventories, deferred taxes and provisions.

The net cash used in the acquisition of subsidiaries and the provisional fair value of assets acquired and liabilities assumed on the acquisition date are detailed below:

US\$ million	Noranda Income Fund	MARA	Other	Total
Non-current assets				
Property, plant and equipment	64	1,461	1	1,526
Intangible assets	–	–	7	7
Advances and loans	–	8	–	8
Deferred tax assets	33	–	–	33
	97	1,469	8	1,574
Current assets				
Inventories	213	2	–	215
Accounts receivable ¹	14	16	–	30
Other financial assets	23	–	–	23
Cash and cash equivalents	5	187	1	193
	255	205	1	461
Non-current liabilities				
Non-current borrowings	–	(8)	–	(8)
Non-current deferred income	(34)	–	–	(34)
Deferred tax liabilities	–	(436)	(2)	(438)
Non-current provisions	(18)	(204)	–	(222)
	(52)	(648)	(2)	(702)
Current liabilities				
Borrowings	(6)	(1)	–	(7)
Accounts payable	(66)	(77)	–	(143)
Deferred income	(5)	–	–	(5)
Provisions	(1)	(35)	(1)	(37)
	(78)	(113)	(1)	(192)
Total fair value of net assets acquired	222	913	6	1,141
Consideration paid	(204)	(477)	(6)	(687)
Contingent consideration	–	(37)	–	(37)
Amounts previously recognised as investments	–	(175)	–	(175)
Gain on revaluation of previously recognised investments	18	224	–	242
Cash and cash equivalents paid	(204)	(477)	(6)	(687)
Cash and cash equivalents acquired	5	187	1	193
Net cash used in acquisition of subsidiaries	(199)	(290)	(5)	(494)

¹ There is no material difference between the gross contractual amounts for accounts receivable and their fair value.

26. Acquisition and disposal of subsidiaries and other entities continued**Noranda Income Fund**

In March 2023, Glencore completed the acquisition of the remaining 75% interest in Noranda Income Fund, which in turn owns 100% of Canadian Electrolytic Zinc Ltd, an electrolytic zinc processing facility and ancillary assets located in Salaberry-de-Valleyfield, Quebec, that it did not previously own for \$54 million and settled outstanding debt of \$150 million. As Glencore holds 100% of the voting shares, providing it the ability to control the key strategic, operating and capital decisions of the business, it is required to account for the acquisition using the full consolidation method in accordance with IFRS 10.

Prior to the acquisition, Glencore owned a 25% interest in Noranda Income Fund which was accounted for as an associate. In accordance with IFRS 3 *Business Combinations*, the equity interest is required to be revalued, at the date of acquisition, to its fair value with any resulting gain or loss recognised in the statement of income. On the date of acquisition, the fair value of 100% of the net assets acquired was determined to be \$222 million and as a result, a gain of \$18 million was recognised on the revaluation of the original 25% equity interest.

If the acquisition had taken place effective 1 January 2023, the operation would have contributed additional revenue of \$207 million and additional attributable profit after tax of \$3 million. From the date of acquisition, the operation contributed \$531 million of revenue and \$15 million of attributable losses after tax for the period ended 31 December 2023.

MARA Project

In September 2023, Glencore completed the acquisition of the remaining 56.25% interest in the MARA project, a copper and gold brownfield project located in the Caramarca province, Argentina, that it did not previously own for \$477 million of cash on closing and a Net Smelter Return (NSR) copper royalty of 0.75%. As Glencore holds 100% of the voting shares, providing it the ability to control the key strategic, operating and capital decisions of the business, it is required to account for the acquisition using the full consolidation method in accordance with IFRS 10.

Prior to the acquisition, Glencore owned a 43.75% interest in the MARA project which was accounted for as an associate. In accordance with IFRS 3 *Business Combinations*, the equity interest is required to be revalued, at the date of acquisition, to its fair value with any resulting gain or loss recognised in the statement of income. On the date of acquisition, the fair value of 100% of the net assets acquired was determined to be \$913 million and as a result, a gain of \$224 million was recognised on the revaluation of the original 43.75% equity interest.

If the acquisition had taken place effective 1 January 2023, the operation would have contributed additional revenue of \$Nil and additional attributable losses after tax of \$5 million. From the date of acquisition, the operation contributed \$Nil of revenue and \$13 million of attributable losses after tax for the period ended 31 December 2023.

NOTES TO THE FINANCIAL STATEMENTS

continued

26. Acquisition and disposal of subsidiaries and other entities continued

2022 ACQUISITIONS

In 2022, Glencore acquired the remaining 66.67% interest in Cerrejón that it did not already own, and various other businesses, none of which are individually material. The acquisition accounting for Cerrejón has now been finalised, with no adjustments to the previously reported provisional fair values.

The net cash acquired/(used) in the acquisition of subsidiaries and the fair value of assets acquired and liabilities assumed on the acquisition date are detailed below:

US\$ million	Cerrejón	Other	Total
Non-current assets			
Property, plant and equipment	2,470	333	2,803
	2,470	333	2,803
Current assets			
Inventories	315	51	366
Accounts receivable ¹	312	13	325
Cash and cash equivalents	511	5	516
	1,138	69	1,207
Non-current liabilities			
Non-current borrowings	(13)	–	(13)
Deferred tax liabilities	(278)	(50)	(328)
Provisions	(1,033)	(8)	(1,041)
	(1,324)	(58)	(1,382)
Current liabilities			
Borrowings	(17)	(52)	(69)
Accounts payable	(232)	(70)	(302)
Provisions	(30)	–	(30)
Income tax payable	(309)	–	(309)
	(588)	(122)	(710)
Total fair value of net assets acquired	1,696	222	1,918
Less: cash and cash equivalents acquired	(100)	(95)	(195)
Less: amounts previously recognised as investments	(567)	(31)	(598)
Gain on bargain purchase of subsidiaries	1,029	96	1,125
Cash and cash equivalents paid	(100)	(95)	(195)
Cash and cash equivalents acquired	511	5	516
Net cash acquired/(used) in acquisition of subsidiaries	411	(90)	321

¹ There is no material difference between the gross contractual amounts for accounts receivable and their fair value.

Cerrejón

On 11 January 2022, Glencore completed the acquisition of the remaining 66.67% interest in Cerrejón, a coal mine in Colombia, that it did not own. The purchase price consideration of \$588 million was based on an economic effective date of 31 December 2020. After taking into account the dividends generated during 2021, together with certain other adjustments, the completion cash payment made by Glencore amounted to \$100 million. As Glencore holds 100% of the voting shares, providing it the ability to control the key strategic, operating and capital decisions of the business, it is required to account for Cerrejón using the full consolidation method in accordance with IFRS 10.

Prior to the acquisition, Glencore owned a 33.33% interest in Cerrejón which was accounted for as an associate. In accordance with IFRS 3 *Business Combinations*, the equity interest is required to be revalued, at the date of acquisition, to its fair value with any resulting gain or loss recognised in the statement of income. On the date of acquisition, the fair value of 100% of the net assets acquired was determined to be \$1,696 million, a value broadly consistent with the carrying value of the initial 33.33% equity interest and as a result, no gain or loss was recognised on the revaluation of the original equity interest.

The valuation was determined using a bottom-up approach to identify the fair value of the specific assets and liabilities within the Cerrejón Group, with the mineral reserves being valued using a discounted cash-flow method that assumes life of mine saleable coal production of 223 million tonnes over the period 2022-2032, at a long-term CIF price of \$67/t, adjusted as appropriate for coal quality, applying a discount rate of 8.56%.

As the assessed fair value of \$1,696 million was in excess of the completion cash payment and the fair value of the previously held investment, a bargain purchase gain on acquisition of \$1,029 million was recognised in the consolidated statement of income. Glencore assessed that all identifiable assets and liabilities had been included in the valuation prior to recognising the gain as noted above. The gain effectively represents the discount that the selling joint venture partners were willing to accept in order to achieve timely execution of their respective decarbonisation strategies. The immediate near-term valuation was also supported by the net \$411 million of unencumbered cash assumed on completion, benefitting from the transaction effective date of 31 December 2020.

From the date of acquisition, the operation contributed \$5,393 million of revenue and \$2,909 million of attributable income (including the bargain purchase gain) for the period ended 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

continued

26. Acquisition and disposal of subsidiaries and other entities continued

Other

From the date of acquisition, the other operations contributed \$223 million of revenue and \$241 million of attributable income (including the bargain purchase gain) for the period ended 31 December 2022.

2023 DISPOSALS

The carrying value of the assets and liabilities over which control was lost and consideration receivable from the 2023 disposals are detailed below:

US\$ million	Cobar ¹	Other	Total
Non-current assets			
Property, plant and equipment	499	44	543
Intangible assets	1	12	13
Advances and loans	–	9	9
	500	65	565
Current assets			
Inventories	25	6	31
Accounts receivable	3	66	69
Income tax receivable	4	–	4
Prepaid expenses	1	1	2
Cash and cash equivalents	–	6	6
	33	79	112
Non-controlling interest	–	20	20
Non-current liabilities			
Deferred tax liabilities	(25)	–	(25)
Non-current provisions	(44)	(32)	(76)
Post-retirement and other employee benefits	(1)	–	(1)
	(70)	(32)	(102)
Current liabilities			
Borrowings	(8)	–	(8)
Accounts payable	(31)	(24)	(55)
Provisions	–	(1)	(1)
	(39)	(25)	(64)
Carrying value of net assets disposed	424	107	531
Cash and cash equivalents received	(749)	(95)	(844)
Items recycled to the statement of income	–	(3)	(3)
Retained interest recognised as investment in associate (MAC)	(100)	–	(100)
Deferred interest bearing consideration	(75)	–	(75)
Contingent future considerations	(64)	–	(64)
NSR royalty	(21)	–	(21)
Net (gain)/loss on disposal	(585)	9	(576)
Cash and cash equivalents received	749	95	844
Less: cash and cash equivalents disposed	–	(6)	(6)
Net cash received in disposal	749	89	838

¹ As at 31 December 2022, total assets and liabilities were presented as current assets and liabilities 'held for sale' (see note 16).

Cobar

In June 2023, Glencore disposed of its 100% interest in the CSA Copper mine, located near Cobar, New South Wales, to Metals Acquisition Corp (MAC). As consideration, Glencore received:

- \$749 million in cash, after closing adjustments;
- \$100 million in shares of MAC (20.7% underlying interest as at June 2023);
- \$75 million deferred interest bearing consideration to be settled within 12 months;
- \$75 million contingent future consideration when daily copper prices average >US\$4.25/lb for 18 continuous months over the life of mine;
- \$75 million contingent future consideration when daily copper prices average >US\$4.50/lb for 24 continuous months over the life of mine; and
- \$21 million, being the current discounted value of a 1.5% life of mine Net Smelter Return (NSR) royalty.

NOTES TO THE FINANCIAL STATEMENTS

continued

26. Acquisition and disposal of subsidiaries and other entities continued

The fair value of the deferred interest bearing consideration was determined to be \$75 million using a discounted cash flow model of the projected amount and timing of receipts, using an asset specific discount rate of 12.5%. The contractual terms of the deferred consideration give rise to cash flows that are not solely payments of principal and interest as the margin between 8 and 12% is dependent on the quarterly copper price and thus is accounted for as a financial asset at fair value through profit and loss.

The combined fair value of the two contingent future consideration amounts was determined to be \$64 million. As the nature of the deferred future consideration is analogous to a financial option, the fair value was determined using a Monte Carlo option pricing methodology which incorporated a copper spot price of \$8,110/mt, a volatility factor of 19.3%, a life of mine period of 8.6 years and a discount rate that ranged between 5.9 and 11.5%.

The fair value of the 1.5% NSR royalty over the life of the mine was determined to be \$21 million, using a discounted cash flow model of the forecast royalty payments, discounted using an asset specific discount rate of 8.5%.

2022 DISPOSALS

The carrying value of the assets and liabilities over which control was lost and consideration receivable from the 2022 disposals are detailed below:

US\$ million	Ernest Henry ¹	Bolivia Zinc ¹	E&P Chad ¹	Access World ¹	Los Quenuales	Other	Total
Non-current assets							
Property, plant and equipment	311	163	247	206	126	121	1,174
Intangible assets	–	2	–	11	–	–	13
Investments in associates	–	–	–	10	–	–	10
Advances and loans	–	43	–	9	2	–	54
Deferred tax assets	16	13	–	4	21	–	54
	327	221	247	240	149	121	1,305
Current assets							
Inventories	16	97	21	–	5	6	145
Accounts receivable	24	90	19	159	9	19	320
Prepaid expenses	–	–	–	12	–	1	13
Cash and cash equivalents	1	17	5	42	7	3	75
	41	204	45	213	21	29	553
Non-controlling interest							
	–	–	–	(2)	(2)	(24)	(28)
Non-current liabilities							
Non-current borrowings	–	(8)	–	(110)	(1)	–	(119)
Deferred income	(138)	–	–	–	–	–	(138)
Deferred tax liabilities	–	(4)	(3)	(1)	–	(3)	(11)
Non-current provisions	(74)	(26)	(86)	(3)	(97)	(59)	(345)
Post-retirement and other employee benefits	(1)	(16)	–	(1)	–	–	(18)
	(213)	(54)	(89)	(115)	(98)	(62)	(631)
Current liabilities							
Borrowings	–	(2)	–	(19)	(1)	–	(22)
Accounts payable	(30)	(139)	(7)	(154)	(23)	(19)	(372)
Provisions	(38)	(44)	–	(3)	(9)	(2)	(96)
Income tax payable	–	(13)	–	(4)	–	–	(17)
	(68)	(198)	(7)	(180)	(33)	(21)	(507)
Carrying value of net assets disposed							
	87	173	196	156	37	43	692
Cash and cash equivalents (received)/paid	(585)	–	(17)	(40)	10	(30)	(662)
Items recycled to the statement of income	–	–	–	22	1	27	50
Reclassified to investment in associate	–	–	–	–	–	(17)	(17)
Royalty indemnification ²	125	–	–	–	–	–	125
Streaming settlement	–	–	–	–	132	–	132
Future consideration	(139)	(69)	(145)	(115)	–	(3)	(471)
Net (gain)/loss on disposal	(512)	104	34	23	180	20	(151)
Cash and cash equivalents received/(paid)	585	–	17	40	(142)	30	530
Less: cash and cash equivalents disposed	(1)	(17)	(5)	(42)	(7)	(3)	(75)
Net cash received/(used) in disposal	584	(17)	12	(2)	(149)	27	455

¹ As at 31 December 2021, total assets and liabilities were presented as current assets and liabilities 'held for sale'.

² See note 23.

NOTES TO THE FINANCIAL STATEMENTS

continued

26. Acquisition and disposal of subsidiaries and other entities continued

Ernest Henry

In January 2022, Glencore disposed of its 70% interest in Ernest Henry Mining Pty Ltd, a copper-gold mine in Queensland, Australia. After closing adjustments, \$585 million was received with \$139 million received in January 2023. The contractual terms of the deferred consideration give rise to cash flows that are solely payments of principal and interest, therefore the receivable is accounted for as financial asset at amortised cost. A \$125 million provision was recognised for the indemnification of future royalty payments under an existing agreement.

Bolivia Zinc

In March 2022, Glencore disposed of its 100% interest in the Bolivian zinc assets (Sinchi Wayra and Illapa), to Santacruz Silver Mining Ltd. After closing adjustments, \$90 million is receivable over a four-year period and a 1.5% NSR royalty over the life of the mines. The fair value of the future consideration was determined to be \$69 million using a discounted cash flow model of the projected amount and timing of receipts, discounted using an asset specific discount rate of 11%. The contractual terms of the deferred consideration give rise to cash flows that are solely payments of principal and interest, therefore the receivable is accounted for as financial asset at amortised cost.

E&P Chad

In June 2022, Glencore disposed of its Chad upstream oil operations to Perenco S.A. for \$197 million, of which \$17 million was due on closing and \$180 million is due through a price and production participation arrangement payable annually. The fair value of the future consideration was determined to be \$145 million using a discounted cash flow model of the projected amount and timing of receipts, discounted using an asset specific discount rate of 13%. The contractual terms of the deferred consideration give rise to cash flows that are solely payments of principal and interest, therefore the receivable is accounted for as financial asset at amortised cost.

Access World

In December 2022, Glencore disposed of its 100% interest in the Access World Group, a global commodities storage and logistics group, for \$180 million. \$40 million was received in December and, after closing adjustments, \$115 million is receivable over 2023. The contractual terms of the deferred consideration give rise to cash flows that are solely payments of principal and interest, therefore the receivable is accounted for as financial asset at amortised cost.

Los Quenuales

In December 2022, Glencore disposed of its 100% interest in Los Quenuales, a zinc-lead-silver mine in Peru, to Alpayana S.A. for \$10 million in cash. Conditional on completion of the transaction, Glencore earlier settled its silver streaming arrangement over one of Los Quenuales' mining properties with Wheaton Precious Metals for a payment of \$132 million.

27. Financial and capital risk management

Financial risks arising in the normal course of business from Glencore's operations comprise market risk (including commodity price risk, interest rate risk and currency risk), credit risk (including performance risk) and liquidity risk. It is Glencore's policy and practice to identify and, where appropriate and practical, actively manage such risks (for management of 'margin' risk within Glencore's extensive and diversified industrial portfolio, refer net present value at risk below) to support its objectives in managing its capital and future financial security and flexibility. Glencore's overall risk management programme focuses on the unpredictability of financial markets and seeks to protect its financial security and flexibility by using derivative financial instruments where possible to substantially hedge these financial risks. Glencore's finance and risk professionals, working in coordination with the commodity departments, monitor, manage and report regularly to senior management and the Board of Directors on the approach and effectiveness in managing financial risks along with the financial exposures facing the Group.

Glencore's objectives in managing its 'capital attributable to equity holders' include preserving its overall financial health and strength for the benefit of all stakeholders, maintaining an optimal capital structure in order to provide a high degree of financial flexibility at an attractive cost of capital and safeguarding its ability to continue as a going concern, while generating sustainable long-term profitability. Central to meeting these objectives is maintaining an investment grade credit rating status. Glencore's current credit ratings are Baa1 (positive) from Moody's and BBB+ (positive) from S&P.

DISTRIBUTION POLICY AND OTHER CAPITAL MANAGEMENT INITIATIVES

Glencore's base cash distribution policy comprises two components: (1) a fixed \$1 billion component and (2) a variable element representing 25% of free cash flow generated by our industrial assets during the preceding year. Distributions are expected to be formally declared by the Board annually (with the preliminary full-year results). Distributions, when declared, will be settled equally in May/June and September of the year they are declared in. In addition, reflecting the Group's through the cycle Net debt objective of c.\$10 billion (reducing to c.\$5 billion – see below), and consideration of the cyclical nature of the industry and other relevant factors, the Board could declare additional distributions to be included with the distribution confirmed with respect to the prior year, consider top-up distributions during the year and/or initiate or continue share buyback programmes. As disclosed in note 31, following the November 2023 announcement of our agreement to acquire a 77% interest in Teck Resources's EVR steelmaking coal business, our capital structure and credit profile is now being managed towards a revised \$5 billion Net Debt cap, alongside our continued commitment to minimum strong BBB/Baa ratings. Notwithstanding that the cash distribution is declared and paid in US dollars, shareholders will be able to elect to receive their distribution payments in Pounds Sterling, Euros or Swiss Francs based on the exchange rates in effect around the date of payment. Shareholders on the JSE will receive their distributions in South African Rand.

COMMODITY PRICE RISK

Glencore is exposed to price movements for the inventory it holds and the products it produces which are not held to meet priced forward contract obligations and forward priced purchase or sale contracts. Glencore manages a significant portion of this exposure through futures and options transactions on worldwide commodity exchanges or in over the counter (OTC) markets, to the extent available. Commodity price risk management activities are considered an integral part of Glencore's physical commodity marketing activities and the related assets and liabilities are included in other financial assets from and other financial liabilities to derivative counterparties, including clearing brokers and exchanges. Whilst it is Glencore's policy to substantially hedge its commodity price risks, there remains the possibility that the hedging instruments chosen may not always provide effective mitigation of the underlying price risk. The hedging instruments available to the marketing businesses may differ in specific characteristics to the risk exposure to be hedged, resulting in an ongoing and unavoidable basis risk exposure. Residual basis risk exposures represent a key focus point for Glencore's commodity department teams who actively engage in the management of such.

VALUE AT RISK

One of the tools used by Glencore to monitor and limit its primary market risk exposure, principally commodity price risk related to its physical marketing activities, is a value at risk (VaR) computation. VaR is a risk measurement technique which estimates a threshold for 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 and based on a specific price history. 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 markets and commodities and risk measures can be aggregated to derive a single risk value.

Glencore uses a VaR approach based on Monte Carlo simulations computed at a 95% confidence level and utilising a weighted data history for a one-day time horizon. Glencore's Board, as part of its annual review process in H2 2023, approved an increase in the Group's consolidated VaR limit (one day 95% confidence level) from \$150 million (ex-LNG) to \$200 million (inc. LNG), which represents approximately 0.5% of total equity.

The previous limit of \$150 million was established in H2 2022, from which LNG was temporarily excluded due to significantly increased market volatilities in the European gas market. As market volatility somewhat normalised in H2 2023, following a comprehensive review, the Board, in consultation with the Chief Risk Officer and senior management, determined that it was appropriate to revert to a VaR limit that includes LNG of \$200 million. There were no limit breaches in 2023.

NOTES TO THE FINANCIAL STATEMENTS

continued

27. Financial and capital risk management continued

Position sheets are regularly distributed and monitored and daily Monte Carlo simulations are applied to the various business Groups' net marketing positions to determine potential losses.

Market risk VaR (one-day 95% confidence level) ranges and year-end positions were as follows:

US\$ million (all including LNG)	2023	2022
Year-end position	42	88
Average during the year	92	158
High during the year	156	451
Low during the year	42	66

VaR does not purport to represent actual gains or losses in fair value in earnings to be incurred by Glencore, nor does Glencore claim that these VaR results are indicative of future market movements or representative of any actual impact on its future results. VaR should always be viewed in the context of its limitations; notably, the use of historical data as a proxy for estimating future events, market illiquidity risks and tail risks. Glencore recognises these limitations, and thus complements and continuously refines its VaR analysis by analysing forward looking stress scenarios, benchmarking against an alternative VaR computation based on historical simulations and back testing calculated VaR against the hypothetical portfolio returns arising in the next business day.

Glencore's VaR computation currently covers its business in the key base metals, bulks, freight, and energy products (including, but not limited to, aluminium, nickel, copper, zinc, cobalt, coal, iron ore, oil, gas and related products) and assesses the open priced positions which are subject to price risk, including inventories of these commodities. Due to the lack of a liquid terminal market, Glencore does not include a VaR calculation for products such as alumina, molybdenum and some risk associated with metals' concentrates as it does not consider the nature of these markets to be suited to this type of analysis. Alternative measures are used to monitor exposures related to these products.

NET PRESENT VALUE AT RISK

Glencore's future cash flows related to its forecast Industrial production activities are also exposed to commodity price movements. Glencore manages this exposure through a combination of portfolio diversification, occasional shorter-term hedging via futures and options transactions, insurance products and continuous internal monitoring, reporting and quantification of the underlying operations' estimated cash flows and valuations.

INTEREST RATE RISK

Glencore is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its assets and liabilities and cash flows. Matching of assets and liabilities is utilised as the dominant method to hedge interest rate risks; other methods include the use of interest rate swaps and similar derivative instruments with the same critical terms as the underlying interest rate exposures. See details on swap instruments used below.

Floating rate debt which is predominantly used to fund fast turning working capital (interest is internally charged on the funding of this working capital) is now primarily based on Secured Overnight Funding Rate (SOFR) plus an appropriate premium. Accordingly, prevailing market interest rates are continuously factored into transactional pricing and terms.

Assuming the amount of floating rate liabilities at the reporting period end were outstanding for the whole year, interest rates were 100 basis points higher/lower and all other variables held constant, Glencore's income for the year ended 31 December 2023 would decrease/increase by \$226 million (2022: \$188 million).

Interest rate benchmark reform

As of 31 December 2023, the Group had completed its transition to the new interest rate benchmarks. For interest rate hedging arrangements, all USD LIBOR derivative contracts transitioned to the SOFR upon cessation date and in accordance with the terms of the ISDA Fallback Protocol. For other financial and non-financial assets and liabilities, the Group adopted a combination of Term SOFR, daily SOFR compounded in arrears, and the cost of funds quoted by the bank (if any) involved in such financing.

NOTES TO THE FINANCIAL STATEMENTS

continued

27. Financial and capital risk management continued

CURRENCY RISK

The US dollar is the predominant functional currency of the Group. Currency risk is the risk of loss from movements in exchange rates related to transactions and balances in currencies other than the US dollar. Such transactions include operating expenditure, capital expenditure and to a lesser extent purchases and sales in currencies other than the functional currency. Purchases or sales of commodities concluded in currencies other than the functional currency, apart from certain limited domestic sales at industrial operations which act as a hedge against local operating costs, are ordinarily economically hedged through forward exchange contracts. Consequently, foreign exchange movements against the US dollar on recognised transactions would have an immaterial financial impact. Glencore enters into currency hedging transactions with leading financial institutions.

Glencore's debt-related payments (both principal and interest) are primarily denominated in or swapped using hedging instruments into US dollars. Glencore's operating expenses, being a small portion of its revenue base, are incurred in a mix of currencies of which the US dollar, Swiss Franc, Pound Sterling, Canadian dollar, Australian dollar, Euro, Kazakhstan Tenge, Colombian Peso and South African Rand are the predominant currencies.

Glencore has issued Euro, Swiss Franc and Sterling denominated bonds (see note 21). Cross currency swaps were concluded to hedge the currency risk on the principal and related interest payments of these bonds. These contracts were designated as fair value or cash flow hedges of the associated foreign currency risks. The critical terms of these swap contracts and their corresponding hedged items are matched and the Group expects a highly effective hedging relationship with the swap contracts and the value of the corresponding hedged items to change systematically in opposite direction in response to movements in the underlying exchange rates. Sources of ineffectiveness on cash flow and fair value hedges stem from fluctuations in credit risk spreads that may not align with the designated hedging instruments. The corresponding fair value and notional amounts of these derivatives is as follows:

US\$ million	Notional amounts		Average FX rates		Carrying amount Assets (Note 29)		Carrying amount Liabilities (Note 29)		Average maturity ¹
	2023	2022	2023	2022	2023	2022	2023	2022	
Cross currency swap agreements									
Cash flow hedges – currency risk									
Eurobonds	1,790	2,907	1.16	1.14	–	–	66	203	2026
Swiss franc bonds	504	504	1.06	1.06	73	20	–	–	2026
Fair value hedges – currency and interest rate risk									
Eurobonds	3,405	3,947	1.20	1.22	–	3	588	903	2027
Sterling bonds	663	663	1.33	1.33	–	1	64	106	2026
Swiss franc bonds	347	347	1.07	1.07	21	–	–	24	2026
	6,709	8,368			94	24	718	1,236	
Interest rate swap agreements									
Fair value hedges – interest rate risk									
US\$ bonds	9,200	7,200	–	–	128	2	533	507	2029
	15,909	15,568			222	26	1,251	1,743	

¹ Refer to note 21 for details.

NOTES TO THE FINANCIAL STATEMENTS

continued

27. Financial and capital risk management continued

The carrying amounts of the fair value hedged items are as follows:

US\$ million	Carrying amount of the hedged item (Note 21)		Of which, accumulated fair value hedge adjustments and FX	
	2023	2022	2023	2022
Foreign exchange and interest rate risk				
Eurobonds	2,837	3,017	(587)	(866)
Swiss franc bonds	372	326	20	(20)
Sterling bonds	596	541	(62)	(122)
US\$ bonds	8,884	6,657	(404)	(505)
	12,689	10,541	(1,033)	(1,513)

CREDIT RISK

Credit risk arises from the possibility that counterparties may not be able to settle obligations due to Glencore within their agreed payment terms. Financial assets which potentially expose Glencore to credit risk consist principally of cash and cash equivalents, receivables and advances, derivative instruments and non-current advances and loans. Glencore's credit management process includes the assessment, monitoring and reporting of counterparty exposure on a regular basis. Glencore's cash and cash equivalents are placed overnight with a diverse group of highly credit rated financial institutions. Margin calls paid are similarly held with credit rated financial institutions. Glencore determines these instruments to have low credit risk at the reporting date. Credit risk with respect to receivables and advances is mitigated by the large number of customers comprising Glencore's customer base, their diversity across various industries and geographical areas, as well as Glencore's policy to mitigate these risks through letters of credit, netting, collateral and insurance arrangements where appropriate. Additionally, 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 offsetting of balances due to/from a common counterparty in the event of default by the counterparty. Glencore actively and continuously monitors the credit quality of its counterparties through internal reviews and a credit scoring process, which includes, where available, public credit ratings. Balances with counterparties not having a public investment grade or equivalent internal rating are typically enhanced to investment grade through the extensive use of credit enhancement products, such as letters of credit or insurance products. Glencore has a diverse customer base, with no customer representing more than 8.5% (2022: 7.1%) of its trade receivables (taking into account credit enhancements) or accounting for more than 3.3% of its revenues over the year ended 31 December 2023 (2022: 3.2%) (see notes 3 and 14).

The maximum exposure to credit risk (including performance risk – see below), without considering netting agreements or without taking account of any collateral held or other credit enhancements, is equal to the carrying amount of Glencore's financial assets (see note 28) and physically settled advances (see notes 12 and 14).

Management information used to monitor credit risk indicates that the prima facie risk profile % categories of financial assets which are subject to review for impairment under IFRS 9, is as set out below. The total balance for those assets as at 31 December 2023 is \$8,144 million (2022 restated: \$12,413 million) (see notes 12, 14 and 15).

in %	2023	2022
AAA to AA-	10	7
A+ to A-	39	51
BBB+ to BBB-	15	16
BB+ to BB-	8	5
B+ to B-	13	9
CCC+ and below	15	12

The 2022 prima facie risk profile % were restated to conform with prior period presentation reclassifications (see notes 12, 14 and 15).

Movements in credit losses for accounts receivable and advances and loans are shown in notes 12 and 14.

Performance risk

Performance risk (part of the broader credit risk subject matter, discussed above) is inherent in contracts, with agreements in the future, to physically purchase or sell commodities with fixed price attributes, and arises from the possibility that counterparties may not be willing or able to meet their future contractual physical sale or purchase obligations to/from Glencore. Glencore undertakes the assessment, monitoring and reporting of performance risk within its overall credit management process. Glencore's market breadth, diversified supplier and customer base as well as the standard pricing mechanism in the vast majority of Glencore's commodity portfolio which does not fix the primary commodity price beyond three months, ensure that performance risk is adequately mitigated. The commodity industry has trended towards shorter-term fixed price contract periods, in part to mitigate against such potential performance risk, but also due to the continuous development of transparent and liquid spot commodity markets, with their associated derivative products and indexes.

NOTES TO THE FINANCIAL STATEMENTS

continued

27. Financial and capital risk management continued

LIQUIDITY RISK

Liquidity risk is the risk that Glencore is unable to meet its payment obligations when due, or that it is unable, on an ongoing basis, to borrow funds in the market on an unsecured or secured basis at an acceptable price to fund actual or proposed commitments. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and availability of adequate committed funding facilities. Glencore has set itself an internal minimum liquidity target to maintain at all times, including via available committed undrawn credit facilities, of \$3 billion (2022: \$3 billion), which has purposely been substantially exceeded in recent years, accounting for the more volatile market backdrop. Glencore's credit profile, diversified funding sources and committed credit facilities, ensure that sufficient liquid funds are maintained to meet its liquidity requirements. As part of its liquidity management, Glencore closely monitors and plans for its future capital expenditure, working capital needs and proposed investments, as well as credit facility refinancing/extension requirements, well ahead of time (see notes 1, 12, 21, 22 and 25).

As at 31 December 2023, Glencore had available committed undrawn credit facilities and cash amounting to \$12,853 million (2022: \$13,000 million), refer to Other reconciliations section. The maturity profile of Glencore's financial liabilities based on the contractual terms is presented in the table below.

The liquidity risk related to physical forward purchase obligations represents the gross contractual cash outflows expected to be paid upon transfer of control of the underlying physical commodity. Gross cash inflows expected from physical forward sales are not presented in the below table, but would approximate the expected gross cash outflows related to forward purchase obligations plus an appropriate margin.

The gross liquidity risk relating to cross currency swaps entered into for the purposes of hedging foreign currency and interest rate risks arising from the Group's non-US dollar denominated bonds is presented below. The amounts reflect the expected gross settlement of the US dollar pay leg of these swaps. The inflows from the related foreign currency receive leg of these swaps are not presented in the below table, but would approximate the foreign currency equivalent of the US dollar pay leg. Counterparty settlement date risk related to these swaps is limited, as the Group has entered into margining arrangements for both the outflow and inflow legs of the swap.

2023

US\$ million	After 5 years	Due 3 - 5 years	Due 2 - 3 years	Due 1 - 2 years	Due 0 - 1 year	Total
Non-derivative financial liabilities						
Borrowings excluding lease liabilities, fair value hedge adjustments and other non-cash items	9,578	4,304	2,539	4,892	10,404	31,717
Expected future interest payments	3,225	771	675	1,017	783	6,471
Lease liabilities – undiscounted	707	267	222	396	707	2,299
Securities lending arrangements ¹	–	–	–	–	400	400
Accounts payable	–	–	–	–	27,459	27,459
Derivative financial liabilities						
Physical forward purchases	6,380	25,018	25,224	38,192	80,645	175,459
Cross currency swaps	1,476	1,717	2,059	1,284	1,124	7,660
Other financial liabilities	471	111	195	493	2,582	3,852
Total	21,837	32,188	30,914	46,274	123,704	255,317

2022

US\$ million	After 5 years	Due 3 - 5 years	Due 2 - 3 years	Due 1 - 2 years	Due 0 - 1 year	Total
Non-derivative financial liabilities						
Borrowings excluding lease liabilities, fair value hedge adjustments and other non-cash items	8,203	4,330	3,262	3,350	9,821	28,966
Expected future interest payments	2,876	722	456	553	720	5,327
Lease liabilities – undiscounted	637	196	167	328	526	1,854
Accounts payable ²	–	–	–	–	27,266	27,266
Derivative financial liabilities						
Physical forward purchases	13,078	25,750	26,884	32,321	58,919	156,952
Cross currency swaps	2,840	2,408	1,289	1,138	2,072	9,747
Other financial liabilities ²	493	228	309	68	2,090	3,188
Total	28,127	33,634	32,367	37,758	101,414	233,300

1 Glencore enters into financial instruments which require posting of cash collateral with brokers. As part of its working capital management, Glencore has satisfied certain of its cash collateral obligations with US treasury bills acquired through securities lending arrangements. As at 31 December 2023, \$400 million (2022: \$Nil) of US treasury bills were held in respect of such arrangements.

2 Accounts payable were reclassified from their prior period presentation, see note 25. Other financial liabilities were restated to conform with current period gross liquidity risk presentation.

NOTES TO THE FINANCIAL STATEMENTS

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28. 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 \$30,733 million (2022: \$27,398 million) of borrowings, the fair value of which at 31 December 2023 was \$30,555 million (2022: \$26,675 million). \$6,080 million (2022: \$6,918 million) represents the listed portion of the borrowing portfolio, based on quoted prices on active markets (a Level 1 fair value measurement), and \$24,475 million (2022: \$19,757 million) is based on observable market prices (a Level 2 fair value measurement).

2023 US\$ million	Amortised cost	FVTPL ¹	FVTOCI ²	Total
Assets				
Other investments	–	126	387	513
Non-current other financial assets	–	367	–	367
Advances and loans	1,708	282	–	1,990
Accounts receivable	8,792	6,917	–	15,709
Other financial assets	–	5,187	–	5,187
Cash and cash equivalents	1,925	–	–	1,925
Total financial assets	12,425	12,879	387	25,691
Liabilities				
Borrowings	32,241	–	–	32,241
Non-current other financial liabilities	–	1,710	–	1,710
Accounts payable	7,012	20,447	–	27,459
Deferred income	–	888	–	888
Other financial liabilities	–	3,671	–	3,671
Total financial liabilities	39,253	26,716	–	65,969

2022 US\$ million	Amortised cost	FVTPL ¹	FVTOCI ²	Total
Assets				
Other investments	–	37	419	456
Non-current other financial assets	–	206	–	206
Advances and loans ³	1,000	337	–	1,337
Accounts receivable ³	15,100	7,739	–	22,839
Other financial assets	–	6,109	–	6,109
Cash and cash equivalents	1,923	–	–	1,923
Total financial assets	18,023	14,428	419	32,870
Liabilities				
Borrowings	28,777	–	–	28,777
Non-current other financial liabilities	14	2,041	–	2,055
Accounts payable ³	8,524	18,742	–	27,266
Deferred income ³	–	1,193	–	1,193
Other financial liabilities	–	4,882	–	4,882
Total financial liabilities	37,315	26,858	–	64,173

1 FVTPL – Fair value through profit and loss.

2 FVTOCI – Fair value through other comprehensive income.

3 Certain amounts were reclassified from their prior period presentation. See notes 12, 14, 22 and 25.

NOTES TO THE FINANCIAL STATEMENTS

continued

28. 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 31 December 2023 and 2022 were as follows:

2023	Amounts eligible for set off under netting agreements			Related amounts not set off under netting agreements			Amounts not subject to netting agreements	Total as presented in the consolidated statement of financial position
	Gross amount	Amounts offset	Net amount	Financial instruments	Financial collateral	Net amount		
US\$ million								
Derivative assets ¹	15,909	(12,338)	3,571	(1,936)	(511)	1,124	1,983	5,554
Derivative liabilities ¹	(16,127)	12,338	(3,789)	1,936	1,471	(382)	(1,592)	(5,381)

2022	Amounts eligible for set off under netting agreements			Related amounts not set off under netting agreements			Amounts not subject to netting agreements	Total as presented in the consolidated statement of financial position
	Gross amount	Amounts offset	Net amount	Financial instruments	Financial collateral	Net amount		
US\$ million								
Derivative assets ¹	3,422	(2,141)	1,281	(608)	(26)	647	5,034	6,315
Derivative liabilities ¹	(5,929)	2,141	(3,788)	608	2,638	(542)	(3,149)	(6,937)

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 in the ordinary course of business. Where practical reasons may prevent net settlement, 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.

29. 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

NOTES TO THE FINANCIAL STATEMENTS

continued

29. 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 31 December 2023 and 2022. 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

2023

US\$ million	Level 1	Level 2	Level 3	Total
Financial assets				
Trade receivables	–	6,229	–	6,229
Prepaid commodity forward contracts	–	543	–	543
Contingent consideration	–	75	62	137
Other receivables	–	–	8	8
Non-current prepaid commodity forward contracts	–	124	–	124
Other non-current receivables and loans	–	–	22	22
Convertible loan	–	–	136	136
Other investments	390	123	–	513
Financial assets	390	7,094	228	7,712
Other financial assets				
Commodity-related contracts				
Futures	1,978	205	–	2,183
Options	33	61	–	94
Swaps	416	661	5	1,082
Physical forwards	–	851	936	1,787
Financial contracts				
Cross currency swaps	–	20	–	20
Foreign currency and interest rate contracts	–	21	–	21
Current other financial assets	2,427	1,819	941	5,187
Non-current other financial assets				
Cross currency swaps	–	73	–	73
Foreign currency and interest rate contracts	–	127	–	127
Other financial derivative assets	–	–	64	64
Purchased call options over Glencore shares ¹	–	103	–	103
Non-current other financial assets	–	303	64	367
Total	2,817	9,216	1,233	13,266

¹ Call options over the Company's shares in relation to conversion rights of the \$625 million non-dilutive convertible bond, due in 2025.

NOTES TO THE FINANCIAL STATEMENTS

continued

29. Fair value measurements continued

FINANCIAL ASSETS

2022

US\$ million	Level 1	Level 2	Level 3	Total
Financial assets				
Trade receivables ²	–	7,018	–	7,018
Prepaid commodity forward contracts ²	–	520	–	520
Contingent consideration	–	–	128	128
Other receivables	–	–	73	73
Non-current prepaid commodity forward contracts ²	–	44	–	44
Other non-current receivables and loans	–	–	22	22
Convertible loan	–	–	168	168
Non-current contingent consideration	–	–	103	103
Other investments	280	176	–	456
Financial assets	280	7,758	494	8,532
Other financial assets				
Commodity-related contracts				
Futures ²	809	156	–	965
Options	120	4	–	124
Swaps ²	40	165	18	223
Physical forwards	–	1,786	2,949	4,735
Financial contracts				
Foreign currency and interest rate contracts	–	62	–	62
Current other financial assets	969	2,173	2,967	6,109
Non-current other financial assets				
Cross currency swaps	–	24	–	24
Foreign currency and interest rate contracts	–	1	–	1
Purchased call options over Glencore shares ¹	–	181	–	181
Non-current other financial assets	–	206	–	206
Total	1,249	10,137	3,461	14,847

1 Call options over the Company's shares in relation to conversion rights of the \$625 million non-dilutive convertible bond, due in 2025.

2 Certain amounts were reclassified from their prior period presentation to conform with current year presentation. See notes 12 and 14.

NOTES TO THE FINANCIAL STATEMENTS

continued

29. Fair value measurements continued

FINANCIAL LIABILITIES

2023

US\$ million	Level 1	Level 2	Level 3	Total
Financial liabilities				
Accounts payable	–	20,423	–	20,423
Non-discretionary dividend obligation ¹	–	–	24	24
Financial liabilities	–	20,423	24	20,447
Other financial liabilities				
Commodity-related contracts				
Futures	1,592	285	–	1,877
Options	104	29	–	133
Swaps	130	331	1	462
Physical forwards	–	1,019	66	1,085
Financial contracts				
Cross currency swaps	–	4	–	4
Foreign currency and interest rate contracts	–	110	–	110
Current other financial liabilities	1,826	1,778	67	3,671
Non-current other financial liabilities				
Cross currency swaps	–	714	–	714
Foreign currency and interest rate contracts	–	499	–	499
Non-discretionary dividend obligation ¹	–	–	285	285
Contingent consideration	–	–	109	109
Embedded call options over Glencore shares ²	–	103	–	103
Non-current other financial liabilities	–	1,316	394	1,710
Deferred income				
Current deferred income	–	778	–	778
Non-current deferred income	–	110	–	110
Deferred income	–	888	–	888
Total	1,826	24,405	485	26,716

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 with a modelled mine life of 13 years as at 31 December 2023.

2 Embedded call option bifurcated from the 2025 convertible bond.

NOTES TO THE FINANCIAL STATEMENTS

continued

29. Fair value measurements continued

2022

US\$ million	Level 1	Level 2	Level 3	Total
Financial liabilities				
Accounts payable ¹	–	18,258	–	18,258
Other payables ¹	–	382	–	382
Non-discretionary dividend obligation ²	–	–	102	102
Financial liabilities	–	18,640	102	18,742
Other financial liabilities				
Commodity-related contracts				
Futures ³	714	459	–	1,173
Options	32	119	–	151
Swaps ³	–	660	–	660
Physical forwards	–	2,498	113	2,611
Financial contracts				
Cross currency swaps	–	181	–	181
Foreign currency and interest rate contracts	1	105	–	106
Current other financial liabilities	747	4,022	113	4,882
Non-current other financial liabilities				
Cross currency swaps	–	1,055	–	1,055
Foreign currency and interest rate contracts	–	490	–	490
Non-discretionary dividend obligation ²	–	–	219	219
Option over non-controlling interest in Ale	–	–	22	22
Contingent consideration	–	–	74	74
Embedded call options over Glencore shares ³	–	181	–	181
Non-current other financial liabilities	–	1,726	315	2,041
Deferred income				
Current deferred income ¹	–	899	–	899
Non-current deferred income ¹	–	294	–	294
Deferred income	–	1,193	–	1,193
Total	747	25,581	530	26,858

1 Certain amounts were reclassified from their prior period presentation to conform with current year presentation. See notes 22 and 25.

2 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 with a modelled mine life of 13 years as at 31 December 2022.

3 Embedded call option bifurcated from the 2025 convertible bond.

NOTES TO THE FINANCIAL STATEMENTS

continued

29. 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	Contingent consideration	Convertible loan	Physical forwards	Swaps	Other	Total Level 3
1 January 2023	157	168	2,836	18	(248)	2,931
Total (loss)/gain recognised in revenue	–	–	(219)	65	–	(154)
Total loss recognised in cost of goods sold	–	–	(1,167)	(66)	–	(1,233)
Acquisition	(39)	25	–	–	64	50
Fair value recognised in other income/(expense)	(37)	(57)	–	–	20	(74)
Realised	(128)	–	(580)	(13)	(51)	(772)
31 December 2023	(47)	136	870	4	(215)	748
1 January 2022	261	–	411	40	(63)	649
Total gain recognised in revenue	–	–	231	67	–	298
Total gain/(loss) recognised in cost of goods sold	–	–	2,403	(70)	–	2,333
Acquisition	(20)	200	–	–	–	180
Fair value recognised in other income/(expense)	105	(32)	–	–	(173)	(100)
Realised	(189)	–	(209)	(19)	(12)	(429)
31 December 2022	157	168	2,836	18	(248)	2,931

During the year, 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.

FAIR VALUE OF FINANCIAL ASSETS / FINANCIAL LIABILITIES

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period.

Futures, options and swaps classified as Level 1 financial assets and liabilities are measured using quoted prices in an active market.

Accounts receivable and payables, and certain futures, options, swaps, physical forwards, cross currency swaps, foreign currency and interest rate contracts classified as Level 2 financial assets and liabilities are measured using discounted cash flow models. Key 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.

Call options over Glencore shares classified as Level 2 financial assets and liabilities are measured using an option pricing model. Key inputs include the current price of Glencore shares, strike price, maturity date of the underlying convertible debt security, risk-free rate and volatility.

Given the extent to which the Group recognises financial instrument assets and liabilities at fair value, the preparation of the Group's consolidated financial statements requires management to consider on an on-going basis, the key valuation metrics and judgements involved in the determination of the fair value of financial instruments. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgement. Management reviewed the key valuation metrics, assumptions and methodologies involved in the determination of the Level 3 fair value of financial instruments and determined that the valuations were materially reasonable.

The following table provides information on the valuation techniques and inputs used to determine the fair value of Level 3 financial assets of \$1,233 million (2022: \$3,461 million) and financial liabilities of \$485 million (2022: \$530 million).

NOTES TO THE FINANCIAL STATEMENTS

continued

29. Fair value measurements continued

US\$ million		2023	2022	
Contingent consideration (Mototolo)		Assets	62	231
		Liabilities	–	–
Valuation techniques and key inputs:	Discounted cash flow model			
Significant and other unobservable inputs:	– Long-term forecast platinum group metals prices; and – Discount rates using weighted average cost of capital methodology. The significant unobservable inputs represent the long-term forecast commodity prices to which the valuation remains sensitive to. A 10% increase/decrease in commodity price assumptions would result in a \$4 million (2022: \$19 million) adjustment to the current carrying value.			
Other receivables and non-current receivables and loans		Assets	30	95
		Liabilities	–	–
Valuation techniques and key inputs:	Discounted cash flow model			
Significant and other unobservable inputs:	– Discount rates specific to the operation; and – Underlying business plans and forecasts. The valuation remains sensitive to repayment cash flows dependent upon the underlying business plans and forecasts. A one-year delay in the underlying cash flows would result in a \$1 million (2022: \$19 million) reduction to the current carrying value of the asset while bringing forward repayments by one year would result in a \$7 million (2022: \$11 million) increase.			
Convertible loan (Li-Cycle)		Assets	112	168
		Liabilities	–	–
Valuation techniques and key inputs:	Discounted cash flow and option pricing model			
Significant and other unobservable inputs:	– Share price; and – Risk-free rate, credit spread; and volatility. The valuation remains sensitive to the credit spread and resulting discount rate (2022: share price) and a 10% increase in the discount rate (2022: increase/decrease in share price) would result in a \$29 million (2022: \$6 million) reduction (2022: adjustment) to the current carrying value.			
Contingent consideration and convertible loan		Assets	24	–
		Liabilities	(109)	(74)
Valuation techniques and key inputs:	Discounted cash flow models			
Significant and other unobservable inputs:	– Estimated production plans; – Forecast coal and copper prices; and – Discount rates using weighted average cost of capital methodology. The convertible loan valuation remains sensitive to the share price and a 10% increase/decrease in share price assumptions would result in a \$1 million adjustment to the current carrying value. The contingent consideration liabilities were mainly determined using forecast production estimates and coal prices. Should production volumes increase/decrease by 10% the value of the liability would increase/decrease by \$6 million (2022: \$7 million), and for any given quarter, should coal prices be lower than the royalty trigger, no amounts would be due under the price contingent royalty arrangement. A 10% increase/decrease in copper price assumptions would result in a \$4 million adjustment to the contingent consideration.			
Other financial derivative assets (Cobar)		Assets	64	–
		Liabilities	–	–
Valuation techniques and key inputs:	Discounted Monte Carlo option pricing simulation			
Significant and other unobservable inputs:	– Estimated production plans; and – Forecast copper prices. The contingent future consideration valuation remains sensitive to production volumes and an 8 year increase in the life of mine assumptions would result in a \$5 million increase to the current carrying value.			
Swaps		Assets	5	18
		Liabilities	(1)	–
Valuation techniques and key inputs:	Discounted cash flow model			
Significant and other unobservable inputs:	– Long term aluminium and alumina prices. The significant unobservable inputs represent the long-term aluminium and alumina prices to which the valuation remains sensitive. A 10% increase/decrease in price assumptions would result in a \$1 million (2022: \$2 million) adjustment to the current carrying value.			

NOTES TO THE FINANCIAL STATEMENTS

continued

29. Fair value measurements continued

US\$ million		2023	2022	
Physical Forwards		Assets Liabilities	936 (66)	2,949 (113)
Valuation techniques and key inputs:	Discounted cash flow model			
Significant and other unobservable inputs:	<p>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:</p> <ul style="list-style-type: none"> – quality; – geographic location; – local supply & demand; – customer requirements; and – counterparty credit considerations. <p>These 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.</p> <p>As at 31 December 2023, physical forward Level 3 assets relating to LNG contracts amount to \$760 million (2022: \$2,552 million) and liabilities of \$Nil (2022: \$19 million). Valuation of these contracts is based on observable Oil and Global Gas prices that are adjusted by unobservable differentials which collectively represent, but are not limited to, transportation, storage, liquification and regasification premiums.</p> <p>The value of our Level 3 long term LNG physical supply contracts reflects the price dislocation between Europe and other international markets and uncertainty of pricing inputs beyond the observable range. There is limited observable LNG pricing data beyond 2027 and an estimation uncertainty exists over global gas supply and demand and the extent to which the current dislocation impacts long term LNG pricing. For the longer dated portion of the curve, complex modelling techniques are also required where there is limited observable market data. Extrapolation of observable pricing is applied and correlated to third party long-term forecast macro pricing assumptions for various Oil and Global Gas indices, on which the long-term LNG prices are based. Given the resulting inherent estimation uncertainty, reasonable valuation ranges are developed to reflect the expected transfer value of these arrangements to another market participant in accordance with IFRS 13. The Group considers the risks associated with realising market value from unobservable long term prices in selecting pricing from within those ranges.</p> <p>The potential impact of a 10% favourable and unfavourable change in the unobservable valuation inputs could result in a gain and loss of \$0.1 billion (2022: a gain and loss of \$0.1 billion), respectively, both of which would be reflected in the consolidated statement of income.</p>			
Non-discretionary dividend obligation (ARM Coal)		Assets Liabilities	– (309)	– (321)
Valuation techniques:	Discounted cash flow model			
Significant and other unobservable inputs:	<ul style="list-style-type: none"> – Long-term forecast coal prices; – Discount rates using weighted average cost of capital methodology; – Production models; – Operating costs; and – Capital expenditures. <p>The resultant liability is essentially a discounted cash flow valuation of the underlying mining operation. Increases/decreases in forecast coal 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 coal prices. The significant unobservable inputs represent the long-term forecast commodity prices to which the valuation remains sensitive. A 10% increase/decrease in coal price assumptions would result in a \$92 million (2022: \$108 million) adjustment to the current carrying value.</p>			
Option over non-controlling interest (AleSat)		Assets Liabilities	– –	– (22)
Valuation techniques and key inputs:	Discounted cash flow model			
Significant unobservable inputs:	The 31 December 2022 balance 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 was additionally sensitive to movement in the spot exchange rates between the Brazilian real and US dollar. The non-controlling interest was acquired during the current year.			

NOTES TO THE FINANCIAL STATEMENTS

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30. Auditor's remuneration

US\$ million	2023	2022
Remuneration in respect of the audit of Glencore's consolidated financial statements	28	21
Other audit fees, primarily in respect of audits of accounts of subsidiaries	5	5
Audit-related assurance services ¹	5	2
Total audit and related assurance fees	38	28
Other assurance services ²	3	1
Total non-audit fees	3	1
Total professional fees	41	29

1 Audit-related assurance services primarily related to interim reviews of the Group's half-year accounts as well as bond issuances and comfort letters.

2 Other assurance services primarily comprises assurance in respect of certain aspects of the Group's sustainability reporting.

31. 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 31 December 2023, \$1,433 million (2022: \$1,295 million), of which 94% (2022: 94%) 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 31 December 2023, \$187 million (2022: \$118 million) of such development expenditures are to be incurred, of which 42% (2022: 20%) are for commitments to be settled over the next year.

As part of Glencore's ordinary sourcing and procurement of physical commodities and other ordinary 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 31 December 2023, \$7,207 million (2022: \$7,965 million) of procurement and \$4,667 million (2022: \$4,256 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.

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 (\$358 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.

EVR

In November 2023, Glencore entered into an agreement with Teck, for the acquisition of a 77% effective interest in the entirety of Teck's steelmaking coal business, EVR, for \$6.93 billion in cash, on a cash free debt free basis, subject to a normalised level of working capital. At closing, Glencore will also acquire from Teck and the other partners in EVR their attributable share of a shareholder loan from Teck to EVR which is repayable out of EVR's cash flows. The amount payable for this portion of the loan is expected to be some \$250-\$300 million on closing.

The transaction is subject to mandatory regulatory approvals, being Investment Canada Act and competition approvals. While closing could occur earlier, it is expected no later than Q3 2024.

32. Contingent liabilities

There were no corporate guarantees in favour of third parties as at 31 December 2023 (2022: None), except those disclosed in note 11. 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 31 December 2023 and 2022, 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.

INVESTIGATIONS BY REGULATORY AND ENFORCEMENT AUTHORITIES

As described in note 23, the Group remains subject to investigations by the OAG and Dutch authorities. At 31 December 2023, taking account of all available evidence, the Investigations Committee concluded that, with respect to these investigations, it is not probable that a present obligation existed at the end of the reporting period. The timing and amount, if any, of the possible financial effects (such as fines, penalties or damages, which could be material) or other consequences, including external costs, from the OAG and Dutch investigations and any change in their scope are not currently possible to predict or estimate.

The Group notes that other authorities may commence investigations against the Group in connection with the resolved investigations or the matters under investigation. In respect of these investigations, taking into account all available evidence, the Investigations Committee does not consider it probable that a present obligation existed in relation to these potential investigations as at the balance sheet date, and the amount of any financial effects, which could be material, is not currently possible to predict or estimate.

CLAIMS AGAINST THE COMPANY IN CONNECTION WITH INVESTIGATIONS BY REGULATORY AND ENFORCEMENT AUTHORITIES

Claims are being pursued against the Group in the United Kingdom in connection with the various Government investigations, constituting claims on behalf of approximately 350 current and former shareholders. The claims are, inter alia, made under s90 of the Financial Services and Markets Act 2000 ('FSMA') relating to prospectus liability, while certain claimants currently include s90A FSMA claims relating to misstatements in other information by the Company and/or dishonest delay in publishing information. The bases for the claims are that the prospectuses issued in 2011 and 2013 and other published information by the Company were untrue, misleading or contained omissions.

The Group may be the subject of further legal claims brought by other parties in connection with the Government investigations, including collective, group or representative actions.

In respect of these claims, taking into account all available evidence, the Investigations Committee does not consider it probable that a present obligation existed in relation to these claims or potential claims as at the balance sheet date, and the amount of any financial effects, which could be material, is not currently possible to predict or estimate.

CLAIMS IN RESPECT OF HORNE SMELTER

In October 2023, two individuals (Plaintiffs) filed Motion for Authorization of a Class Action and to Obtain the Status of Representatives against Glencore and the Attorney General of Québec, as representative of the Government of the Province of Québec (the 'Québec Government') (together, the 'Defendants') regarding Glencore's Horne Smelter situated in the city of Rouyn-Noranda, in the Province of Québec, Canada. The Plaintiffs allege that Glencore caused prejudice to the proposed class by releasing contaminants into the environment, while fully aware of the risks and dangers to public health. The Plaintiffs also allege that the Québec Government committed a fault and caused prejudice to the proposed class in that it tolerated and authorised these emissions. The claims are at an early stage. Taking into account all available evidence, the Company does not consider it probable that a present obligation existed at the balance sheet date in relation to this claim, and the amount of any financial effects, which could be material, is not currently possible to predict or estimate.

OTHER LEGAL PROCEEDINGS

Other claims and unresolved disputes are 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.

NOTES TO THE FINANCIAL STATEMENTS

continued

32. Contingent liabilities continued

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.

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

All transactions between Glencore and its subsidiaries are eliminated on consolidation along with any unrealised profits and losses between its subsidiaries, associates and joint ventures. In 2023, sales and purchases with associates and joint ventures amounted to \$3,289 million (2022: \$3,941 million) and \$5,850 million (2022: \$8,091 million), respectively.

34. Principal subsidiaries with material non-controlling interests

Non-controlling interest is comprised of the following:

US\$ million	2023	2022
Kazzinc	1,087	1,156
Koniambo	(6,419)	(5,745)
Kamoto Copper Company (KCC)	(185)	88
Volcan	(302)	(201)
Other	476	511
Total	(5,343)	(4,191)

NOTES TO THE FINANCIAL STATEMENTS

continued

34. Principal subsidiaries with material non-controlling interests continued

Summarised financial information in respect of Glencore's subsidiaries that have material non-controlling interest as at 31 December 2023 and 2022, reflecting 100% of the underlying subsidiary's relevant figures, is set out below.

US\$ million	Kazzinc	Koniambo	KCC	Volcan
31 December 2023				
Non-current assets	2,750	307	4,414	1,512
Current assets	1,920	420	1,308	207
Total assets	4,670	727	5,722	1,719
Non-current liabilities	200	16,072	9,867	1,094
Current liabilities	876	114	2,250	456
Total liabilities	1,076	16,186	12,117	1,550
Net assets/(liabilities)	3,594	(15,459)	(6,395)	169
Equity attributable to owners of the Company	2,507	(9,040)	(6,210)	471
Non-controlling interest	1,087	(6,419)	(185)	(302)
Non-controlling interest %	30.3%	51.0%	25.0%	76.7%
2023				
Revenue	3,685	415	1,816	919
Expenses	(3,891)	(1,736)	(2,864)	(1,051)
Net loss for the year	(206)	(1,321)	(1,048)	(132)
Loss attributable to owners of the Company	(173)	(647)	(575)	(31)
Loss attributable to non-controlling interests	(33)	(674)	(473)	(101)
Total comprehensive loss for the year	(206)	(1,321)	(1,048)	(132)
Dividends paid to non-controlling interests	1	–	–	–
Net cash inflow/(outflow) from operating activities	224	(388)	(239)	163
Net cash outflow from investing activities	(337)	–	(465)	(156)
Net cash inflow/(outflow) from financing activities	43	384	749	(19)
Total net cash (outflow)/inflow	(70)	(4)	45	(12)

US\$ million	Kazzinc	Koniambo	KCC	Volcan
31 December 2022				
Non-current assets	3,377	507	4,429	1,723
Current assets	1,613	519	1,351	241
Total assets	4,990	1,026	5,780	1,964
Non-current liabilities	494	15,019	9,602	1,256
Current liabilities	673	147	1,456	405
Total liabilities	1,167	15,166	11,058	1,661
Net assets	3,823	(14,140)	(5,278)	303
Equity attributable to owners of the Company	2,667	(8,395)	(5,366)	504
Non-controlling interest	1,156	(5,745)	88	(201)
Non-controlling interest %	30.3%	51.0%	25.0%	76.7%
2022				
Revenue	3,564	713	2,545	1,000
Expenses	(3,615)	(1,823)	(3,127)	(1,124)
Net loss for the year	(51)	(1,110)	(582)	(124)
Loss attributable to owners of the Company	(35)	(544)	(407)	(29)
Loss attributable to non-controlling interests	(16)	(566)	(175)	(95)
Total comprehensive loss for the year	(51)	(1,110)	(582)	(124)
Dividends paid to non-controlling interests	(196)	–	(211)	–
Net cash inflow/(outflow) from operating activities	549	(78)	898	234
Net cash outflow from investing activities	(335)	(19)	(393)	(245)
Net cash (outflow)/inflow from financing activities	(309)	112	(632)	(146)
Total net cash (outflow)/inflow	(95)	15	(127)	(157)

NOTES TO THE FINANCIAL STATEMENTS

continued

35. Principal operating, finance and industrial subsidiaries and investments

	Country of incorporation	% interest 2023	% interest 2022	Main activity
Principal subsidiaries				
Industrial activities				
El Pachon	Argentina	100.0	100.0	Copper production
MARA Project ¹	Argentina	100.0	43.7	Copper production
Cobar Management Pty Limited	Australia	–	100.0	Copper production
Compania Minera Lomas Bayas	Chile	100.0	100.0	Copper production
Complejo Metalurgico Altonorte SA	Chile	100.0	100.0	Copper production
Compania Minera Antapaccay S.A.	Peru	100.0	100.0	Copper production
Pasar Group	Philippines	78.2	78.2	Copper production
Glencore Recycling LLC	USA	100.0	100.0	Copper production
Polymet Mining Corp.	Canada	100.0	71.0	Copper production
Kamoto Copper Company SA ²	DRC	75.0	75.0	Copper/Cobalt production
Mutanda Group	DRC	95.0	95.0	Copper/Cobalt production
Mount Isa Mines Limited	Australia	100.0	100.0	Copper/Zinc/Lead production
Kazzinc Ltd	Kazakhstan	69.7	69.7	Copper/Zinc/Lead production
Zhayremsky Gorno-Obogatitelny Kombinat JSC	Kazakhstan	69.7	69.7	Copper/Zinc/Lead production
Altyntau Kokshetau JSC	Kazakhstan	69.7	69.7	Gold production
Britannia Refined Metals Limited	UK	100.0	100.0	Lead production
Murrin Murrin Operations Pty Ltd	Australia	100.0	100.0	Nickel production
Koniambo Nickel S.A.S. ³	New Caledonia	49.0	49.0	Nickel production
Glencore Nikkelverk AS	Norway	100.0	100.0	Nickel production
Mcarthur River Mining Pty. Ltd.	Australia	100.0	100.0	Zinc production
Canadian Electrolytic Zinc Limited ¹	Canada	100.0	25.0	Zinc production
Nordenhamer Zinkhütte GmbH	Germany	100.0	100.0	Zinc production
Asturiana de Zinc S.A.U.	Spain	100.0	100.0	Zinc production
Volcan Companja Minera S.A.A. ⁴	Peru	23.3	23.3	Zinc production
Portovesme S.r.L.	Italy	100.0	100.0	Zinc/Lead production

1 In 2023, Glencore completed the acquisitions of the remaining 75% in Noranda Income Fund and the remaining 56.3% in the MARA project (see note 26).

2 Refer to note 34.

3 The Group has control of Koniambo Nickel S.A.S. as a result of the ability to direct the key activities of the operation and to appoint key management personnel provided by the terms of the financing arrangements underlying the Koniambo project.

4 The Group has control of Volcan Companja Minera S.A.A. as a result of the ability to control the entity through the voting of its 63.0% of the voting shares (Class A); the economic interest is diluted by the outstanding non-voting shares (Class B).

NOTES TO THE FINANCIAL STATEMENTS

continued

35. Principal operating, finance and industrial subsidiaries and investments continued

	Country of incorporation	% interest 2023	% interest 2022	Main activity
Industrial activities				
Oakbridge Pty Limited	Australia	98.2	98.2	Coal production
Rolleston Coal Holdings Pty Limited	Australia	100.0	100.0	Coal production
Mangoola Coal Operations Pty Limited	Australia	100.0	100.0	Coal production
Mt Owen Pty Limited	Australia	100.0	100.0	Coal production
NC Coal Company Pty Limited	Australia	100.0	100.0	Coal production
Ravensworth Operations Pty Limited	Australia	100.0	100.0	Coal production
Ulan Coal Mines Pty Limited	Australia	100.0	100.0	Coal production
Prodeco group	Colombia	100.0	100.0	Coal production
Umcebo Mining (Pty) Ltd ⁵	South Africa	48.7	48.7	Coal production
ARM Coal (Proprietary) Limited ⁶	South Africa	49.0	49.0	Coal production
Carbones del Cerrejón Limited	Anguilla	100.0	100.0	Coal production
Glencore Exploration Cameroon Ltd.	Bermuda	100.0	100.0	Oil production
Glencore Exploration (EG) Limited	Bermuda	100.0	100.0	Oil production
Astron Energy (Pty) Ltd	South Africa	72.0	72.0	Oil refining / distribution
Marketing activities and other operating and finance				
Xstrata Limited	UK	100.0	100.0	Holding
Glencore Australia Investment Holdings Pty Ltd	Australia	100.0	100.0	Holding
Glencore Operations Australia Pty Limited	Australia	100.0	100.0	Holding
Glencore Queensland Pty Limited	Australia	100.0	100.0	Holding
Glencore Investment Pty Limited	Australia	100.0	100.0	Holding
Glencore Australia Holdings Pty Limited	Australia	100.0	100.0	Finance
Glencore Finance (Bermuda) Ltd.	Bermuda	100.0	100.0	Finance
Alesat Combustiveis S.A.	Brazil	100.0	88.0	Oil distribution
Topley Corporation	B.V.I.	100.0	100.0	Ship owner
Glencore Finance (Canada) Limited	Canada	100.0	100.0	Finance
Glencore Finance (Europe) Limited	Jersey	100.0	100.0	Finance
Glencore Capital Finance Designated Activity Company	Ireland	100.0	100.0	Finance
Finges Investment B.V.	Netherlands	100.0	100.0	Finance
Glencore (Schweiz) AG	Switzerland	100.0	100.0	Finance
Glencore Group Funding Limited	UAE	100.0	100.0	Finance
Glencore Funding LLC	USA	100.0	100.0	Finance
Glencore Australia Oil Pty Limited	Australia	100.0	100.0	Operating
Glencore Canada Corporation	Canada	100.0	100.0	Operating
Glencore Chile SpA	Chile	100.0	100.0	Operating
Glencore China Ltd.	China	100.0	100.0	Operating
Glencore Singapore Pte. Ltd.	Singapore	100.0	100.0	Operating
ST Shipping and Transport Pte. Ltd.	Singapore	100.0	100.0	Operating
Glencore AG (Ltd/SA)	Switzerland	100.0	100.0	Operating
Glencore International AG (Ltd/SA)	Switzerland	100.0	100.0	Operating
Glencore Commodities Ltd	UK	100.0	100.0	Operating
Glencore Energy UK Ltd.	UK	100.0	100.0	Operating
Glencore UK Ltd.	UK	100.0	100.0	Operating

⁵ Although Glencore holds less than 50% of the voting rights, it has the ability to exercise control over Umcebo as a result of shareholder agreements which provide Glencore the ability to control the Board of Directors.

⁶ Although Glencore holds 47.5% (2022: 47.5%) of the voting rights, it has the ability to exercise control over ARM as a result of shareholder agreements which provide Glencore the ability to control the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

continued

35. Principal operating, finance and industrial subsidiaries and investments continued

	Country of incorporation	% interest 2023	% interest 2022	Main activity
Principal joint ventures⁷				
Viterra Group	Jersey	49.9	49.9	Agriculture business
Compania Minera Dona Ines de Collahuasi SCM	Chile	44.0	44.0	Copper production
Principal joint operation and other unincorporated arrangement⁸				
Bulga Joint Venture	Australia	87.5	87.5	Coal production
Hail Creek Joint Venture	Australia	84.7	84.7	Coal production
Hunter Valley Operations Joint Venture	Australia	49.0	49.0	Coal production
Liddell and Foybrook Joint Ventures	Australia	67.5	67.5	Coal production
Oaky Creek Coal Joint Venture	Australia	55.0	55.0	Coal production
United Wambo Joint Venture	Australia	47.5	47.5	Coal production
Goedgevonden Joint Venture ⁹	South Africa	74.0	74.0	Coal production
Glencore Merafe Chrome Pooling and Share Joint Venture	South Africa	79.5	79.5	Ferroalloys production
Glencore Bakwena-Ba-Mogopa Rhovan Pooling and Sharing Joint Venture ⁹	South Africa	74.0	74.0	Vanadium production
NewRange Copper Nickel LLC	USA	50.0	–	Copper production

7 The principal joint arrangements are accounted for as joint ventures as the shareholder agreements do not provide the Group the ability to solely control the entities.

8 Classified as joint operations under IFRS 11, as these joint arrangements convey a direct right to a share of the underlying operations' assets, liabilities, revenues and expenses. The Hail Creek interest is an 'other unincorporated arrangement' accounted for similar to a joint operation.

9 Glencore has the ability to exercise control over Goedgevonden Joint Venture and Rhovan Joint Venture as a result of Shareholder agreements which results in the joint ventures being fully consolidated.

	Country of incorporation	% interest 2023	% interest 2022	Main activity
Principal associates				
Newcastle Coal Shippers Pty Limited ¹⁰	Australia	52.6	52.6	Coal terminal
GS Coal Holdings Pty Ltd	Australia	50.0	50.0	Coal production
Richards Bay Coal Terminal Company Limited ¹¹	South Africa	19.8	19.8	Coal terminal
Century Aluminum Company ¹²	USA	46.0	46.1	Aluminium production
Alumina do Norte do Brasil SA	Brazil	30.0	–	Alumina production
Mineração Rio do Norte S.A.	Brazil	45.0	–	Bauxite production
PT CITA Mineral Investindo Tbk	Indonesia	31.7	31.7	Alumina production
Aquarius Energy Limited	Jersey	49.0	49.0	Oil storage
Compania Minera Antamina S.A.	Peru	33.8	33.8	Zinc/Copper production
Metals Acquisition Limited	Jersey	19.9	–	Copper production

10 Glencore holds 50.2% (2022: 50.2%) of the voting rights.

11 Glencore holds 19.3% (2022: 19.3%) of the voting rights.

12 Represents the Group's economic interest in Century, comprising 42.9% (2022: 42.9%) voting interest and 3.0% non-voting interest (2022: 3.2%). Century is publicly traded on NASDAQ under the symbol CENX.

	Country of incorporation	% interest 2023	% interest 2022	Main activity
Other investments				
Shenzhen Energy Gas Investment Holding Co., Ltd	China	7.8	7.8	Energy distribution
Press Metal Aluminium Holdings Berhad	Malaysia	1.5	–	Aluminium production
PT Amman Mineral Internasional Tbk.	Indonesia	1.2	–	Copper production

36. Subsequent events

On 12 February 2024, the Group and its fellow shareholder made the decision to transition Koniambo Nickel SAS (KNS) into care and maintenance, following several months of extensive discussions and negotiations with relevant government and other key stakeholders. Glencore will fund the operation according to an agreed budget as it begins an orderly transition to a state of care and maintenance and will shortly initiate a process to identify a potential new industrial partner for KNS.

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) 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.

Although Glencore has a voting interest in Volcan of 63%, its total economic interest is only 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. In Q4 2022, Glencore commenced a process to dispose of its 23.3% economic interest in Volcan, which is ongoing. As a result, the carrying amounts of Volcan assets and liabilities as at 31 December 2023 and 31 December 2022 are classified as held for sale (see note 16).

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 pre 'held for sale' underlying IFRS treatment (equity accounting). In June 2023, Glencore and its fellow shareholders in Viterra Limited, concluded an agreement with Bunge Limited to merge Bunge and Viterra in a cash and stock transaction. As a result, the carrying amount of the 49.9% investment in Viterra as at 31 December 2023 is classified as held for sale (see note 16) and, while having this classification, Glencore no longer accounts for its share of Viterra's income. However, for segmental reporting purposes, and for internal reporting, Viterra continues to be accounted for as an equity accounted associate.

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

ALTERNATIVE PERFORMANCE MEASURES

continued

APMS DERIVED FROM THE STATEMENT OF INCOME

Revenue

Revenue represents revenue by segment (see note 2 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	2023	2022
Revenue – Marketing activities	186,708	215,102
Revenue – Industrial activities	60,421	78,332
Intersegment eliminations	(26,741)	(34,755)
Revenue – segmental	220,388	258,679
Proportionate adjustment material associates and joint ventures – revenue	(3,477)	(3,695)
Proportionate adjustment Volcan – revenue	918	1,000
Revenue – reported measure	217,829	255,984

Share of income from relevant material associates and joint ventures

US\$ million	2023	2022
Associates' and joint ventures' Adjusted EBITDA	2,338	2,687
Depreciation and amortisation	(729)	(641)
Associates' and joint ventures' Adjusted EBIT	1,609	2,046
Net finance costs	5	(22)
Income tax expense	(559)	(688)
	(554)	(710)
Share of income from relevant material associates and joint ventures	1,055	1,336
Share of income from other associates and joint ventures	282	964
Share of income from associates and joint ventures¹	1,337	2,300

¹ Comprises share in earnings of \$51 million (2022: \$528 million) from Marketing activities and share in earnings of \$1,286 million (2022: \$1,772 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, net expected credit losses on financial assets 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	2023	2022
Reported measures		
Revenue	217,829	255,984
Cost of goods sold	(207,046)	(228,467)
Net expected credit losses	21	(256)
Selling and administrative expenses	(2,105)	(2,430)
Share of income from associates and joint ventures	1,337	2,300
Dividend income	6	45
	10,042	27,176
Adjustments to reported measures		
Share of associates' significant items	90	9
Viterra share in earnings post held for sale classification	186	–
Movement in unrealised inter-segment profit elimination	(258)	(1,176)
Proportionate adjustment material associates and joint ventures – net finance and income tax expense	554	710
Proportionate adjustment Volcan – net finance, income tax expense and non-controlling interests	(222)	(62)
Adjusted EBIT	10,392	26,657
Depreciation and amortisation	5,981	6,987
Proportionate adjustment material associates and joint ventures – depreciation	729	641
Proportionate adjustment Volcan – depreciation	–	(225)
Adjusted EBITDA	17,102	34,060

ALTERNATIVE PERFORMANCE MEASURES

continued

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 2023

US\$ million	Gross significant charges	Non-controlling interests' share	Significant items tax	Equity holders' share
Share of Associates' significant items ¹	(90)	–	–	(90)
Viterra share in earnings post held for sale classification	(186)	–	–	(186)
Movement in unrealised inter-segment profit elimination ¹	258	–	(35)	223
Gain on acquisitions and disposals of non-current assets ²	850	–	(197)	653
Other expense – net ³	(1,091)	45	13	(1,033)
Tax significant items in their own right ⁴	–	–	(313)	(313)
	(259)	45	(532)	(746)
Impairments attributable to equity holders				
Impairments ⁵	(2,109)	56	460	(1,593)
Impairment Volcan ⁵	(375)	261	35	(79)
	(2,484)	317	495	(1,672)
Total significant items	(2,743)	362	(37)	(2,418)

1 See note 2 of the financial statements.

2 See note 4 of the financial statements.

3 See note 5 of the financial statements.

4 Relates to tax losses not recognised (\$255 million) and adjustments in respect of prior years (\$321 million) less foreign exchange fluctuations (\$263 million), see note 8 of the financial statements.

5 See note 7 of the financial statements.

Reconciliation of net significant items 2022

US\$ million	Gross significant charges	Non-controlling interests' share	Significant items tax	Equity holders' share
Share of Associates' significant items ¹	(9)	–	–	(9)
Movement in unrealised inter-segment profit elimination ¹	1,176	–	(141)	1,035
Gain on acquisitions and disposals of non-current assets ²	1,287	4	(115)	1,176
Other expense – net ³	(911)	–	(26)	(937)
Tax significant items in their own right ⁴	–	–	(486)	(486)
	1,543	4	(768)	779
Impairments attributable to equity holders				
Impairments ⁵	(3,173)	338	521	(2,314)
Impairment Volcan ⁵	(164)	89	48	(27)
	(3,337)	427	569	(2,341)
Total significant items	(1,794)	431	(199)	(1,562)

1 See note 2 of the financial statements.

2 See note 4 of the financial statements.

3 See note 5 of the financial statements.

4 Relates to foreign exchange fluctuations (\$187 million), tax losses not recognised (\$98 million) and adjustments in respect of prior years (\$201 million), see note 8 of the financial statements.

5 See note 7 of the financial statements.

Net income attributable to equity holder pre-significant items

Net income attributable to equity holders 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	2023	2022
Income for the year attributable to equity holders of the Parent	4,280	17,320
Significant items	2,418	1,562
Income attributable to equity holders of the Parent pre-significant items	6,698	18,882

ALTERNATIVE PERFORMANCE MEASURES

continued

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. As at 31 December 2023, \$26,145 million (2022: \$27,425 million) of inventories were considered readily marketable. This comprises \$14,441 million (2022: \$15,608 million) of inventories carried at fair value less costs of disposal and \$11,704 million (2022: \$11,817 million) carried at the lower of cost or net realisable value. Total readily marketable inventories includes \$113 million (2022: \$230 million) related to the relevant material associates and joint ventures (see note 2) 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 31 December 2023

US\$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	Adjusted measure
Non-current borrowings	21,275	864	–	22,139
Current borrowings	10,966	50	–	11,016
Total borrowings	32,241	914	–	33,155
Less: cash and cash equivalents	(1,925)	(168)	–	(2,093)
Net funding¹	30,316	746	–	31,062
Less: Readily marketable inventories	(26,032)	(113)	–	(26,145)
Net debt¹	4,284	633	–	4,917
Adjusted EBITDA				17,102
Net debt to Adjusted EBITDA				0.29

Net funding/net debt at 31 December 2022

US\$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	Adjusted measure
Non-current borrowings	18,851	845	–	19,696
Current borrowings	9,926	26	–	9,952
Total borrowings	28,777	871	–	29,648
Less: cash and cash equivalents	(1,923)	(225)	–	(2,148)
Net funding¹	26,854	646	–	27,500
Less: Readily marketable inventories	(27,195)	(230)	–	(27,425)
Net debt / (cash)¹	(341)	416	–	75
Adjusted EBITDA				34,060
Net debt to Adjusted EBITDA				0.00

¹ Includes \$705 million (2022: \$595 million) of Marketing related lease liabilities.

ALTERNATIVE PERFORMANCE MEASURES

continued

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	2023	2022
Capital expenditure – Marketing activities	603	299
Capital expenditure – Industrial activities	6,074	4,807
Capital expenditure – segmental	6,677	5,106
Proportionate adjustment material associates and joint ventures – capital expenditure	(1,291)	(694)
Proportionate adjustment Volcan – capital expenditure	–	233
Capital expenditure – reported measure	5,386	4,645

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.

2023 US\$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	Adjusted measure
Purchase of property, plant and equipment	(4,484)	(1,229)	–	(5,713)
Proceeds from sale of property, plant and equipment	147	5	–	152
Net purchase and sale of property, plant and equipment	(4,337)	(1,224)	–	(5,561)

2022 US\$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	Adjusted measure
Purchase of property, plant and equipment	(4,177)	(674)	245	(4,606)
Proceeds from sale of property, plant and equipment	63	–	–	63
Net purchase and sale of property, plant and equipment	(4,114)	(674)	245	(4,543)

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 returns 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.

2023 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, interest and tax	15,117	–	–	15,117
Addback EBITDA of relevant material associates and joint ventures	–	2,338	(270)	2,068
Non-cash adjustments included within EBITDA	–	46	–	46
Adjusted cash generated by operating activities before working capital changes, interest and tax	15,117	2,384	(270)	17,231
Income taxes paid	(6,503)	(589)	23	(7,069)
Interest received	552	10	(6)	556
Interest paid	(1,882)	(15)	63	(1,834)
Dividends received from associates and joint ventures	1,328	(760)	–	568
Funds from operations (FFO)	8,612	1,030	(190)	9,452
Net debt				4,917
FFO to net debt				192.2%

ALTERNATIVE PERFORMANCE MEASURES

continued

2022 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, interest and tax	32,915	–	–	32,915
Addback EBITDA of relevant material associates and joint ventures	–	2,687	(285)	2,402
Non-cash adjustments included within EBITDA	–	46	(11)	35
Adjusted cash generated by operating activities before working capital changes, interest and tax	32,915	2,733	(296)	35,352
Income taxes paid	(4,881)	(1,066)	43	(5,904)
Interest received	234	3	(5)	232
Interest paid	(1,340)	(18)	57	(1,301)
Dividends received from associates and joint ventures	1,691	(1,132)	–	559
Funds from operations (FFO)	28,619	520	(201)	28,938
Net debt				75
FFO to net debt				n.m.

OTHER RECONCILIATIONS

AVAILABLE COMMITTED LIQUIDITY¹

US\$ million	2023	2022
Cash and cash equivalents – reported	1,925	1,923
Proportionate adjustment – cash and cash equivalents	168	225
Headline committed core revolving credit facilities	12,960	11,185
Other committed facilities	300	–
Amount drawn under revolving credit facilities	(1,456)	–
Amounts drawn under US commercial paper programme	(1,044)	(333)
Total	12,853	13,000

¹ Presented on an adjusted measure basis.

CASH FLOW RELATED ADJUSTMENTS 2023

US\$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	Adjusted measure
Funds from operations (FFO)	8,612	1,030	(190)	9,452
Working capital changes	3,752	159	194	4,105
Net cash used in acquisitions of subsidiaries	(494)	–	–	(494)
Net cash received from disposal of subsidiaries	838	–	–	838
Purchase of investments	(946)	–	–	(946)
Proceeds from sale of investments	56	–	–	56
Purchase of property, plant and equipment	(4,484)	(1,229)	–	(5,713)
Proceeds from sale of property, plant and equipment	147	5	–	152
Margin receipts in respect of financing related hedging activities	897	–	–	897
Net proceeds paid on acquisition of non-controlling interests in subsidiaries	(68)	–	–	(68)
Return of capital/distributions to non-controlling interests	(8)	–	–	(8)
Purchase of own shares	(3,672)	–	–	(3,672)
Distributions paid to equity holders of the Parent	(6,450)	–	–	(6,450)
Cash movement in net funding	(1,820)	(35)	4	(1,851)

CASH FLOW RELATED ADJUSTMENTS 2022

US\$ million	Reported measure	Proportionate adjustment material associates and joint ventures	Proportionate adjustment Volcan	Adjusted measure
Funds from operations (FFO)	28,619	520	(201)	28,938
Working capital changes	(13,269)	(172)	(42)	(13,483)
Increase in long-term advances and loans	(200)	–	–	(200)
Net cash received in acquisitions of subsidiaries	321	(167)	–	154
Net cash received from disposal of subsidiaries	455	–	–	455
Purchase of investments	(476)	–	–	(476)
Proceeds from sale of investments	604	–	–	604
Purchase of property, plant and equipment	(4,177)	(674)	245	(4,606)
Proceeds from sale of property, plant and equipment	63	–	–	63
Margin payments in respect of financing related hedging activities	(1,824)	–	–	(1,824)
Return of capital/distributions to non-controlling interests	(442)	–	–	(442)
Purchase of own shares	(2,503)	–	–	(2,503)
Disposal of own shares	238	–	–	238
Distributions paid to equity holders of the Parent	(4,832)	–	–	(4,832)
Cash movement in net funding	2,577	(493)	2	2,086

OTHER RECONCILIATIONS

continued

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 2023

US\$ million	Total
Adjusted EBIT, pre-significant items	10,392
Net finance costs	(1,900)
Adjustments for:	
Net finance costs from material associates and joint ventures	5
Proportional adjustment and net finance costs – Volcan	16
Share of income from other associates pre-significant items	(372)
Profit on a proportionate consolidation basis before tax and pre-significant items	8,141
Income tax expense, pre-significant items	(2,170)
Adjustments for:	
Tax expense from material associates and joint ventures	(559)
Tax credit from Volcan	(3)
Tax expense on a proportionate consolidation basis	(2,732)
Applicable tax rate	33.6%

US\$ million	Pre-significant tax expense	Significant items tax ¹	Total tax expense
Tax expense on a proportionate consolidation basis	2,732	72	2,804
Adjustment in respect of material associates and joint ventures – tax	(559)	–	(559)
Adjustment in respect of Volcan – tax	(3)	(35)	(38)
Tax expense on the basis of the income statement	2,170	37	2,207

RECONCILIATION OF TAX EXPENSE 2022

US\$ million	Total
Adjusted EBIT, pre-significant items	26,657
Net finance costs	(1,336)
Adjustments for:	
Net finance costs from material associates and joint ventures	(22)
Proportional adjustment and net finance costs – Volcan	60
Share of income from other associates pre-significant items	(973)
Profit on a proportionate consolidation basis before tax and pre-significant items	24,386
Income tax expense, pre-significant items	(6,169)
Adjustments for:	
Tax expense from material associates and joint ventures	(688)
Tax credit from Volcan	10
Tax expense on a proportionate consolidation basis	(6,847)
Applicable tax rate	28.1%

US\$ million	Pre-significant tax expense	Significant items tax ¹	Total tax expense
Tax expense on a proportionate consolidation basis	6,847	247	7,094
Adjustment in respect of material associates and joint ventures – tax	(688)	–	(688)
Adjustment in respect of Volcan – tax	10	(48)	(38)
Tax expense on the basis of the income statement	6,169	199	6,368

¹ See table above.

PRODUCTION BY QUARTER – Q4 2022 TO Q4 2023

Metals and minerals

PRODUCTION FROM OWN SOURCES – TOTAL¹

		Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023	2022	Change 2023 vs 2022 %	Change Q4 23 vs Q4 22 %
Copper	kt	287.6	244.1	243.9	247.8	274.3	1,010.1	1,058.1	(5)	(5)
Cobalt	kt	10.7	10.5	11.2	10.8	8.8	41.3	43.8	(6)	(18)
Zinc	kt	238.9	205.3	229.4	237.4	246.4	918.5	938.5	(2)	3
Lead	kt	54.7	39.3	48.1	46.2	49.1	182.7	191.6	(5)	(10)
Nickel	kt	25.9	20.9	25.5	22.0	29.2	97.6	107.5	(9)	13
Gold	koz	157	187	182	175	203	747	661	13	29
Silver	koz	5,872	4,525	4,921	5,064	5,501	20,011	23,750	(16)	(6)
Ferrochrome	kt	378	400	317	156	289	1,162	1,488	(22)	(24)
Coal	mt	28.1	26.9	27.3	29.7	29.7	113.6	110.0	3	6
Oil (entitlement interest basis)	kboe	1,309	1,208	1,142	1,164	1,229	4,743	6,131	(23)	(6)

PRODUCTION FROM OWN SOURCES – COPPER ASSETS¹

		Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023	2022	Change 2023 vs 2022 %	Change Q4 23 vs Q4 22 %	
African Copper (Katanga, Mutanda)											
Katanga	Copper metal	kt	67.3	53.6	48.7	59.9	44.2	206.4	220.1	(6)	(34)
	Cobalt ²	kt	6.6	7.0	7.6	7.4	5.6	27.6	25.5	8	(15)
Mutanda	Copper metal	kt	11.2	8.2	9.7	9.0	8.2	35.1	33.3	5	(27)
	Cobalt ²	kt	3.2	2.8	3.0	3.0	2.4	11.2	14.7	(24)	(25)
	Total Copper metal	kt	78.5	61.8	58.4	68.9	52.4	241.5	253.4	(5)	(33)
	Total Cobalt²	kt	9.8	9.8	10.6	10.4	8.0	38.8	40.2	(3)	(18)
Collahuasi³											
	Copper in concentrates	kt	62.9	57.1	57.3	66.1	71.7	252.2	251.1	-	14
	Silver in concentrates	koz	809	724	888	1,242	1,178	4,032	3,350	20	46
	Gold in concentrates	koz	10	9	11	9	12	41	38	8	20
Antamina⁴											
	Copper in concentrates	kt	36.4	32.0	36.3	34.5	39.6	142.4	152.5	(7)	9
	Zinc in concentrates	kt	32.5	31.8	45.3	42.1	37.4	156.6	144.3	9	15
	Silver in concentrates	koz	1,018	923	1,027	918	1,044	3,912	4,964	(21)	3
South America (Antapaccay, Lomas Bayas)											
Antapaccay	Copper in concentrates	kt	42.5	36.8	45.9	33.8	56.5	173.0	151.0	15	33
	Gold in concentrates	koz	19	21	35	16	25	97	61	59	32
	Silver in concentrates	koz	316	251	358	235	423	1,267	1,222	4	34
Lomas Bayas	Copper metal	kt	19.4	17.9	11.9	15.5	20.5	65.8	72.6	(9)	6
	Total Copper metal	kt	19.4	17.9	11.9	15.5	20.5	65.8	72.6	(9)	6
	Total Copper in concentrates	kt	42.5	36.8	45.9	33.8	56.5	173.0	151.0	15	33
	Total Gold in concentrates and in doré	koz	19	21	35	16	25	97	61	59	32
	Total Silver in concentrates and in doré	koz	316	251	358	235	423	1,267	1,222	4	34
Australia (Cobar)											
Cobar	Copper in concentrates	kt	11.2	8.7	6.3	-	-	15.0	37.3	(60)	(100)
	Silver in concentrates	koz	139	100	80	-	-	180	446	(60)	(100)
Total Copper department											
	Copper	kt	250.9	214.3	216.1	218.8	240.7	889.9	917.9	(3)	(4)
	Cobalt	kt	9.8	9.8	10.6	10.4	8.0	38.8	40.2	(3)	(18)
	Zinc	kt	32.5	31.8	45.3	42.1	37.4	156.6	144.3	9	15
	Gold	koz	29	30	46	25	37	138	99	39	28
	Silver	koz	2,282	1,998	2,353	2,395	2,645	9,391	9,982	(6)	16

PRODUCTION BY QUARTER – Q4 2022 TO Q4 2023

continued

Metals and minerals
PRODUCTION FROM OWN SOURCES – ZINC ASSETS¹

		Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023	2022	Change 2023 vs 2022 %	Change Q4 23 vs Q4 22 %	
Kazzinc											
Zinc metal	kt	28.0	24.9	24.6	31.6	32.7	113.8	125.7	(9)	17	
Zinc in concentrates	kt	8.6	9.4	13.1	15.8	21.8	60.1	20.7	190	153	
Lead metal	kt	3.8	4.8	4.0	5.2	4.7	18.7	16.9	11	24	
Lead in concentrates	kt	0.4	3.5	4.0	3.3	6.1	16.9	0.4	n.m.	n.m.	
Copper metal ⁵	kt	4.3	3.4	1.6	4.4	5.4	14.8	20.5	(28)	26	
Gold	koz	125	154	134	147	163	598	546	10	30	
Silver	koz	698	693	414	760	860	2,727	2,721	-	23	
Silver in concentrates	koz	12	140	123	143	142	548	12	n.m.	n.m.	
<i>Kazzinc – total production including third party feed</i>											
Zinc metal	kt	55.5	63.5	61.5	66.2	71.1	262.3	256.9	2	28	
Lead metal	kt	25.8	23.9	21.8	27.7	24.6	98.0	107.6	(9)	(5)	
Copper metal	kt	13.9	11.5	5.8	11.8	13.0	42.1	55.8	(25)	(6)	
Gold	koz	262	261	270	275	318	1,124	912	23	21	
Silver	koz	4,959	4,861	4,716	4,355	3,634	17,566	22,005	(20)	(27)	
Australia (Mount Isa, McArthur River)											
Mount Isa	Zinc in concentrates	kt	87.2	61.6	68.5	76.0	81.1	287.2	290.2	(1)	(7)
	Copper metal	kt	23.1	16.5	18.6	16.1	17.9	69.1	70.5	(2)	(23)
	Lead in concentrates	kt	36.0	18.8	27.8	25.4	24.7	96.7	114.5	(16)	(31)
	Silver	koz	207	180	158	134	143	615	557	10	(31)
	Silver in concentrates	koz	1,383	708	1,086	1,056	987	3,837	4,125	(7)	(29)
<i>Mount Isa, Townsville – total production including third party feed</i>											
	Copper metal	kt	56.2	44.3	50.5	53.0	49.4	197.2	191.5	3	(12)
	Gold	koz	43	37	35	46	50	168	148	14	16
	Silver	koz	578	408	386	482	475	1,751	1,885	(7)	(18)
McArthur River	Zinc in concentrates	kt	70.5	66.9	66.4	63.1	65.8	262.2	273.8	(4)	(7)
	Lead in concentrates	kt	13.1	12.2	12.3	12.3	13.6	50.4	51.4	(2)	4
	Silver in concentrates	koz	371	366	261	262	403	1,292	1,467	(12)	9
	Total Zinc in concentrates	kt	157.7	128.5	134.9	139.1	146.9	549.4	564.0	(3)	(7)
	Total Copper	kt	23.1	16.5	18.6	16.1	17.9	69.1	70.5	(2)	(23)
	Total Lead in concentrates	kt	49.1	31.0	40.1	37.7	38.3	147.1	165.9	(11)	(22)
	Total Silver	koz	207	180	158	134	143	615	557	10	(31)
	Total Silver in concentrates	koz	1,754	1,074	1,347	1,318	1,390	5,129	5,592	(8)	(21)
North America (Matagami, Kidd)⁶											
Matagami	Zinc in concentrates	kt	-	-	-	-	-	17.3	(100)	n.m.	
	Copper in concentrates	kt	-	-	-	-	-	3.2	(100)	n.m.	
Kidd	Zinc in concentrates	kt	8.4	10.7	11.5	8.8	7.6	38.6	39.2	(2)	(10)
	Copper in concentrates	kt	4.9	6.8	4.6	5.1	6.1	22.6	25.1	(10)	24
	Silver in concentrates	koz	292	392	477	254	255	1,378	1,346	2	(13)
	Total Zinc in concentrates	kt	8.4	10.7	11.5	8.8	7.6	38.6	56.5	(32)	(10)
	Total Copper in concentrates	kt	4.9	6.8	4.6	5.1	6.1	22.6	28.3	(20)	24
	Total Silver in concentrates	koz	292	392	477	254	255	1,378	1,346	2	(13)

PRODUCTION BY QUARTER – Q4 2022 TO Q4 2023

continued

Metals and minerals
PRODUCTION FROM OWN SOURCES – ZINC ASSETS¹ CONTINUED

		Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023	2022	Change 2023 vs 2022 %	Change Q4 23 vs Q4 22 %
Other Zinc: South America (Bolivia, Peru)⁶										
Zinc in concentrates	kt	3.7	-	-	-	-	-	27.3	(100)	(100)
Lead in concentrates	kt	1.4	-	-	-	-	-	8.4	(100)	(100)
Copper in concentrates	kt	0.3	-	-	-	-	-	1.4	(100)	(100)
Silver in concentrates	koz	567	-	-	-	-	-	3,345	(100)	(100)
Total Zinc department										
Zinc	kt	206.4	173.5	184.1	195.3	209.0	761.9	794.2	(4)	-
Lead	kt	54.7	39.3	48.1	46.2	49.1	182.7	191.6	(5)	(10)
Copper	kt	32.6	26.7	24.8	25.6	29.4	106.5	120.7	(12)	(10)
Gold	koz	125	154	134	147	163	598	546	10	30
Silver	koz	3,530	2,479	2,519	2,609	2,790	10,397	13,573	(23)	(21)

PRODUCTION FROM OWN SOURCES – NICKEL ASSETS¹

		Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023	2022	Change 2023 vs 2022 %	Change Q4 23 vs Q4 22 %
Integrated Nickel Operations (Sudbury, Raglan, Nikkelverk)										
Nickel metal	kt	9.7	8.1	10.0	7.3	13.7	39.1	46.2	(15)	41
Nickel in concentrates	kt	0.1	-	-	0.1	0.1	0.2	0.2	-	-
Copper metal	kt	2.5	2.0	1.9	2.2	2.8	8.9	11.9	(25)	12
Copper in concentrates	kt	1.6	1.1	1.1	1.2	1.4	4.8	7.6	(37)	(13)
Cobalt metal	kt	0.1	0.1	0.1	-	0.2	0.4	0.6	(33)	100
Gold	koz	3	3	2	3	3	11	16	(31)	-
Silver	koz	60	48	49	60	66	223	195	14	10
Platinum	koz	8	6	6	5	7	24	32	(25)	(13)
Palladium	koz	16	16	17	14	18	65	83	(22)	13
Rhodium	koz	1	1	-	1	1	3	4	(25)	-
Nickel metal	kt	23.6	23.9	23.2	23.9	24.0	95.0	81.9	16	2
Nickel in concentrates	kt	-	-	0.1	-	0.1	0.2	0.2	-	n.m.
Copper metal	kt	4.7	5.2	5.0	4.8	5.1	20.1	18.5	9	9
Copper in concentrates	kt	2.7	1.6	1.6	1.1	1.9	6.2	10.6	(42)	(30)
Cobalt metal	kt	0.9	0.9	0.8	0.8	1.0	3.5	3.1	13	11
Gold	koz	6	6	8	5	8	27	29	(7)	33
Silver	koz	130	86	89	110	122	407	494	(18)	(6)
Platinum	koz	16	12	13	11	15	51	69	(26)	(6)
Palladium	koz	49	46	54	43	58	201	221	(9)	18
Rhodium	koz	2	1	1	1	-	3	5	(40)	(100)
Murrin Murrin										
Total Nickel metal	kt	9.1	7.8	7.8	7.5	8.0	31.1	35.7	(13)	(12)
Total Cobalt metal	kt	0.8	0.6	0.5	0.4	0.6	2.1	3.0	(30)	(25)
<i>Murrin Murrin – total production including third party feed</i>										
Total Nickel metal	kt	10.3	8.9	9.0	8.6	9.9	36.4	40.4	(10)	(4)
Total Cobalt metal	kt	0.9	0.7	0.6	0.4	0.7	2.4	3.3	(27)	(22)
Koniambo										
Nickel in ferronickel	kt	7.0	5.0	7.7	7.1	7.4	27.2	25.4	7	6
Total Nickel department										
Nickel	kt	25.9	20.9	25.5	22.0	29.2	97.6	107.5	(9)	13
Copper	kt	4.1	3.1	3.0	3.4	4.2	13.7	19.5	(30)	2
Cobalt	kt	0.9	0.7	0.6	0.4	0.8	2.5	3.6	(31)	(11)
Gold	koz	3	3	2	3	3	11	16	(31)	-
Silver	koz	60	48	49	60	66	223	195	14	10
Platinum	koz	8	6	6	5	7	24	32	(25)	(13)
Palladium	koz	16	16	17	14	18	65	83	(22)	13
Rhodium	koz	1	1	-	1	1	3	4	(25)	-

PRODUCTION BY QUARTER – Q4 2022 TO Q4 2023

continued

Metals and minerals

PRODUCTION FROM OWN SOURCES – FERROALLOYS ASSETS¹

		Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023	2022	Change 2023 vs 2022 %	Change Q4 23 vs Q4 22 %
Ferrochrome ⁷	kt	378	400	317	156	289	1,162	1,488	(22)	(24)
Vanadium pentoxide	mlb	5.5	5.4	3.9	5.6	4.6	19.5	19.8	(2)	(16)

TOTAL PRODUCTION – CUSTOM METALLURGICAL ASSETS¹

		Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023	2022	Change 2023 vs 2022 %	Change Q4 23 vs Q4 22 %
Copper (Altonorte, Pasar, Horne, CCR)										
Copper metal	kt	130.7	128.2	123.2	125.7	130.2	507.3	456.9	11	–
Copper anode	kt	131.9	119.9	105.4	122.8	95.2	443.3	474.9	(7)	(28)
Zinc (Portovesme, Asturiana, Nordenham, Northfleet, CEZ)										
Zinc metal	kt	155.2	140.6	204.7	200.5	206.8	752.6	683.0	10	33
Lead metal	kt	57.3	65.0	58.7	60.9	60.0	244.6	273.4	(11)	5

1 Controlled industrial assets and joint ventures only (excludes Volcan). 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 North and South American assets sold or closed since the beginning of 2022: Matagami (Canada) completed mining in June 2022, Bolivian Zinc sold in March 2022 and Peruvian Zinc sold in December 2022.

7 The Group's attributable 79.5% share of the Glencore-Merafe Chrome Venture.

PRODUCTION BY QUARTER – Q4 2022 TO Q4 2023

continued

Energy products

PRODUCTION FROM OWN SOURCES – COAL ASSETS¹

		Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023	2022	Change 2023 vs 2022 %	Change Q4 23 vs Q4 22 %
Australian coking coal	mt	2.5	2.0	1.7	1.5	2.3	7.5	8.7	(14)	(8)
Australian semi-soft coal	mt	1.2	1.1	0.8	0.9	1.3	4.1	4.0	2	8
Australian thermal coal (export)	mt	13.7	12.9	13.8	14.3	14.2	55.2	53.4	3	4
Australian thermal coal (domestic)	mt	2.4	1.5	1.7	2.0	1.8	7.0	7.8	(10)	(25)
South African thermal coal (export)	mt	2.9	3.2	3.4	3.8	3.3	13.7	12.7	8	14
South African thermal coal (domestic)	mt	0.8	0.8	1.1	1.0	1.2	4.1	3.7	11	50
Cerrejón	mt	4.6	5.4	4.8	6.2	5.6	22.0	19.7	12	22
Total Coal department	mt	28.1	26.9	27.3	29.7	29.7	113.6	110.0	3	6

OIL ASSETS (NON-OPERATED)

		Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023	2022	Change 2023 vs 2022 %	Change Q4 23 vs Q4 22 %
Glencore entitlement interest basis										
Equatorial Guinea	kboe	1,104	1,017	979	1,030	1,109	4,135	5,107	(19)	–
Cameroon	kbbl	205	191	163	134	120	608	1,024	(41)	(41)
Total Oil department	kboe	1,309	1,208	1,142	1,164	1,229	4,743	6,131	(23)	(6)
Gross basis										
Equatorial Guinea	kboe	6,858	6,027	5,241	5,680	6,399	23,347	26,309	(11)	(7)
Cameroon	kbbl	508	483	410	367	302	1,562	2,435	(36)	(41)
Total Oil department	kboe	7,366	6,510	5,651	6,047	6,701	24,909	28,744	(13)	(9)

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.

FULL YEAR 2024 PRODUCTION GUIDANCE

		Actual FY 2021	Actual FY 2022	Actual FY 2023	Guidance FY 2024
Copper	kt	1,196	1,058	1,010	950-1,010
Cobalt	kt	31.3	43.8	41.3	35-40
Zinc	kt	1,118	939	919	900-950 ¹
Nickel	kt	102	108	98	80-90 ²
Ferrochrome	kt	1,468	1,488	1,162	1,100-1,200
Coal	mt	103	110	114	105-115 ³

1 Excludes Volcan.

2 In relation to KNS, we announced in September 2023 that Glencore would not continue to fund ongoing operations from March 2024 and, given such uncertainty, 2024's nickel production guidance above is presented ex-KNS.

3 Guidance excludes any contribution from the EVR steelmaking coal assets, in which Glencore agreed in November 2023 to acquire a 77% interest from Teck Resources Limited.

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Certain descriptions in this document are oriented towards future events and therefore contains statements that are, or may be deemed to be, “forward-looking statements” which are prospective in nature. Such statements may include, without limitation, statements in respect of trends in commodity prices and currency exchange rates; demand for commodities; reserves and resources and production forecasts; expectations, plans, strategies and objectives of management; expectations regarding financial performance, results of operations and cash flows, climate scenarios; sustainability performance (including, without limitation, environmental, social and governance) related goals, ambitions, targets, intentions, visions, milestones and aspirations; approval of certain projects and consummation of certain transactions (including, without limitation, acquisitions and disposals, in particular the proposed acquisition of a majority stake of EVR from Teck Resources Limited and potential subsequent demerger of the combined coal and carbon steel materials business); closures or divestments of certain assets, operations or facilities (including, without limitation, associated costs); capital costs and scheduling; operating costs and supply of materials and skilled employees; financings; anticipated productive lives of projects, mines and facilities; provisions and contingent liabilities; and tax, legal and regulatory developments.

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Cautionary statement regarding climate strategy

Glencore operates in a dynamic and uncertain market and external environment. Plans and strategies can and must adapt in response to dynamic market conditions, changing preference of our stakeholders, joint venture decisions, changing weather and climate patterns, new opportunities that might arise or other changing circumstances. Investors should not assume that our climate strategy will not evolve and be updated as time passes. Additionally, a number of aspects of our strategy involve developments or workstreams that are complex and may be delayed, more costly than anticipated or unsuccessful for many reasons, including, without limitation, reasons that are outside of Glencore's control. Our strategy will also necessarily be impacted by changes in our business, such as the proposed acquisition of EVR and potential demerger of the combined coal and carbon steel materials business.

There are inherent limitations to scenario analysis and it is difficult to predict which, if any, of the scenarios might eventuate. Scenario analysis relies on assumptions that may or may not be, or prove to be, correct and that may or may not eventuate and scenarios may also be impacted by additional factors to the assumptions disclosed. Given these limitations we treat these scenarios as one of several inputs that we consider in our climate strategy.

Due to the inherent uncertainty and limitations in measuring greenhouse gas (GHG) emissions and operational energy consumption under the calculation methodologies used in the preparation of such data, all CO₂e emissions and operational energy consumption data or volume references (including, without limitation, ratios and/or percentages) in this document are estimates. GHG emissions calculation and reporting methodologies may change or be progressively refined over time resulting in the need to restate previously reported data. There may also be differences in the manner that third parties calculate or report such data compared to Glencore, which means that third-party data may not be comparable to Glencore's data. For information on how we calculate our emissions and operational energy consumption data, see our latest Basis of Reporting, Climate Report and Extended ESG Data, which is available on our website.

Sources

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This document contains alternative performance measures which reflect how Glencore's management assesses the performance of the Group, including results that exclude certain items included in our reported results. Further details and information needed to reconcile such information to our reported results can be found in the section of this report entitled "Alternative Performance Measures". For further information on how we calculate certain non-financial metrics such as fatalities at our industrial operations, please refer to our latest Basis of Reporting, which is available on our website.

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