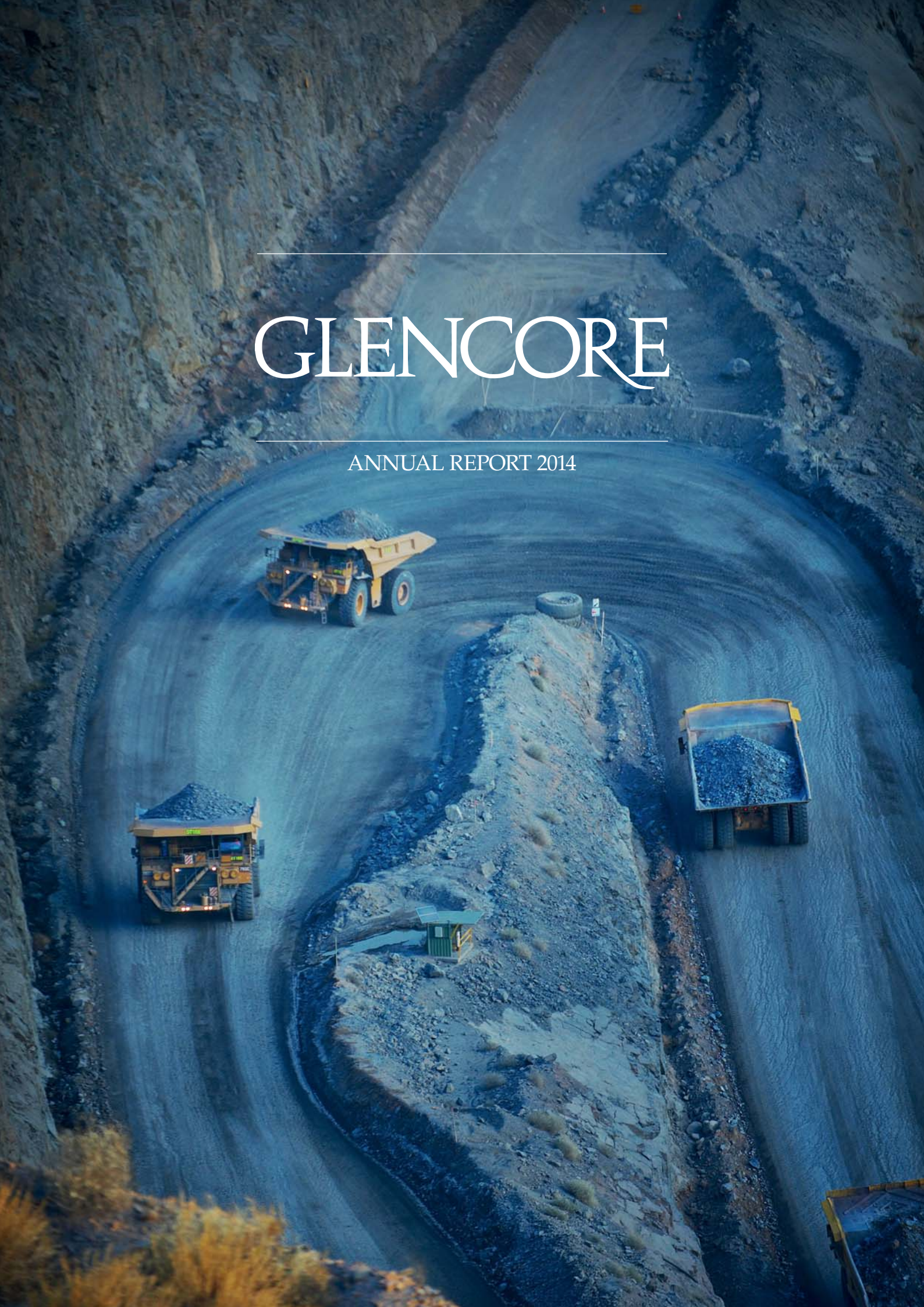


An aerial photograph of a mining operation. A wide, winding road made of dark, wet material (likely crushed ore or tailings) curves through a rugged, rocky landscape. Three large yellow haul trucks are visible on the road, each carrying a load of dark material. The trucks are positioned at different points along the curve of the road. In the center of the road, there is a small, green, rectangular structure, possibly a guard shack or a small building. The overall scene is dominated by the dark, wet material of the road and the yellow of the trucks. The lighting is dramatic, with strong shadows and highlights, suggesting a low sun position.

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# GLENCORE

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ANNUAL REPORT 2014

# Inside this report:

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Further details on our sustainability approach and performance can be found in our annual sustainability report and on our website [www.glencore.com](http://www.glencore.com)

## Who we are

We are a leading integrated producer and marketer of commodities operating worldwide. Our commodities comprise metals and minerals, energy products and agricultural products.

We market and distribute physical commodities sourced from third party producers as well as our own production. Our customer base is highly diversified and includes consumers of raw materials in the automotive, steel, power generation, oil and food processing industries. We also provide financing, processing, storage, logistics and other services to both producers and consumers of commodities.

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# STRATEGIC REPORT

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PAGE 4-77



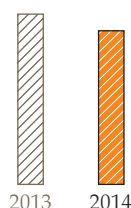
Mt Owen coal,  
Australia



# Highlights

Adjusted EBIT  
*US\$ million*

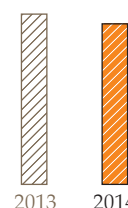
6,706



7,434 2013 6,706 2014

Earnings per share  
(pre-significant items)  
*US cents per share*

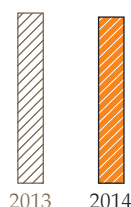
33



35 2013 33 2014

Adjusted EBITDA  
*US\$ million*

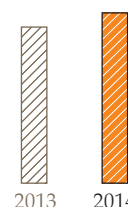
12,764



13,071 2013 12,764 2014

Full year distribution  
*US cents per share*

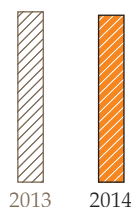
18.0



16.5 2013 18.0 2014

Funds from operations  
*US\$ million*

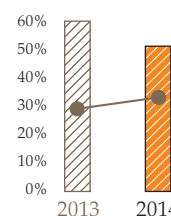
10,169



10,375 2013 10,169 2014

Net debt/FFO to net debt  
*US\$ million*

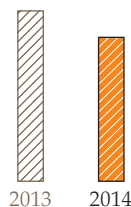
30,532



● FFO to net debt 35,798 2013 30,532 2014

Lost time injury  
frequency rate  
*per million hours worked*

1.58



1.87 2013 1.58 2014

# Chief Executive Officer's review

## Background

2014 was a year of challenges and opportunities for Glencore. The gradual process of normalisation following the financial crisis has continued, but at a slower pace than many expected. In fact, some of the most important legacies of the crisis continue to drag on, including those relating to Europe. From a geopolitical perspective we have seen heightened tension in the Middle East and the resurgence of conflict in Ukraine.

## Financial performance

Against this background we completed the integration of Xstrata during 2014 and achieved the targeted pre-tax margin and cost synergies of \$2.4 billion. Further cash flow improvements are expected over the next two years as the balance of our legacy expansionary capital programmes are realised. In marketing, the integration of Xstrata's coal, copper and zinc production, combined with Viterro's infrastructure, helped deliver Adjusted EBIT of \$2.8 billion, up 18% on 2013. This performance, despite weaker commodity prices for many of our key commodities, was particularly pleasing and once again demonstrates the resilience of our business model. The performance of our industrial activities inevitably reflected the weaker price environment, particularly in energy products, where price falls were the greatest. Industrial Adjusted EBITDA was down 7% to \$9.8 billion. However, despite the weaker market environment, overall Group Adjusted EBITDA only declined by a modest 2% to \$12.8 billion.

We also continued to selectively recycle capital. Notable deals included the sale of the Las Bambas copper project in Peru for \$6.5 billion (net of tax) and the consolidation of the Caracal oil assets in Chad. Despite the generally weaker commodity price backdrop, we are pleased to announce a final cash distribution for 2014 of \$12 cents per share. We were able to grow our base cash distribution in 2014. Additionally, we have also recently announced an in specie distribution of our non-core stake in Lonmin and we have now completed the buy-back of \$1 billion of our equity, delivering c. 1.2% EPS accretion. Glencore will have returned \$9.3 billion to its shareholders since the IPO in 2011 (inclusive of \$639 million of repurchased convertible bonds).

## Corporate governance

We have strengthened our Board of Directors with the appointment of Patrice Merrin and the elevation of Tony Hayward to the role of permanent Chairman. Peter Grauer has assumed the role of Senior Independent Director.

## Sustainability

It is with great sadness that we report 16 fatalities at our operations in 2014. This regrettably high level partly reflects the nature, location and history of some of the operations which Glencore has acquired. 13 of the 16 fatalities occurred at a small number of assets employing 71,000 people, located in challenging geographies where a culture of safety did not

exist prior to our involvement. The remaining 3 incidents occurred at our more developed operations, employing 110,000 people, representing a world class safety performance; our ongoing challenge and commitment is to embed this performance into the aforementioned 'focus assets'. We are overall encouraged that the number of fatalities is lower than in previous years, and remain determined to eliminate fatalities completely. During 2013 we initiated the SafeWork programme to enhance safety in the workplace. SafeWork has now been rolled out worldwide and 118,000 employees were trained during 2014. The long-term injury frequency rate declined from 1.87 to 1.58. These improvements reflect the focused implementation of safety best practice procedures at our operations, championed and led by our Board and senior management team. In May 2014 we joined the International Council on Mining and Metals (ICMM): recognition that we have been implementing best practices across the Group.

## Looking forwards

We remain committed to a strong BBB/Baa balance sheet and our clearly established disciplined approach to allocating capital. We will focus only on high-returning opportunistic M&A and brownfield growth opportunities. Our ultimate goal remains to grow our free cash flow and return excess capital in the most sustainable and efficient manner. As the most diversified raw material producer and marketer, Glencore is well positioned to react to and benefit from changes in commodity fundamentals. Glencore will continue to focus on maximising the value of the potential within our businesses.

In response to the challenging market environment we have decided to curtail coal production at Optimum in South Africa and a number of our coal operations in Australia to better align volumes and qualities with current market demand. Further to these coal production changes and associated capex reductions/deferrals, following a recent review of the Group's overall asset portfolio in response to weaker prices (and aided by lower input costs), we are now guiding 2015 industrial capex to the \$6.5-6.8 billion range, compared to our earlier Investor Day guidance of \$7.9 billion.

While there remains the potential for future economic setbacks and no shortage of bearishness towards commodities in financial markets, physical demand for our raw materials remains healthy. We anticipate tightening supply conditions to materialise in our key commodities in response to lower prices, production/investment cutbacks and falling grades.

We would like to thank our employees, debt capital providers and shareholders for their support during 2014 and look forward to the future with confidence.



Ivan Glasenberg  
Chief Executive Officer

# Where we operate

## Key

-  Metals and minerals
-  Energy products
-  Agricultural products
-  Corporate office
-  Marketing

## A global diversified natural resources company

**Diversity by geography:** Operations around the world spanning a global network of more than 90 offices located in over 50 countries, employing around 181,000 people, including contractors.

**Diversity by product and activity:** We produce and market over 90 commodities from around 150 mining and metallurgical sites, oil production assets and agricultural facilities.

We are organised into 3 distinct business segments, consistent with management's oversight and accountability and conducive to ensuring value is extracted at every point of the operating chain:

### Metals and minerals

Copper, zinc/lead, nickel, ferroalloys, alumina/aluminium and iron ore production and marketing. We have interests in both controlled and non-controlled industrial assets that include mining, smelting, refining and warehousing operations.

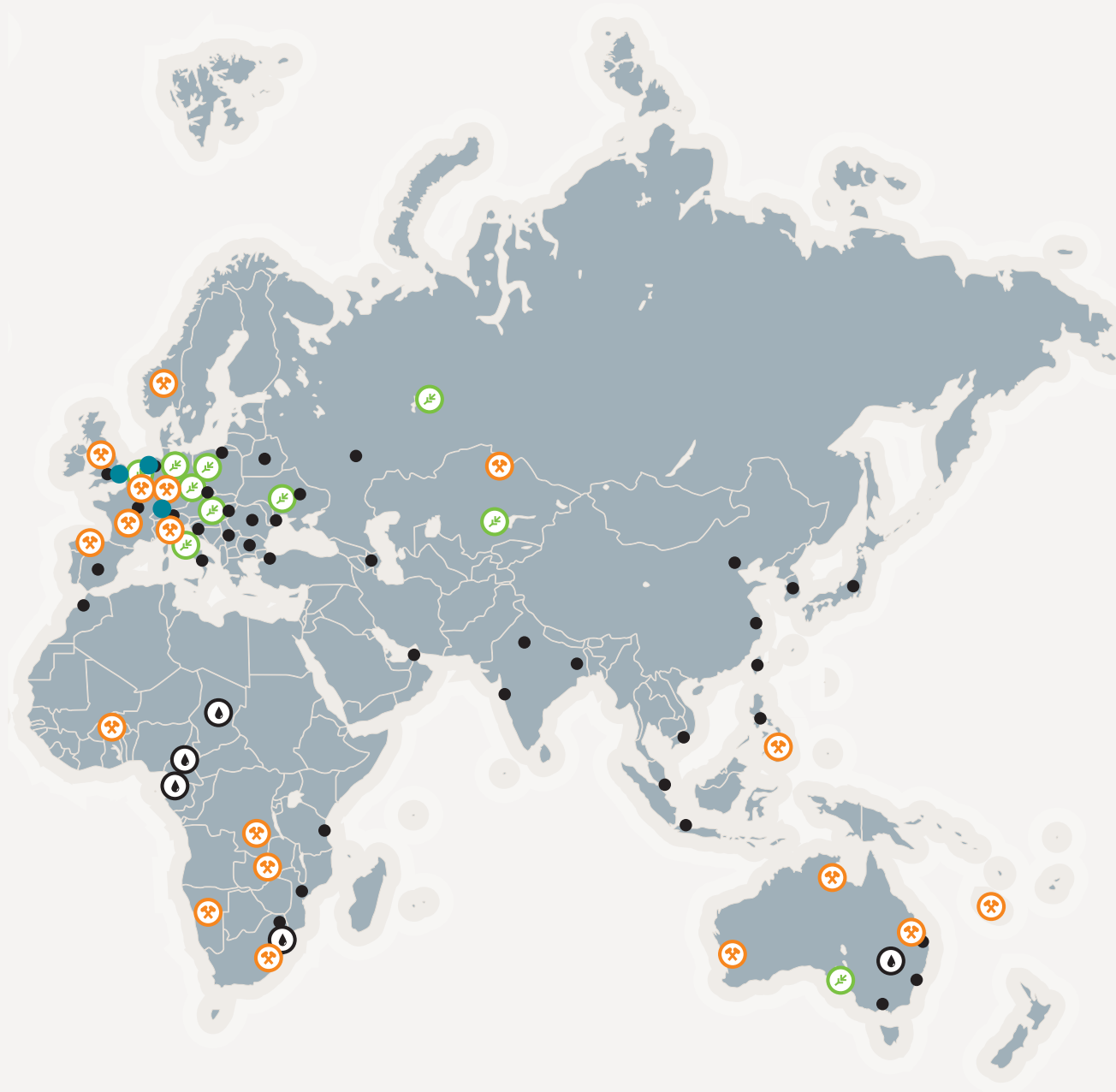
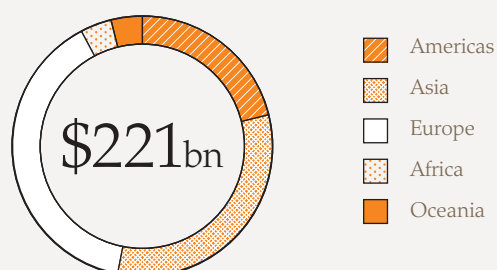
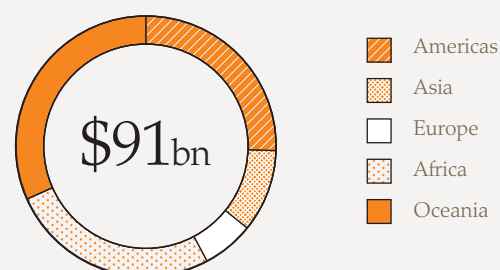
### Energy products

Coal and oil industrial and marketing. Our Energy products businesses include controlled and non-controlled coal mining and oil production operations and investments in strategic handling, storage and freight equipment and facilities.

### Agricultural products

Focused on grains, oils/oilseeds, cotton and sugar. Our Agricultural products group is supported by both controlled and non-controlled storage, handling and processing facilities in strategic locations.



Revenue<sup>1</sup> by geography 2014Non-current assets<sup>2</sup> by region 2014

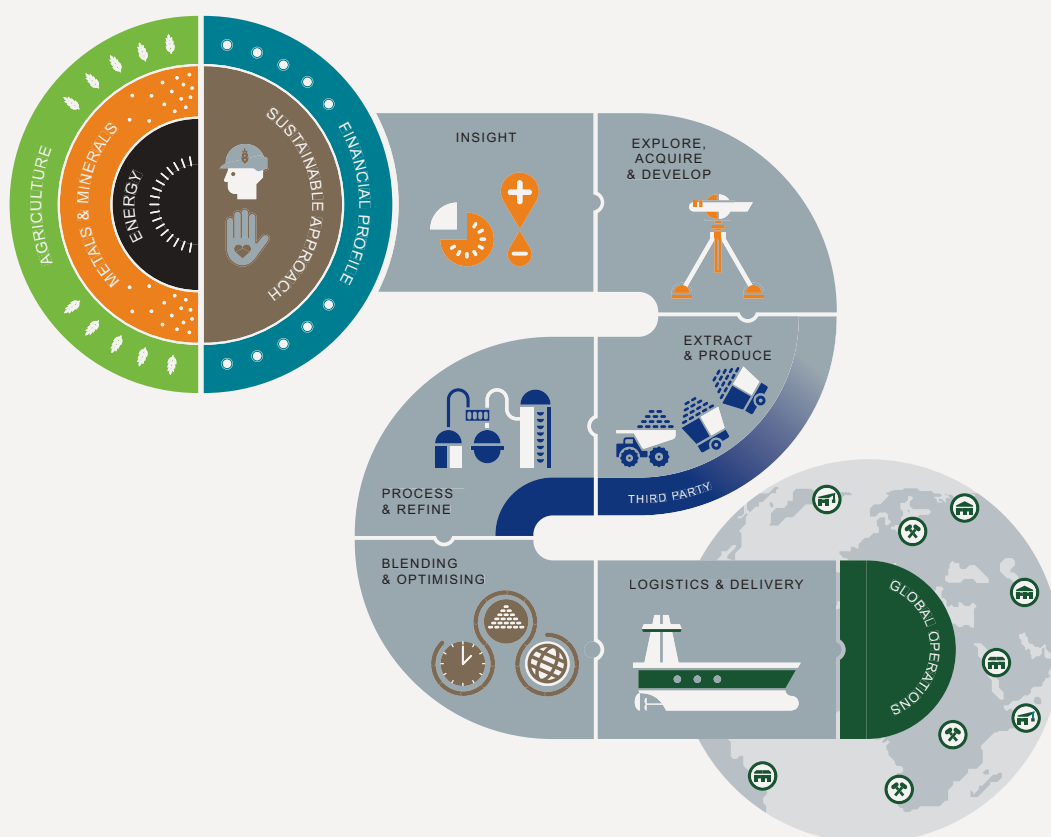
<sup>1</sup> Revenue by geographic destination is based on the country of incorporation of the sales counterparty however this may not necessarily be the country of the counterparty's ultimate parent and/or final destination of the product.

<sup>2</sup> Non-current assets are non-current assets excluding other investments, advances and loans and deferred tax assets.

# Our business model

## Who we are

We are one of the world's largest diversified and vertically-integrated producers, processors and marketers of commodities. We market and distribute physical commodities sourced from our own production and from third party producers to a highly diversified customer base that includes consumers from the industrial, automotive, steel, power generation, oil and food processing industries.



## What we do

Operating under a framework that balances social, environmental, ethical and commercial interests we produce and market over 90 commodities, key ingredients that help feed, power, move and build our world.

## Our business model

We seek to extract a value added margin at each stage of the commodity chain – from extraction to delivery – to create value for all Glencore stakeholders. We have three business segments: metals and minerals, energy products and agricultural products. Each business segment is responsible for managing the marketing and industrial investment activities of their commodities. We are not only focused on minimising costs and maximising operational efficiencies; we focus on maximising returns through the entire supply chain.

## Optimising our business model

We have set up our business model to generate superior returns by ensuring it focuses on complementary and high return investments, is of a scale and breadth to endure short-term volatility and benefit from economies of scale and an entrepreneurial culture that permeates throughout it.

## Diversification

We are one of the largest resources companies by any measure, producing and marketing over 90 commodities. We are uniquely diversified in respect of commodity, geography and activity. We benefit, together with our consumers and suppliers, from our scale and diversity, enabling us to deliver value throughout the commodity chain.

Our portfolio of industrial assets comprises over 150 mining and metallurgical facilities, oil production facilities and agricultural facilities. Our asset portfolio mainly contains long-life low-cost assets which have ample attractive growth options. As our industrial asset base grows it enhances the quality and scale of our marketing activities, thereby creating greater choice for our customers.

For over 40 years, we have established a formidable reputation as a reliable supplier of high quality and competitively priced commodities on a timely basis, irrespective of the vagaries of market or geopolitical conditions.

Our competitive position and business model enables us to provide a compelling commodity offering for the thousands of counterparties who are our long-term suppliers and consumers. Additionally, through buying commodities from thousands of third party producers worldwide, we are better able to identify opportunities to grow our business through acquisitions. Some of our valuable producing assets were formed through the diligent acquisition of numerous smaller operations which we then patiently integrated and developed over a number of years. Although we monitor all industrial asset performance on a standalone basis, their purpose is also to improve the competitive offering, financial performance and value of our overall business.

## Entrepreneurial culture

Our management team, led by Ivan Glasenberg, has a strong track record of developing and growing our business since the management buyout in 1994. A strong entrepreneurial culture has been key to this success. This culture remains, underpinned by management and employee ownership of around one third of the Company's shares. This degree of alignment with external shareholders' interests is unique amongst major resource companies.

## Disciplined investment

The deployment of capital in a highly disciplined manner has been and always will remain key to our ability to create superior value for our shareholders. Glencore management's substantial stake in the equity of the company ensures that the interests of our executive team and shareholders remain closely aligned – *we act like owners of the business because we are.*

Commitment to strong BBB/Baa reflects our optimal investment rating target. Once we have ensured that our desired capital structure is maintained and our base cash distributions covered, we evaluate two options: return excess capital to shareholders or reinvest it through M&A or brownfield projects. The decision is assessed by a robust analysis process which considers the risks versus returns, cash payback duration and the alternative of buying back shares. In the case of the redeployment of capital we also consider commodity supply and demand balance, our existing presence in a country and the geopolitical outlook.

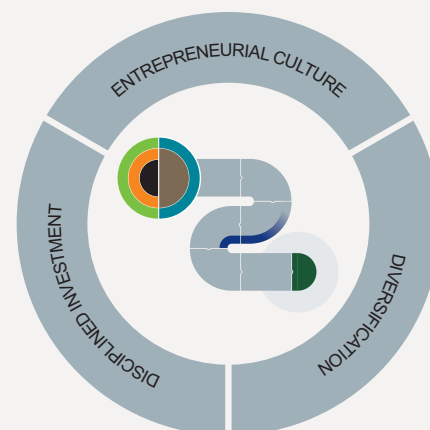
## Changing trade flows

Commodity trade flows continue to shift as demand growth increasingly gravitates towards emerging market economies. The supply of commodities is increasingly sought from more remote, challenging and often logistically constrained locations, many with a range of new industry participants who lack infrastructure, funding and established routes to market.

In the emerging markets, standards of living remain substantially below those in developed countries. A long-term driver for our business remains the continued urbanisation and industrialisation of highly populous emerging economies and the associated growth in demand for key commodities. Technology will continue to encourage and facilitate this progress. It will also influence patterns of demand in the future which are different from those which currently apply.

We are confident that Glencore's scale, diversification and asset base ensures we remain well positioned to facilitate both the growth and the changes that will be required.

## Optimising our business model



# Our business model

## How we create value



### Sustainable approach

Through our investments in our assets and the long-term commitments we make to the countries in which we operate, we believe that our global presence and economic strength contribute positively to socio-economic development in our host countries.

Our corporate sustainability framework balances social, environmental, ethical and commercial interests at every level of our Group. This framework is called Glencore Corporate Practice (GCP). We designed and implemented GCP to be in line with internationally recognised, good practice, sector specific standards and we continue to monitor its performance to ensure it is fit for purpose. Our Code of Conduct is an important part of the GCP and sets out our corporate values and provides clear guidance to our employees and other key stakeholders about how we do business.

See pages 14 to 18 for more information.



### Financial profile

We have a long track-record of value creation across economic cycles. Unlike most other natural resources companies, a material portion of our earnings is less correlated to movements in commodity prices. The use of hedging strategies to protect against price risks ensures that marketing profitability is primarily determined by volume activity associated value added supply chain margins and other market conditions rather than the absolute price itself. This lower correlation with commodity prices should ensure that our overall earnings have greater protection from commodity price reductions than those of producers of metals, mining and energy products that do not also have significant marketing and logistics operations.

Our industrial assets are competitively positioned around the first quartiles of their respective cost curves, benefiting from the integration and streamlining of Xstrata's industrial assets along with higher volumes of new lower cost production.



### Insight

We are an established marketer of commodities and have, over a period of years, built an outstanding market reputation as a reliable supplier of quality product on a timely basis. In addition, our long experience has allowed us to build extensive market knowledge and insight, as well as full logistics capabilities. This enables us to generate value added margins, as well as seeking arbitrage opportunities throughout the physical commodity supply chain.

Our global network of offices and long-standing relationships provide us with valuable insight into the broad production and demand spectrum and access to strategic markets. In addition, these factors provide us with valuable access to a range of industrial asset investment opportunities and, more broadly, enable us to manage our industrial assets portfolio, including production volume and expansion decisions, as well as asset purchases and disposals.



### Explore, acquire and develop

We prefer to develop brownfield sites and explore close to our existing assets, which have a lower risk profile and enable us to utilise existing infrastructure, realise synergies and save costs.

We usually look for investment opportunities in the countries where we are already operating and in the commodities that we are producing. This focus allows us to build on our economies of scale, our familiarity with a political and cultural landscape and our understanding of commodity dynamics. The nature of new investments will often vary, ranging from an offtake agreement to an equity stake in a business either as a minority or a joint venture partner. This approach helps us mitigate the risks involved and over time, as the relationship develops, we accumulate valuable experience and information should an opportunity arise to acquire the asset outright.

We evaluate each industrial asset investment opportunity both on a standalone basis and on its potential to support and strengthen our physical marketing activities or existing industrial asset base. Similarly, we evaluate disposals of investments in industrial assets when they are no longer deemed to support our marketing activities and/or when compelling selling opportunities arise.



## Extract and produce

We are the operators of the assets that we wholly own or have majority ownership. We mine and beneficiate minerals across a broad range of commodities, mining techniques and countries, for processing and/or refining at our own facilities or for sale to third parties.

Extraction (including oil), by its very nature, is a long-term commitment carrying considerable risks in the form of unknown future commodity prices, project development, sovereign and community risks. Development of major assets can often take more than 10 years from the date of first discovery to first production. An integral part of developing new and maintaining existing projects is earning our social licence to operate from the host governments and communities around our operations.



## Process and refine

Smelting is a form of extractive metallurgy, which produces crude metal from ore. Refining is a purification process and a variety of techniques are used depending on the commodity. Our expertise and technology advantage in this area enables us to optimise the end product to meet the needs of a wider range of customers. Our smelting and refining facilities provide volumes that are utilised by our marketing teams.

We see the ownership of industrial assets not solely as sources of self-produced commodities, but also as tools for increasing flexibility, optionality and security of supply and for gaining valuable market knowledge. We purchase additional product, as required, from smaller operators that do not enjoy the same economies of scale.



## Blending and optimising

Our integrated business model means we can provide a superior service to our customers. We can provide them with a wide range of product specifications, which increases our ability to meet their exact requirements. It also provides us with valuable market and local knowledge, which combined with the oversight of supply we get from working with third party suppliers, enables us to better understand the balance between supply and demand.



## Logistics and delivery

Our ownership of global distribution capabilities and our long-term customer/supplier relationships differentiates us from our peers and allows us to handle large volumes of commodities. It enables us to fulfil our marketing obligations and to take advantage of demand and supply imbalances. We own vessels and complement our fleet with time-chartered vessels. We have global storage and logistics assets in key strategic locations, including metal warehouses accredited by the LME and numerous oil and grain storage facilities worldwide.

The physical sourcing and marketing of commodities requires highly professional handling and transfer from the supplier to the customer.

The employees that handle the physical movement of goods are known as the “traffic teams” which account for a significant proportion of the people in our marketing activities. Our dedicated chartering teams actively trade freight to gain market knowledge and volume benefits. The freight element of transactions is also used to maintain maximum physical optionality so that full value can be extracted from the underlying commodity positions of each department. This complements our ability to take advantage of geographic and time spread arbitrage opportunities as they arise. The broad range of value added services we can offer fulfils the needs of customers that do not have the equivalent internal capability and cannot outsource to other providers who can offer these services as seamlessly or efficiently as we can provide them.

## Our business model

### Our marketing activities

We have more than 90 marketing offices in over 50 countries across the globe. Our marketing activities source a diversified range of physical commodities from third party suppliers and from industrial assets in which we have full or part ownership. These commodities are sold, often with value added services such as freight, insurance, financing and/or storage, to a broad range of consumers and industrial commodity end users. Our customer base is highly diversified and contains a high proportion of long-term commercial relationships.

We focus on maximising fee-like returns from the entire marketing process, taking into account our extensive and global third party supply base, our logistics, risk management and working capital financing capabilities, extensive market insight, business optionality, extensive customer base, strong market position and penetration in most commodities and economies of scale.

In addition, many of the physical commodity markets in which we operate are fragmented or periodically volatile. As a result, price discrepancies often occur between the prices that commodities can be bought or sold in different geographic locations or time periods. Other factors include freight and product quality. These pricing discrepancies can present us with arbitrage opportunities that enable us to generate profit by sourcing, transporting, blending, storing or otherwise processing the relevant commodities. While the strategies used to generate such margin vary from commodity to commodity, the main opportunities can be generally described as being:

- geographic arbitrage: we leverage our relationships and production, processing and logistical capabilities in order to source physical commodities from one location and deliver them to another location where such commodities can command a higher price (net of transport and/or other transaction costs);
- product arbitrage: it is possible to blend particular commodities being marketed, such as the various crude oil products, coal or concentrates, in order to supply bespoke products which attract higher prices than their base constituents or exploit existing and/or expected price differentials; and
- time arbitrage: differences often arise between the price of a commodity to be delivered at a future date and the price of a commodity to be delivered immediately, where the available storage, financing and other related costs are less than the forward pricing difference.

The credit (including performance) risk in relation to suppliers and customers is mitigated through the systematic application of measures such as credit insurance, letters of credit, security arrangements and/or bank and corporate guarantees. We also leverage our network of global offices, which have direct access to and keep close relationships with our customers and suppliers.

The marketing teams also manage Glencore's market exposure via the reduction of price risks arising from timing differences between the purchase and sale of commodities to acceptably low levels. Comprehensive risk management systems and procedures established over the past 40 years are in place to monitor these activities. Similarly, we have extensive compliance policies and procedures in place and use third party screening software systems to manage compliance with sanctions and other regulations.

See Governance section on page 89 for more information on risk management and internal control.

## Marketing – arbitrage strategies

Glencore operates in markets which are fragmented and periodically volatile, which results in price differentials that Glencore is able to benefit from due to its capabilities across the value chain.



### Geographic arbitrage

#### Disparity

Pricing differences for the same product in different geographic regions, taking into account transportation or transaction costs

#### Execution

Leverage global relationships and production, processing and logistical capabilities to source product in one location and deliver in another



### Product arbitrage

#### Disparity

Pricing differences between blends, grades or types of commodity, taking into account processing or substitution costs

#### Execution

Ensure optionality with commodity supply contracts, and look to lock-in price differentials through blending, processing or end-product substitution

Supply products which attract a higher price after blending or processing than their base constituents



### Time arbitrage

#### Disparity

Pricing differences on a commodity between delivery immediately, or at a future date, taking into account storage and financing costs until future date

#### Execution

Book “carry trades” benefiting from competitive sources of storage, insurance and financing



### Logistics & delivery

Size and economies of scale, freight and logistics operations support these strategies enabling us to:

①

Have access to logistics and physically transport products across key regions

②

Provide competitively priced transport and storage

③

Blend concentrates and other bulk commodities at/within storage facilities

## Sustainable development

We recognise that by conducting our operations in a responsible manner, our activities and behaviour bring about lasting benefits to our stakeholders and to society. Our presence generates considerable local benefits and we are proud of the role we play in creating and supporting sustainable socio-economic value in our local communities. Our ability to deliver long-term value to all our stakeholders is based on our responsible management of our assets, operational processes and business activities.

We are committed to operating in a transparent and responsible manner. Our statement of values and Code of Conduct, which are available on our website, underpin our approach to sustainability and embody the expectations we place on our employees, our contractors and our business partners. Our policies and procedures support the upholding of good business practices and we expect all our operations to meet or exceed the applicable laws and to apply other external requirements as appropriate.

Glencore Corporate Practice (GCP), our corporate responsibility management system, provides a framework for the integration of our sustainability principles, guidance and policies throughout our business. GCP underpins our approach towards societal, environmental and compliance indicators, providing clear guidance on the standards we expect all our operations to achieve. GCP supports the implementation of our health, environment, safety and community (HSEC) policies by our assets and helps them to determine the procedures necessary to attain our targets and expected behaviour.

Our robust risk management framework allows us to identify and mitigate sustainability-related risks. The framework identifies material matters and supports our ongoing assessment of what matters most to our business and to our stakeholders.

We strive to adopt a safe and sustainable approach to our business practices, and to contribute to the socio-economic growth of the communities in which we operate. Through the reporting function within GCP, our Board receives regular updates and has detailed oversight of how our business is performing across all of the sustainability indicators.

We publish an annual sustainability report, which meets the requirements of Global Reporting Initiative (GRI) Level A+. This report covers in considerable detail our approach and our performance across all of the sustainability topics. Our sustainability reports are available on our website: [www.glencore.com/sustainability](http://www.glencore.com/sustainability).

### *Human rights policy launched*

Our human rights policy was developed in line with the Universal Declaration of Human Rights, the ILO Labour Standards and the UN Guiding Principles



*Lost time injury frequency rate\* 1.58 in 2014: a*

**16%**

*decrease compared to 1.87 in 2013*

\*Lost time injuries recorded per million hours worked

*Joined the International Council on Mining and Metals*

**ICMM**  
International Council  
on Mining & Metals

## Performance during 2014

|                                                            | 2014    | 2013    | 2012    |
|------------------------------------------------------------|---------|---------|---------|
| Fatalities at managed operations                           | 16      | 26      | 27      |
| Lost time injury frequency rate (per million hours worked) | 1.58    | 1.87    | 2.06    |
| CO <sub>2</sub> emissions (million tonnes) Scope 1         | 23.2    | 24.4    | 22.4    |
| CO <sub>2</sub> emissions (million tonnes) Scope 2         | 13.4    | 13.8    | 12.4    |
| Total energy usage (petajoules)                            | 250     | 244     | 212     |
| Water withdrawn (million m <sup>3</sup> )                  | 958     | 942     | 724     |
| Community investment spend (\$ million)                    | 114     | 168     | 201     |
| Number of employees and contractors                        | 181,349 | 203,637 | 188,555 |

## Key priorities for 2015

- Elimination of fatalities, with particular attention on our 'focus assets' and underground operations where most fatalities have historically occurred
- Continued focus on reducing our lost time injury frequency rate to achieve our 2016 target, and reducing by 50% our total recordable injury frequency rate by 2020
- Complete our occupational disease prevention framework in the first half of the year and roll it out across all our assets by the end of 2015
- Continued development and strengthening of our employees' skills
- Review the social strategies at our operations and, where necessary, revise to maximise our contribution to local socio-economic development
- Complete our water management framework by the end of the year. This framework includes consistent definitions, a water accounting tool, water quality management and reporting systems
- Review training on the Voluntary Principles on Security & Human Rights to ensure a consistent approach across all our assets

## Progress against commitments in 2014

We did not achieve our target of zero fatalities. Tragically, 16 people lost their lives while working for Glencore

**16 fatalities**

We achieved a 16% reduction in our lost time injury frequency rate compared to 2013

**1.58** lost time injury  
per million hours frequency rate

We are developing a water strategy to better manage our impact on water resources; this will be rolled out in 2015

**Water strategy progressed**

We continued to support public health programmes for major health issues such as HIV/AIDS, TB and malaria. We are committed to improving the health of the communities living near our assets

At least 1% of profits before tax set aside to support community investment initiatives

**\$114m in 2014**

Our human rights policy, developed in 2013, was rolled out to all our assets

**Human rights policy rolled out globally**

We recorded no major or catastrophic environmental incidents

**0 major or catastrophic environmental incidents**

10 operational HSEC policies developed and implemented across the Group during 2014

**10 HSEC policies developed and rolled out**

Registration of the substances we produce and import is on track to meet the REACH deadline of 2018

**On track to meeting the REACH deadline**

## Sustainable development

### SafeWork

SafeWork is a Group-wide initiative that focuses on eliminating fatalities and serious injuries through encouraging life-saving behaviours and developing a better understanding of the consequences of unsafe actions.

Our aim is to ensure that every single person working for us understands that they have the authority to stop work if they consider a workplace or situation unsafe.

SafeWork has identified 12 fatal hazards and developed related protocols for addressing these hazards. All our sites have reviewed and assessed their current procedures for dealing with these fatal hazards, enabling each site to identify areas for improvement. All employees and contractors, regardless of function or location, are required to follow specific protocols when working with fatal hazards.

By the end of 2014, 118,000 employees and contractors had undertaken awareness training on the fatal hazard protocols and life-saving behaviours.

We expect all our workers to take responsibility for their safety and for that of their colleagues. Every single individual is empowered to stop unsafe work: "SafeWork or StopWork."

### Safety

The health and safety of our people is our number one priority – safety is one of our five Values. We are committed to continuous improvement in all areas of health and safety management.

We recognise that we all have responsibility for maintaining a safe and healthy workplace for all our employees, regardless of their location of function. We believe that a zero-harm environment is achievable and that all occupational fatalities, diseases and injuries are preventable.

We take a proactive, preventative approach towards health and safety and our aim is to establish a positive safety culture in which everyone practices their authority to stop work if it is unsafe. We place great emphasis on the role of the individual to take responsibility for both their own safety and that of their colleagues.

We are greatly saddened to report that we did not meet our goal of zero fatalities. 16 people lost their lives at our operations during the year, compared to 26 in 2013; any loss of life is unacceptable and we are determined to eliminate fatalities across our Group.

The two sides of our safety performance need to be considered to fully understand where our safety challenges lie. Our business is very diverse in terms of geographical locations, working conditions, organisational cultures and workforces. Across most of these we are seeing continuous improvement in health and safety and many of our assets have achieved best in class performance.

Three fatalities occurred at these operations, which are located across 46 countries and represent a work force of approximately 110,000, compared to 8 in 2013. We are sharing people and the leading approaches and practices from these operations with the assets that we have identified as 'focus assets'.

13 fatalities occurred at our focus assets during 2014, down from 18 in 2013. These assets are located in Democratic Republic of the Congo, Zambia, Bolivia, Kazakhstan and Ukraine, with a total workforce of around 71,000 people, which represents 39% of the Group's workforce. We are undertaking a broad range of activities to improve our safety culture through the SafeWork initiative, which is being rolled out across the Group. World class training initiatives are being implemented to support upskilling and competence development.

We believe that the commitment shown by our management team, our identification and mitigation of risk, and our ability to share leading practices will improve the health and safety at our focus assets. We recognise that every fatality is unacceptable, however, we believe that the reduced number of fatalities recorded in 2014 indicates that our focus on identifying and managing fatal hazards, as well as the commitment and determination of our leadership is starting to show results. We understand that eliminating fatalities will take time and we remain committed to this goal at all our operations.

Our long-term goal of reducing employee and contractor injuries continues to deliver year-on-year reductions in our lost time injury frequency rate (LTIFR<sup>1</sup>). Lost time incidents (LTIs) are recorded when an employee or contractor is unable to work following an incident. In 2014, our LTIFR was 1.58 per million hours worked, a 16% improvement against 2013 and 47% improvement against our long-term goal of a 50% reduction by 2016, set against the 2010 baseline LTIFR of 2.74.

### Occupational health

Ensuring we have the correct procedures in place to prevent occupational disease is an important aspect of our commitment to maintain safe workplaces. The most common health hazards in our workplaces continue to be heavy loads, noise, silica, lead, diesel exhaust particles, acid mist and particulate matter (dust) containing heavy metals.

We are constantly assessing improvements to our management of occupational diseases that reflect the diverse nature of our assets. We have established a wide range of occupational disease programmes that are specific to each operation. We undertake regular risk assessments of our workplaces to ensure all health risks are being correctly addressed.

<sup>1</sup> LTIFR is the total number of LTIs recorded per million working hours. LTIs do not include Restricted Work Injuries (RWI) and fatalities (fatalities were included until 2013). Prior to 2014, minor LTI definition differences existed between Glencore and Xstrata in relation to the day from which an LTI was recorded. Historic data has been restated to exclude fatalities.

## Our people

Our people are fundamental to our success, underpinning our ability to succeed and grow. Our success relies strongly on our ability to attract, develop and retain the best talent at every level. We choose the best people for each position; people who think and act like entrepreneurs, are willing to learn, are passionate about their work and strive to be leaders in their field. We provide our people with the opportunity to develop and grow their skills, expertise and experience and the confidence to grow their careers.

We are committed to upholding the International Labour Organization's (ILO) Declaration of Fundamental Principles and Rights at Work and their Core Labour Standards. We prohibit any form of child, forced or bonded labour at any of our operations and do not tolerate discrimination or harassment. We endeavour to have a positive and constructive relationship with the unions in the locations where we operate.

We treat our people fairly and with respect. We recognise and uphold the rights of our people to a safe workplace, freedom of association, collective representation, just compensation, job security and opportunities for development.

We believe that a diverse workforce is essential for a successful business and seek to ensure that our workforce reflects the diversity of the communities in which we operate. We value diversity and treat employees and contractors fairly, providing equal opportunities throughout the organisation. During 2014, our workforce was made up of 17,093 (16%) female employees, compared to 19,147 (17%) in 2013.

Supporting our commitment to local employment, our assets have programmes that support the provision of high value jobs for local community members. These include apprenticeships, scholarships, training and mentoring opportunities. Our assets are also considering how best to replace ex-pats with local employees as part of our commitment to support local socio-economic development.

The number of employees and contractors decreased in 2014 to 181,349 from 203,637 in 2013; this was primarily the result of the divestment of Las Bambas during 2014.

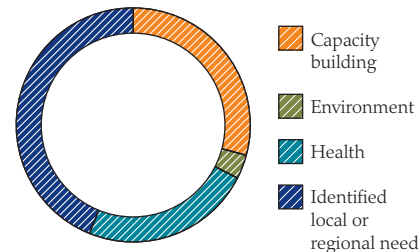
## Communities

The communities surrounding our operations are our neighbours, employees, business partners and future workforce. Through our commitment to two-way dialogue with our local communities we aim to secure a broad base of support for our activities.

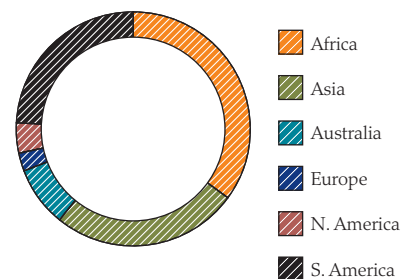
We look to ensure that our presence adds value and contributes to a sustainable future for local communities, delivering benefits that extend beyond the life of our operations. We achieve this through local employment, our procurement spend, investment into infrastructure development and investment in community projects.

Our most significant impact on the regions where we are present is through employment, both directly and via contractors. Local employment is particularly significant in developing countries, where our local employees can support

## Community investment by spend %



## Community investment by region %



as many as nine people each. The improved prosperity created through the wages we pay creates ripple effects throughout the region, resulting in further job creation.

Wherever possible, we aim to work with local suppliers of goods and services and develop skills and local capacities. We see this as a cost-effective way to reduce their reliance on our operations and an important building block for development of the local economy.

We have invested in infrastructure and local services. Our operations are frequently located in remote and underdeveloped areas, where we can share infrastructure such as roads, water and electricity with our host communities. The projects that we have invested in are available during and after the life of our operations.

During the year, we contributed \$114 million to initiatives that benefit the communities living close to our assets. Our community development projects are in three focus areas: capacity building, including education, enterprise development and economic diversification; health and environment.

We are an EITI-supporting company and support EITI's efforts to ensure greater transparency with respect to how a country's natural resources are governed and the full disclosure of government revenues from the extractive sector.

## Human rights

We have an integral role in the communities living close to our operations and regard respect for human rights as fundamental to our activities. We are committed to upholding the human rights of our people and our local communities, including vulnerable groups such as women, indigenous people and victims of conflict.

## Sustainable development

Our approach to respecting fundamental human rights is aligned with the UN Guiding Principles on Business and Human Rights Protect, Respect and Remedy Framework, as well as the ILO Core Conventions.

Each of our operations is required to identify human rights risks as part of their risk assessment processes. These cover the workplace, risk of conflict, the rights of our local communities and the risk of infringement by our partners.

All our operations are required to have in place grievance mechanisms that are accessible, accountable and fair, and that enable our stakeholders to raise concerns without fear of recrimination.

### Environment

We recognise that our operations have a direct and indirect impact on the environment in the regions where we operate. We are committed to identifying, understanding and mitigating our environmental impact, with environmental responsibility integrated into our strategic planning, management systems and day-to-day operations.

Our approach to environmental management is defined by our environmental policy, which is aligned with international environmental standards.

We work to minimise and mitigate any negative impact from our activities; we constantly review our approach and look for ways to improve our performance. We reduce our use of resources wherever possible, including active investment in renewable energy projects and technologies that help reduce our emissions.

Our acquisitions resulted in us inheriting operations with specific environmental challenges. Our recent efforts have focused on resolving these legacy issues. We are proud that in all cases, we have made substantial upgrades without shutting down production or reducing the size of the workforce.

We are committed to eliminating material environmental incidents and incurring zero fines, penalties or prosecutions. Any material environmental incidents are reported to the Board HSEC committee and, in particularly severe cases, presentations are made by operational management teams. During 2014, our operations did not record any environmental incidents that were classed as major or catastrophic.

Water is an essential component of our business activities. More than half of our operations are located in water-challenged areas. We are committed to managing our impact on water resources responsibly. We work to minimise any impact on local biodiversity and communities, by minimising our effect on the quality and quantity of nearby bodies of water and preserving our neighbours' access to water.

Our mining and agricultural operations minimise their water use and discharge wherever possible. We reuse and recycle as much water as we can, and waste water is

treated, for instance using tailing facilities or settlement ponds, before discharge into public sewers or surface water. We are implementing new technologies to help minimise or eliminate water discharge.

During 2014, we withdrew 958 million m<sup>3</sup> of water, a 2% increase on 2013. This slight increase reflected improved definitions of reporting indicators.

We are aware of the increasing regulatory pressure and societal demand for a low-emission economy to address the global climate change situation. We play an active role in engaging with governments and other interested stakeholders to develop strategies for reducing the impact of climate change.

We are working to mitigate the physical impacts of climate change where we can and take resource efficiency into account when making operational decisions. Wherever we operate, we seek to optimise our energy and carbon footprint. We actively support the development of low emission technologies and prioritise renewable energy sources.

We divide CO<sub>2</sub> emissions reporting into three different scopes, in line with the Greenhouse Gas Protocol. We measure both the direct and indirect emissions generated by the operational activities, entities and facilities in which we have a controlling stake.

During 2014, we emitted 23.2 million tonnes CO<sub>2</sub> of Scope 1 (direct emissions) from the fuel we consumed. This figure includes emissions from reductants used in our metallurgical smelters and from the incineration of biomass. It also includes CO<sub>2</sub>e of methane emissions from our operations, which is equal to around 30% of our Scope 1 emissions. The total excludes emissions from time-chartered vessels, as these are now considered to be Scope 3 emissions.

We emitted 13.4 million tonnes CO<sub>2</sub> of Scope 2 (indirect emissions), being emissions arising from our consumption of purchased electricity, steam or heat. Our Scope 3 emissions include emissions from a broad range of sources, including shipping and land transportation. More details on our Scope 3 emissions will be available in our 2014 Sustainability Report.

We do not provide normalised figures for our CO<sub>2</sub> emissions nor ratios of CO<sub>2</sub> to production, financial results or employee headcount, as we do not believe that reporting a normalised figure meaningfully contributes to an understanding of our performance. The scope and diversity of our products make a single production figure impossible to calculate and our financial results are impacted by commodity prices and foreign exchange rates, which are outside of our control. In addition, due to the nature of the exploration, development and the production cycle, our CO<sub>2</sub> emissions do not necessarily correlate to our employee headcount.

We report to the CDP Carbon Disclosure and Water Disclosure programmes.

Further information on our approach to sustainability is available on our website: [www.glencore.com/sustainability](http://www.glencore.com/sustainability)

## Our strategy

Our objective is to grow total shareholder returns while maintaining a strong BBB/Baa investment grade credit rating.

In order to achieve this, we aim to increase returns on capital and also cash flows. Incremental capital is only deployed where strict and clearly defined financial criteria, in respect of returns and payback, can be met.

We seek to maintain and, where possible, strengthen our overall competitive position within our existing, highly diversified suite of commodities. These commodities are ones where long-term demand growth drivers remain robust.

Our major industrial assets are long life and low cost. This partly reflects substantial investment in recent years, often into commodities where our large-cap competitors are exiting or have already done so. Our industrial activities are focused on generating sustainable operating and capital efficiencies. Safety is paramount and our number one priority.

Our industrial assets also provide an essential source of flows for our marketing operations, where incremental value can be added via critical mass, blending, storage and geographical arbitrage. Our priorities in the marketing activities are to maximise the returns and cash flows from the pool of capital allocated to it. The structure of the business remains highly conservative in respect of risk, whether that be market, credit or liquidity.

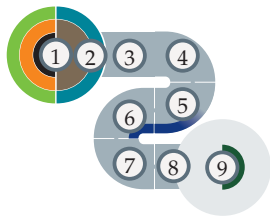
Our culture remains highly entrepreneurial with an ability to be opportunistic within our clearly set-out financial criteria. This is supported by the high level of ownership by management and employees.

## Our strategy

| Description                                                                         | Strategic objectives                                                                                                                                                                                                                     | Key highlights in 2014                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Integration of sustainability throughout the business                               | Continuously improve our standards of health, safety and environmental performance, and be viewed as a responsible partner within the communities in which we operate.<br>Develop and strengthen relationships with all our stakeholders | <ul style="list-style-type: none"> <li>• Roll-out of “SafeWork” initiative to key high risk operations in the Democratic Republic of Congo, Zambia, Bolivia, Kazakhstan and the Ukraine; 118,000 employees received training</li> <li>• Continued progress towards zero fatalities (16 in 2014, 26 in 2013)</li> <li>• Continued improvement in lost time injury frequency rate to 1.58 per million hours in 2014 (1.87 in 2013)</li> <li>• Zero major or catastrophic environmental incidents</li> <li>• \$114 million spent on community investments</li> </ul>   |
| Maintain conservative financial profile and strong BBB/Baa investment grade ratings | Maintain a strong and flexible capital structure, capable of supporting growth and shareholder returns and providing continued access to bank and international debt capital markets on competitive terms                                | <ul style="list-style-type: none"> <li>• Issued USD, EUR, CHF and AUD bonds totalling \$5.3bn</li> <li>• Renewed the multi-tranche committed revolving credit bank facilities totalling \$15.3bn</li> <li>• Credit rating reaffirmed at BBB/Baa2</li> <li>• Committed available liquidity of \$9.4bn</li> </ul>                                                                                                                                                                                                                                                     |
| Focus on cost control and operating efficiencies                                    | Increase the net present value of our business by improving the competitiveness of our assets through an ongoing focus on cost management and logistical capabilities, including operating safely and efficiently                        | <ul style="list-style-type: none"> <li>• Realisation of Xstrata integration synergies of \$2.4bn p.a.</li> <li>• Continued progress with the completion and commissioning of legacy growth programmes (e.g. Ernest Henry Mine)</li> <li>• First quartile cost positions being achieved through higher volumes of lower cost production; further improvements expected</li> <li>• Australian coal operations suspended for 3 weeks at the end of December, given market oversupply; output reduced by 5mt</li> </ul>                                                 |
| Capitalise on investments in industrial assets                                      | Evaluate investments for acquisitions, development and disposal, particularly when assets no longer support core business and/or when attractive selling opportunities arise                                                             | <ul style="list-style-type: none"> <li>• Sale of Las Bambas copper project in Peru to meet MOFCOM requirement for Xstrata acquisition</li> <li>• Sale of the Frieda River copper project in Papua New Guinea</li> <li>• Ramp up of Mutanda copper asset in the Democratic Republic of Congo achieved on time and within budget</li> <li>• Review/slow-down of Askaf iron ore project in Mauritania, in light of declining iron ore prices</li> <li>• Acquisition of Zhairemsky in Kazakhstan, adding lead-zinc-silver to Kazzinc’s mineral resource base</li> </ul> |
| Capitalise on marketing opportunities/activities                                    | Recognise opportunities through our extensive industry insight and unrivalled market intelligence.<br>Provide a superior service to customers and a reliable supply of quality product                                                   | <ul style="list-style-type: none"> <li>• Marketing contribution/synergies from Xstrata and Viterro acquisitions rebased the EBIT range from \$2bn-\$3bn to \$2.7bn-\$3.7bn p.a.</li> <li>• Growing base of strategically located logistics infrastructure provides global distribution capabilities</li> <li>• Agreed JV with ADM in Brazilian Portos do Pará, strategically located to serve the Brazilian agricultural sector</li> </ul>                                                                                                                          |
| Leverage the geographic scope and diversification of operations                     | Target opportunities in geographies where we currently operate and further expansion in traditional and emerging markets                                                                                                                 | <ul style="list-style-type: none"> <li>• Acquisition in partnership with Sumitomo of 50.1% stake in Clermont coal mine in Australia</li> <li>• Acquisition of Caracal Energy, an oil exploration and development company with operations in the Republic of Chad</li> </ul>                                                                                                                                                                                                                                                                                         |
| Additional information                                                              |                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|                                                                                     | <a href="http://www.glencore.com/investors">www.glencore.com/investors</a>                                                                                                                                                               | Further details on our performance can be found in the Financial and Business review sections.                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

## Key:

1. Sustainable approach
2. Financial profile
3. Insight
4. Explore, acquire & develop
5. Extract & produce
6. Process & refine
7. Blending & optimising
8. Logistics & delivery
9. Global operations



| Priorities going forward                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Key performance indicators                                                                                                                                                 | Risks                                                                                                                                      | Business model reference |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| <ul style="list-style-type: none"> <li>Completion of SafeWork roll-out for all employees</li> <li>Zero fatalities</li> <li>Continue reduction in our lost time injury frequency rate</li> <li>Continue to report zero major or catastrophic environmental incidents</li> <li>Continued engagement with, and investment in, the communities in the regions where we operate</li> </ul>                                                                                                                                                     | <ul style="list-style-type: none"> <li>Zero fatalities</li> <li>LTIFR, TRIFR</li> <li>Major/catastrophic environmental incidents</li> <li>Community investments</li> </ul> | <ul style="list-style-type: none"> <li>Sustainable development risks</li> </ul>                                                            |                          |
| <ul style="list-style-type: none"> <li>Ensure strong liquidity position is maintained through continued access to global bond and bank markets</li> <li>Extend and renew Group bank facilities on competitive terms, as appropriate</li> <li>Maintain commitment to strong BBB/Baa investment grade credit rating</li> </ul>                                                                                                                                                                                                              | <ul style="list-style-type: none"> <li>Strong BBB/Baa target</li> <li>Adjusted EBIT/EBITDA</li> <li>Funds from operations</li> <li>FFO to net debt</li> </ul>              | <ul style="list-style-type: none"> <li>External risks</li> <li>Business activities risks</li> <li>Sustainable development risks</li> </ul> |                          |
| <ul style="list-style-type: none"> <li>Ongoing focus on improving the quality of assets through year-on-year cost reductions, mine life extensions and productivity and safety improvements</li> <li>Focus on sourcing competitively priced physical commodities from reliable third party suppliers</li> </ul>                                                                                                                                                                                                                           | <ul style="list-style-type: none"> <li>Adjusted EBIT/EBITDA</li> <li>Funds from operations</li> <li>FFO to net debt</li> <li>Net income</li> </ul>                         | <ul style="list-style-type: none"> <li>External risks</li> <li>Business activities risks</li> <li>Sustainable development risks</li> </ul> |                          |
| <ul style="list-style-type: none"> <li>Ongoing evaluation of existing operations, processes and new opportunities in an effort to achieve industry-leading returns on capital</li> <li>Ramp-up at Katanga, McArthur River and Mount Isa zinc expansions</li> <li>Ramp-up of the challenging Koniombo nickel project; finalise investigation into and recover from the metal leak which occurred in December 2014</li> <li>Sale of Sinclair nickel mine (subject to approvals)</li> <li>Exit/sale of non-core platinum business</li> </ul> | <ul style="list-style-type: none"> <li>Adjusted EBIT/EBITDA</li> <li>Funds from operations</li> <li>FFO to net debt</li> <li>Net income</li> </ul>                         | <ul style="list-style-type: none"> <li>External risks</li> <li>Business activities risks</li> </ul>                                        |                          |
| <ul style="list-style-type: none"> <li>Continue to leverage our capability to realise value at each stage of the commodity supply chain</li> <li>Ongoing evaluation of commodities' flows and market changes to maximise product and geographical arbitrage</li> </ul>                                                                                                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>Adjusted EBIT/EBITDA</li> <li>Funds from operations</li> <li>FFO to net debt</li> <li>Net income</li> </ul>                         | <ul style="list-style-type: none"> <li>External risks</li> <li>Business activities risks</li> </ul>                                        |                          |
| <ul style="list-style-type: none"> <li>Maintain a disciplined approach towards acquisitions and disposals, including the exit/sale of our non-core platinum business</li> <li>Ongoing review of project portfolio</li> </ul>                                                                                                                                                                                                                                                                                                              | <ul style="list-style-type: none"> <li>Adjusted EBIT/EBITDA</li> <li>Funds from operations</li> <li>FFO to net debt</li> <li>Net income</li> </ul>                         | <ul style="list-style-type: none"> <li>External risks</li> <li>Business activities risks</li> <li>Sustainable development risks</li> </ul> |                          |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <ul style="list-style-type: none"> <li>Further details on our KPI performance can be found on pages 22 to 25</li> </ul>                                                    | <ul style="list-style-type: none"> <li>Further details on risks can be found on pages 26 to 33</li> </ul>                                  |                          |

# Key performance indicators

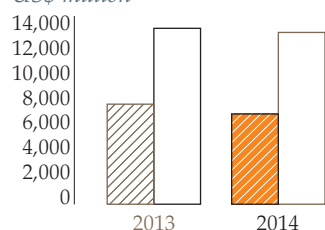
## Key performance indicators

Our financial and sustainable development key performance indicators (KPIs) provide some measure of our performance against the key drivers of our strategy. All 2013 financial KPIs are presented on a pro forma basis.

### Financial key performance indicators

#### Adjusted EBIT/EBITDA

US\$ million



EBIT EBITDA

#### Definition

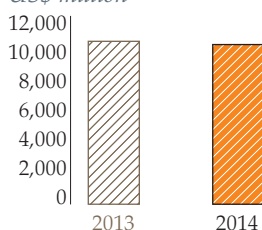
Adjusted EBIT/EBITDA, as defined in note 2 to the financial statements, are measures that provide insight into our overall business performance (a combination of cost management, seizing market opportunities and growth), and the corresponding flow driver towards achieving an industry-leading return on equity. Adjusted EBIT is revenue less cost of goods sold and selling and administrative expenses plus share of income from associates and joint ventures, and dividend income as disclosed on the face of the consolidated statement of income, excluding significant items. Adjusted EBITDA consists of Adjusted EBIT plus depreciation and amortisation.

#### 2014 performance

2014 Adjusted EBITDA was \$12.8 billion, broadly consistent with 2013, while Adjusted EBIT was \$6.7 billion, down 10% compared to 2013. This reflects generally lower commodity prices on our industrial assets, offset by the benefits of a net production increase, currency related cost benefits and an 18% increase in marketing Adjusted EBIT to \$2.8 billion.

#### Funds from operations (FFO)

US\$ million



#### Definition

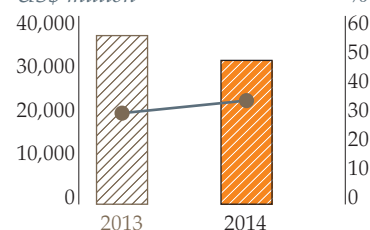
FFO is a measure that reflects our ability to generate cash for investment, debt servicing and distributions to shareholders. FFO comprises cash provided by operating activities before working capital changes, less tax and net interest payments plus dividends received.

#### 2014 performance

2014 FFO was \$10.2 billion, broadly in line with 2013, reflective of the consistent year over year Adjusted EBITDA result of \$12.8 billion where increased marketing results, production and currency related cost benefits mitigated the impact of the weaker commodity price environment.

#### Net debt/FFO to net debt

US\$ million



Net debt FFO to net debt

#### Definition

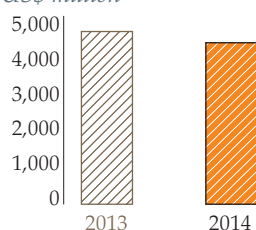
Net debt is a measure of how we are managing our debt, one of the key drivers in ensuring we maintain an investment grade rating status and an attractive cost of capital. In addition, the relationship of FFO to net debt is an indication of our financial flexibility and strength, a key driver of our strategy to take advantage of capital disciplined opportunism.

Net debt is defined as total current and non-current borrowings less cash and cash equivalents, marketable securities and readily marketable inventories.

#### 2014 performance

During 2014, net debt decreased to \$30.5 billion, reflecting the net proceeds of the Las Bambas/Caracal transactions as well as still elevated levels of capital expenditure relating to some of our key expansion projects which have been commissioned or are nearing completion during 2014 and which should start to accrue benefits in the near future. Capital expenditure is expected to continue on its declining trajectory.

## Non-financial key performance indicators

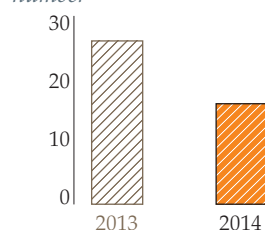
Net income  
US\$ million

## Definition

Net income is that attributable to equity shareholders pre-significant items.

## 2014 performance

2014 net income was \$4.3 billion, down 7% compared to 2013, reflecting the 10% reduction in EBIT, explained on page 22.

Fatalities  
number

## Definition

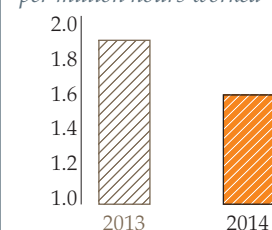
We believe that every work-related incident, illness and injury is preventable and we are committed to providing a safe workplace.

We do not distinguish between contractors and employees; the safety of all our workforce is of paramount importance. We insist that our contractors comply fully with our safety standards and procedures, and monitor their compliance.

Our safety-related initiatives and performance are discussed at every Board HSEC Committee meeting.

## 2014 performance

It is with regret that we report that 16 people lost their lives at our managed operations in 2014. 13 of the 16 fatalities occurred at a small number of assets employing 71,000 people, located in challenging geographies where a culture of safety did not exist prior to our involvement. The remaining 3 incidents occurred at our more developed operations, employing 110,000 people, representing a world class safety performance; our ongoing challenge and commitment is to embed this performance into the aforementioned 'focus assets'.

Lost time injury frequency rate (LTIFR)  
per million hours worked

## Definition

The lost time injury frequency rate (LTIFR) is a key measure of how we are delivering against our commitment to the safety of our total workforce, including contractors.

Lost time incidents (LTIs) are recorded when an employee or contractor is unable to work following an incident. Prior to 2014, Glencore recorded lost days from the calendar day following the incident while Xstrata recorded as lost days from the next rostered day after the incident. As a result, the combined LTI figure, prior to 2014, is not based on a consistent definition. From 2014, LTIs are recorded for lost days beginning on the first rostered day that the worker is absent after the day of the injury. The day of the injury is not included.

LTIFR is the total number of LTIs recorded per million working hours. LTIs do not include Restricted Work Injuries (RWI) and fatalities (fatalities were included until 2013). Historic data has been restated to exclude fatalities.

## 2014 performance

In 2014, our Group LTIFR was 1.58 injuries recorded per million working hours, down from 1.87 in 2013. The decrease reflects ongoing initiatives that are working towards bringing about a long-term change to safety culture at a handful of focus assets.

## Key performance indicators

### Environmental incidents *Major/catastrophic incidents*

2013: one  
2014: none

#### Definition

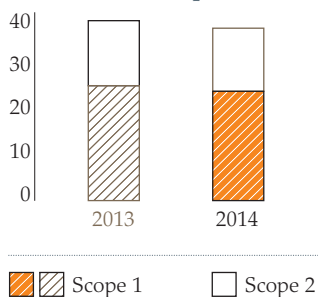
We undertake an extensive and complex range of activities, which are not limited to the extraction of natural resources, but also include significant logistical operations such as maritime transportation. One way in which we measure the robustness of our procedures and policies is the frequency and severity of environmental incidents in the Group.

We grade environmental incidents according to severity. We classify incidents against a five-point scale from catastrophic (Category 5) to negligible (Category 1). We aim for zero major to catastrophic environmental incidents.

#### 2014 performance

During 2014, there were zero major to catastrophic environmental incidents, compared to one in 2013, which arose from an arson incident.

### Greenhouse gas emissions *Million tonnes CO<sub>2</sub>*



#### Definition

Our CO<sub>2</sub> emissions reporting is separated into Scope 1 and Scope 2 emissions. Scope 1 includes emissions from combustion in owned or controlled boilers, furnaces and vehicles/vessels, coal seam emissions and rice cultivation. Scope 2 consists of those generated in creating the electricity, steam and heat provided to the organisation by external utility companies.

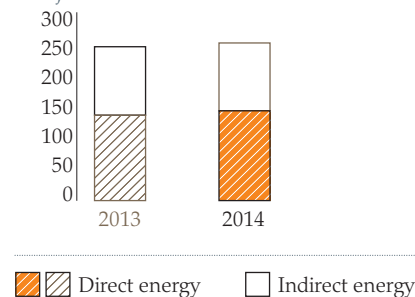
#### 2014 performance

In 2014, our business accounted for 23.2 million tonnes of CO<sub>2</sub> Scope 1 (direct) emissions. This was a 5% decrease on 2013 Scope 1 emissions, which was mainly the result of improved reporting of coal seam emissions.

A revised approach to reporting resulted in the exclusion of emissions arising from time-chartered vessels (which are allocated to Scope 3 as Glencore does not operate these vessels) and the inclusion of CO<sub>2</sub> emissions from biomass. This resulted in the restatement of prior year figures.

We also emitted 13.4 million tonnes of CO<sub>2</sub> Scope 2 (indirect) emissions, a 3% decrease on 2013.

### Energy usage *Petajoules*



#### Definition

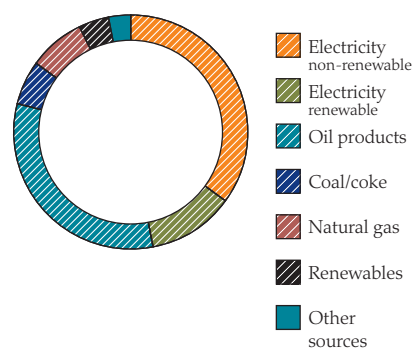
Energy is measured in petajoules (PJ), and includes both electricity usage and energy from the combustion of fuel.

Many of our operations use energy intensively and energy use is a significant component of our total operation costs. As such, we aim to continually improve energy efficiency across our operations. Our commodity businesses have bespoke energy efficiency plans and regular energy audits are carried out.

#### 2014 performance

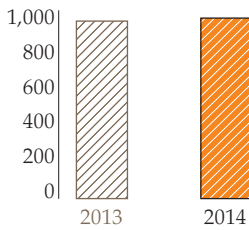
Differing from previous years, our 2014 calculations excluded emissions arising from time-chartered vessels (which Glencore does not operate) and reductants. This also resulted in a restatement of prior years' figures. The net 2014 total energy usage was 250 PJ, an increase of 2% on 2013. This slight increase was due to various projects ramping up towards full production.

#### Energy source (% of Group total)



## Water withdrawn

Million m<sup>3</sup>



### Definition

Water withdrawal is a measure of our operational resource efficiency.

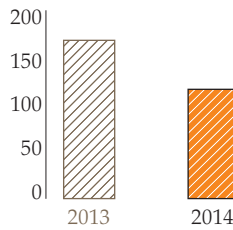
We monitor total water used as a measure of our operational resource efficiency. Our operations have an ongoing responsibility to increase the use of processed and recycled wastewater in order to reduce our impact on local water supplies. Recycled water is predominantly used in place of fresh water for processes such as dust suppression.

### 2014 performance

In 2014, we used 958 million m<sup>3</sup> of water, a small increase on 2013, due to the larger scale of the Group's operations. We have redefined our reporting indicators to ensure an improved and more consistent approach to reporting. This gave rise to a restatement of 2013 numbers.

## Community investment spend

US\$ million



### Definition

Community investments are our contributions to, and financial support of, the broader communities in the regions where we operate.

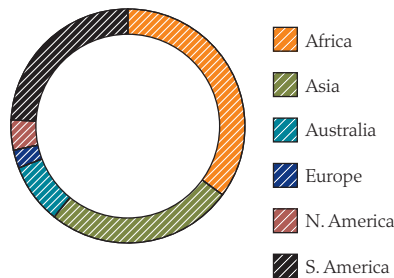
At least 1% of annual Group profit is set aside to fund initiatives that benefit communities and local sustainable development. We also make in-kind contributions, such as equipment and management. We support programmes for community development, enterprise and job creation, health, education and the environment.

### 2014 performance

In 2014, the funds we made available for community investments were \$114 million, a decrease on the amount invested in 2013, reflecting the challenging operating environment for most of our commodities.

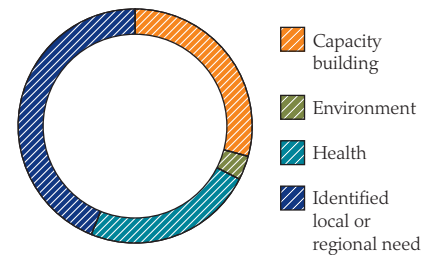
### Community investment by region

%



### Community investment by spend

%



# Principal risks and uncertainties

Risk Management is one of the key responsibilities of the Board and the Audit Committee. Our risks and uncertainties – whether under our control or not – are highly dynamic and our assessment and our responses to them are critical to our future business and prospects.

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

The Board assesses and approves our overall risk appetite, monitors our risk exposure and sets the Group-wide limits, which are annually reviewed. This process is supported by the Audit and HSEC committees whose roles include evaluating and monitoring the risks inherent in their respective areas as described on pages 94–96 and page 98.

Our current assessment of our risks, according to materiality, is detailed on the following pages. In compiling this assessment we have, in comparison with last year's analysis:

- simplified or shortened our explanations;
- combined risks where they are conceptually similar;

- removed as separate categories the risks relating to hedging, non-controlling stakes, resources and reserves, arbitrage opportunities, supply of commodities from third parties and risk management policies and procedures. These all remain risks to which we are exposed but we no longer consider them to be standalone principal risks and uncertainties; and
- indicated changes in our assessment of the impact of these risks in comparison with a year ago in the table below.

The commentary on the risks below should be read in conjunction with the description of our methodologies in the compilation of this risk information which is set out on the next page.

To the extent that any of these risks are realised, they may affect, among other matters: our current and future business and prospects, financial position, liquidity, asset values, growth potential, sustainable development (whether as to adverse health, safety, environmental, community effects or otherwise) and reputation.

## Overview of principal risks and uncertainties

|                          | External/sustainable development<br>Pages 28, 29, 32 and 33                                                                                                                                                                                                                     | Business activities<br>Pages 30–31                                                                                                                                 |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Increased risk</b>    | <ul style="list-style-type: none"> <li>• Fluctuations in supply of or demand for commodities</li> <li>• Reductions of commodity prices</li> <li>• Laws, enforcement</li> <li>• Emissions and climate change</li> </ul>                                                          | <ul style="list-style-type: none"> <li>• Counterparty credit and performance</li> </ul>                                                                            |
| <b>No change in risk</b> | <ul style="list-style-type: none"> <li>• Fluctuations in currency exchange rates</li> <li>• Geopolitical risk</li> <li>• Liquidity risk</li> <li>• Community relations</li> <li>• Employees</li> <li>• Health, Safety, Environment, including potential catastrophes</li> </ul> | <ul style="list-style-type: none"> <li>• Sourcing, freight, storage infrastructure and logistics</li> <li>• Development and operating risks and hazards</li> </ul> |
| <b>Decreased risk</b>    |                                                                                                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>• Cost control</li> </ul>                                                                                                   |

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

- our liquidity risk management policy requires us to maintain (via a minimum prescribed level) sufficient cash and cash equivalents and other sources of committed funding available to meet anticipated and unanticipated funding needs;

- making use of credit enhancement products, such as letters of credit, insurance policies and bank guarantees and imposing limits on open accounts extended;
- our management of marketing risk, including daily analysis of Group value at risk (VaR); and
- adhering to the principles encapsulated in the Glencore Corporate Practice (GCP) programme.

### Understanding the information on risks

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

We have sought to provide examples of particular risks. However, in every case these do not attempt to be an exhaustive list. These principal risks and uncertainties should be considered in connection with any forward looking statements in this document as explained on page 205.

Identifying, quantifying and managing risk is complex and challenging. Although it is our policy and practice to identify and, where appropriate and practical, actively manage such risks to support objectives in managing capital and future financial security and flexibility, our policies and procedures may not adequately identify, monitor and quantify all risks.

The comments below describe our attempts to manage, balance or offset risk. Inevitably, however, risk by its very nature is uncertain and events may lead to our policies and procedures not having a material mitigating effect on the negative impacts of the occurrence of a particular event. Since many risks are connected, our analysis should be read against all risks to which it may be relevant.

In this section, we have sought to update our explanations, reflecting our current outlook. Mostly this entails emphasising certain risks more strongly than other risks rather than the elimination of, or creation of, risks. We have also sought to provide a more concise explanation of our risks. In order to provide both historic and updated information on our risks, there is available on our website at [www.glencore.com/who-we-are/corporate-governance/governance-downloads](http://www.glencore.com/who-we-are/corporate-governance/governance-downloads) the text of this section from last year's annual report which we may supplement from time to time.

To provide for concise text:

- where we hold minority interests in certain businesses, although these entities are not generally subsidiaries, the interests are mostly taken as being referred to in analysing these risks, and 'business' refers to these and any business of the Group;
- where we refer to natural hazards, events of nature or similar phraseology we are referring to matters such as earthquake, flood, severe weather and other natural phenomena;
- in each case our mitigation of risks will include the taking out of insurance where it is customary and economic to do so;
- 'risks' include uncertainties;
- 'laws' include regulations of any type;
- a reference to a note is a note to the 2014 financial statements; and
- we have referred to our 2014 Sustainability Report which will be published in April 2015.

## Principal risks and uncertainties

| Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>External</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Fluctuations in the supply of, or demand for, the commodities in which we operate</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <p>We are dependent on the expected volumes of supply or demand for commodities in which we are active, which can vary for many reasons, such as competitor supply policies, changes in resource availability, government policies and regulation, costs of production, global and regional economic conditions and events of nature.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p>This risk is currently prevalent in our industry where demand growth uncertainty exists in various commodities we produce and market, notably within some copper, coal and oil markets, while supply seeks to balance such demand. See the Chief Executive's review on page 6.</p>                                                                                                                                                                                                                                                                                                                                              |
| <b>Reductions of commodity prices</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <p>The revenue and earnings of substantial parts of our industrial asset activities and, to a lesser extent, our marketing activities, are dependent upon prevailing commodity prices. Commodity prices are influenced by a number of external factors, including the supply of and demand for commodities, speculative activities by market participants, global political and economic conditions and related industry cycles and production costs in major producing countries.</p> <p>A significant downturn in the price of commodities generally results in a decline in our profitability and could potentially result in impairments. It is especially harmful to profitability in the industrial activities which are more directly exposed to price risk due to the higher level of fixed costs, while our marketing activities are ordinarily substantially hedged in respect of price risk and principally operate a service-like margin-based model.</p> | <p>The price declines over 2014 in some of our commodities especially copper, coal, oil, precious metals and iron ore, have been a drag on the 2014 return on capital measure.</p> <p>Against the backdrop of these fluctuations, as we would expect, there were no breaches during 2014 of our \$100 million Group VaR limit pertaining to our marketing activities – see page 92.</p> <p>See the Chief Executive's review on page 6.</p> <p>Details of impairments recorded during the year are contained in note 5.</p>                                                                                                         |
| <b>Fluctuation in currency exchange rates</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <p>The vast majority of our transactions are denominated in US dollars, while operating costs are spread across many different countries, the currencies of which fluctuate against the US dollar. A depreciation in the value of the US dollar against one or more of these currencies will result in an increase in the cost base of the relevant operations in US dollar terms.</p> <p>The main currency exchange rate exposure is through our industrial assets, as a large proportion of the costs incurred by these operations is denominated in the currency of the country in which each asset is located. The largest of these exposures is to the currencies listed on page 44.</p>                                                                                                                                                                                                                                                                         | <p>This risk is currently prevalent in our industry. However, these fluctuations tend to move in symmetry with those in commodity prices and supply and demand fundamentals as noted above, such that decreases in commodity prices are generally associated with increases in the US dollar relative to local currencies and vice versa. Consequently, the current relative strength of the US dollar has been beneficial to us through lower equivalent US dollar operating costs at many of our operations. This positive, however, has been more than offset by the substantial falls in commodity prices described above.</p> |
| <b>Geopolitical risk</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <p>We operate and own assets in a large number of geographic regions and countries, some of which are categorised as developing, complex or having unstable political or social climates. As a result, we are exposed to a wide range of political, economic, regulatory and tax environments. Policies or laws in these countries may change in a manner that may be adverse for us. Also, some countries with more stable political environments may nevertheless change policies and laws in a manner adverse to us. We have no control over changes to policies, laws and taxes.</p> <p>The geopolitical risks associated with operating in a large number of regions and countries, if realised, could affect our ability to manage or retain interests in our industrial activities.</p>                                                                                                                                                                        | <p>During 2014, we were subject to significant changes in fiscal policy from countries in South America, Africa and Asia Pacific and we expect this trend to continue in 2015 as the global geopolitical climate continues to evolve.</p> <p>See map on page 6 that sets out our global operational footprint.</p>                                                                                                                                                                                                                                                                                                                 |

| Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Laws, enforcement, permits and licences to operate</b></p> <p>We are exposed to and subject to extensive laws including those relating to bribery and corruption, taxation, anti-trust, financial markets regulation, management of natural resources, licences over resources owned by various governments, exploration, production and post-closure reclamation, the employment of expatriates and cultural preservation. The terms attaching to any permit or licence to operate may also be onerous. Furthermore, in certain countries title to land and rights and permits in respect of resources (including indigenous title) is not always clear. Title to our rights may be challenged and insurance may not be available.</p> <p>The legal system and dispute resolution mechanisms in some countries may be uncertain or underfunded so that we may be unable to enforce our understanding of our title, permits or other rights. Laws may allow lawsuits to be brought, based upon damage resulting from past and current operations, and could lead to the imposition of substantial sanctions, the cessation of operations, compensation and remedial and/or preventative orders. Moreover, the costs associated with legal compliance including regulatory permits are substantial. Any changes to these laws or their more stringent enforcement or restrictive interpretation could cause additional material expenditure to be incurred (including in our marketing business) or impose suspensions of operations and delays in the development of industrial assets. Failure to obtain or renew a necessary permit could mean that we would be unable to proceed with the development or continued operation of an asset.</p> <p>A dispute relating to an industrial asset could disrupt or delay relevant extraction, processing or other projects and/or impede our ability to develop new industrial properties.</p> | <p>We are committed to complying with or exceeding the laws and external requirements applicable to our operations and products. Through this and monitoring of legislative requirements, engagement with government and regulators, and compliance with applicable permits and licences, we strive to ensure full compliance. We also seek to manage these risks through the Glencore Corporate Practice (GCP) programme. Its practical application across our business is detailed in our code of conduct (<a href="http://www.glencore.com/who-we-are/corporate-governance/policies/code-of-conduct/">www.glencore.com/who-we-are/corporate-governance/policies/code-of-conduct/</a>) and this framework is reflected in our Sustainability Reports. The Group's anti-corruption policy may also be found at: <a href="http://www.glencore.com/who-we-are/corporate-governance/policies/global-anti-corruption-policy/">www.glencore.com/who-we-are/corporate-governance/policies/global-anti-corruption-policy/</a>.</p> |
| <p><b>Liquidity risk</b></p> <p>Our failure to access funds (liquidity) would severely limit our ability to engage in desired activities and grow our business.</p> <p>Liquidity risk is the risk that we are unable to meet our payment obligations when due, or are unable, on an ongoing basis, to borrow funds in the market on an unsecured or secured basis at an acceptable price to fund actual or proposed commitments. While we adjust our minimum internal liquidity threshold from time to time in response to changes in market conditions, this minimum internal liquidity target may be breached due to circumstances we are unable to control, such as general market disruptions, sharp movements in the prices of commodities or an operational problem that affects our suppliers or customers or ourselves.</p> <p>A lack of liquidity may mean that we will not have funds available to maintain or increase marketing and industrial activities, both of which employ substantial amounts of capital. If we do not have funds available to sustain or develop our marketing and industrial activities then these activities will decrease.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <p>As at 31 December 2014, the Group had available undrawn committed credit facilities and cash amounting to \$9.4 billion, comfortably ahead of our \$3 billion minimum prescribed level. In addition, note 26 details our financial and capital risk management approach.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

## Principal risks and uncertainties

| Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Business activities</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <p><b>Counterparty credit and performance risk</b></p> <p>Financial assets consisting principally of marketable securities, receivables and advances, derivative instruments and long-term advances and loans can expose us to concentrations of credit risk. Furthermore, we are subject to non-performance risk by our suppliers, customers and hedging counterparties, in particular via our marketing activities.</p> <p>Non-performance by suppliers, customers and hedging counterparties may occur and cause losses in a range of situations, such as:</p> <ul style="list-style-type: none"> <li>• a significant increase in commodity prices resulting in suppliers being unwilling to honour their contractual commitments to sell commodities at pre-agreed prices;</li> <li>• a significant reduction in commodity prices resulting in customers being unwilling or unable to honour their contractual commitments to purchase commodities at pre-agreed prices; and</li> <li>• customers taking delivery of commodities or hedging counterparties may find themselves unable to honour their contractual obligations due to financial distress or other reasons.</li> </ul> | <p>We monitor the credit quality of our counterparties and seek to reduce the risk of customer non-performance by requiring credit support from creditworthy financial institutions including making extensive use of credit enhancement products, such as letters of credit, insurance policies and bank guarantees, where appropriate, and by imposing limits on open accounts extended.</p> <p>In addition, note 26 details our financial and capital risk management approach.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p><b>Sourcing, freight, storage, infrastructure and logistics</b></p> <p>Our marketing activities require access to significant amounts of third party supplies of commodities, freight, storage, infrastructure and logistics support and we are exposed to reduced accessibility and/or increased pressure in the costs of these. In addition, we often compete with other producers, purchasers or marketers of commodities or other products for limited storage and berthing facilities at ports and freight terminals, which can result in delays in loading or unloading products and expose us to significant delivery interruptions.</p> <p>Increases in the costs of freight, storage, infrastructure and logistics support or limitations or interruptions in the supply chain (including any disruptions, refusals or inability to supply) could adversely affect our business.</p>                                                                                                                                                                                                                                                                                         | <p>Our global network of infrastructure and logistics operations such as vessels, oil terminals and tank farms, metals and other warehouses and grain silos assists in mitigating risks related to disruptions to or limitations of sourcing, freight, storage, infrastructure and logistics.</p> <p>See map on page 6 that sets out our global operational footprint.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <p><b>Development and operating risks and hazards</b></p> <p>Our industrial activities are subject to numerous risks and hazards normally associated with the initiation, development, operation and/or expansion of natural resource projects, many of which are beyond our control. These include unanticipated variations in grade and other geological problems (so that anticipated or stated reserves, resources or mineralised potential may not conform to expectations and in particular may not reflect the reserves and resources which the Group reports and as a result the anticipated volumes or grades may not be achieved). Other examples include seismic activity, natural hazards, processing problems, technical and IT malfunctions, unavailability of materials and equipment, reliability and/or constraints of infrastructure, industrial accidents, labour force insufficiencies, disruptions and disputes, disasters, protests, force majeure factors, cost overruns, delays in permitting or other regulatory matters, vandalism and crime.</p>                                                                                                              | <p>Development and operating risks and hazards are managed through our continuous development status evaluation and reporting processes and ongoing assessment, reporting and communication of the risks that affect our operations through the annual risk review processes and updates to the risk register.</p> <p>We publish quarterly our production results and annually our assessment of reserves and resources based on available drilling and other data sources.</p> <p>During 2014, continued power shortages and reliability at our copper operations in the Democratic Republic of Congo affected production. In response, we continued to invest in long-term power solutions via the Inga dam refurbishment together with short-term solutions through the installations of mobile generating capacity.</p> <p>Production at Koniombo (nickel) was partially suspended in December 2014 following detection of a metal leak at the metallurgical plant.</p> |

| Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Comments                                                                                                                                                                                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Development and operating risks and hazards (continued)</b></p> <p>The development and operating of assets may lead to future upward revisions in estimated costs, completion delays, cost overruns, suspension of current projects or other operational difficulties. Risks and hazards could result in damage to, or destruction of, properties or production facilities, may cause production to be reduced or to cease at those properties or production facilities, may result in a decrease in the quality of the products, personal injury or death, third party damage or loss, and may result in actual production differing from estimates of production.</p> <p>Natural hazards, sabotage or other interference in operations, could increase costs or delay supplies. In some locations poor quality infrastructure is endemic. The realisation of these development and operating risks and hazards could require significant and additional capital and operating expenditures to fund abatement, restoration or compensation to third parties for any loss and/or payment of fines or damages.</p> |                                                                                                                                                                                                                          |
| <p><b>Cost control</b></p> <p>As commodity prices are outside of our control, the competitiveness and sustainable long-term profitability of our industrial asset portfolio depends significantly on our ability to closely manage costs and maintain a broad spectrum of low-cost, efficient operations. Costs associated with the operation of our industrial assets can be broadly categorised into labour costs and other operating and infrastructure costs. Overall production and operating costs are heavily influenced by the extent of ongoing development required, ore grades, mine planning, processing technology, logistics, energy and supply costs and the impact of exchange rate fluctuations. All of our industrial assets are, to varying degrees, affected by changes in costs for labour and fuel. Unit production costs are also significantly affected by production volumes and therefore production levels are frequently a key factor in determining the overall cost competitiveness of an industrial asset.</p>                                                                           | <p>Maintaining costs and, where possible, lowering them is supported by our reporting on these measures, coupled with the inclusion of certain cost control evaluation measures in assessing management performance.</p> |

## Principal risks and uncertainties

| Risk                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Comments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Sustainable development</b></p> <p><b>Emissions and climate change</b></p> <p>Our global presence exposes us to a number of jurisdictions in which regulations or laws have been or are being considered to limit or reduce emissions. The likely effect of these changes will be to increase the cost for fossil fuels, impose levies for emissions in excess of certain permitted levels and increase administrative costs for monitoring and reporting. Third parties including potential or actual investors may also introduce policies adverse to a company which has significant activities in or concerning fossil fuels (a fossil fuel company).</p> <p>Increasing regulation of greenhouse gas emissions, including the progressive introduction of carbon emissions trading mechanisms and tighter emission reduction targets is likely to raise costs. In addition, regulation of greenhouse gas emissions could increase costs and reduce demand. Furthermore, the desire or ability to invest in us by some investors may potentially be reduced or eliminated due to changes in investment policies concerning fossil fuels companies.</p> | <p>Through our sustainability programme (operated under our GCP framework), we strive to ensure emissions and climate change issues are identified, understood and effectively managed and monitored in order to meet international best practice standards and ensure regulatory compliance. We seek to ensure that there is a balanced debate with regard to the ongoing use of fossil fuels.</p> <p>Our 2014 Sustainability Report will provide further details of the operation of our community engagement programme, including the international standards to which we voluntarily submit.</p> <p>In recent months, there have been announcements by some investment groups regarding the introduction of, or tightening of policies, concerning reduced investment in fossil fuel companies.</p> |
| <p><b>Community relations</b></p> <p>The continued success of our existing operations and our future projects are in part dependent upon broad support and a healthy relationship with the respective local communities. A perception that we are not respecting or advancing the interests of the communities in which we operate, could have a negative impact on our “social licence to operate”, our ability to secure access to new resources and our financial performance. The consequences of negative community reaction could also have a material adverse impact on the cost, profitability, ability to finance or even the viability of an operation and the safety and security of our workforce and assets. Such events could lead to disputes with governments or with local communities or any other stakeholders and give rise to reputational damage. Even in cases where no adverse action is actually taken, the uncertainty associated with such instability could negatively impact the perceived value of our assets.</p>                                                                                                                | <p>We believe that the best way to manage these vital relationships is to adhere to the principles of open dialogue and cooperation. In doing so, we engage with local communities to demonstrate our operations’ contribution to socio-economic development and seek to ensure that appropriate measures are taken to prevent or mitigate possible adverse impacts on the community, along with the regular reporting as outlined on our website at: <a href="http://www.glencore.com/sustainability/our-approach-to-sustainability/communities/engagement/">www.glencore.com/sustainability/our-approach-to-sustainability/communities/engagement/</a></p>                                                                                                                                            |
| <p><b>Employees</b></p> <p>The maintenance of positive employee and union relations and the ability to attract and retain skilled workers, including senior management are key to our success. This can be challenging, especially in locations experiencing political or civil unrest, or in which they may be exposed to other hazardous conditions. Many employees are represented by labour unions under various collective labour agreements. Their employing company may not be able to satisfactorily renegotiate its collective labour agreements when they expire and may face tougher negotiations or higher wage demands than would be the case for non-unionised labour. In addition, existing labour agreements may not prevent a strike or work stoppage.</p>                                                                                                                                                                                                                                                                                                                                                                                     | <p>We understand that one of the key factors in our success is a good and trustworthy relationship with our people. This priority is reflected in the principles of our sustainability programme and related guidance, which require regular, open, fair and respectful communication, zero tolerance for human rights violations, fair remuneration and, above all, a safe working environment, as outlined on our website at: <a href="http://www.glencore.com/careers/our-people/">www.glencore.com/careers/our-people/</a></p>                                                                                                                                                                                                                                                                      |

## Risk

## Comments

**Health, safety, environment, including potential catastrophes**

Our operations are subject to health, safety and environmental laws along with compliance with our corporate sustainability framework. The processes and chemicals used in extraction and production methods, as well as transport and storage, may impose environmental hazards. A serious failure in these areas could lead to an emergency or catastrophe at a site. Environmental hazards may affect not only our properties but also third parties. The storage of tailings at our industrial assets and the storage and transport of oil are material examples of these risks.

Environmental (including those associated with particular environmental hazards) and health and safety laws may result in increased costs or, in the event of non-compliance or incidents causing injury or death or other damage at or to our facilities or surrounding areas may result in significant losses, including arising from (1) interruptions in production, litigation and imposition of penalties and sanctions and (2) having licences and permits withdrawn or suspended or being forced to undertake extensive remedial clean-up action or to pay for government-ordered remedial clean-up actions. In each case liability may arise where the hazards have been caused by any previous or subsequent owners or operators of the property, by any past or present owners of adjacent properties, or by third parties.

Our approach to sustainability and our expectations of our employees, our contractors and our business partners are outlined in our sustainability programme. This underpins our approach towards social, environmental, safety and compliance indicators, providing clear guidance on the standards we expect all our operations to achieve. Through the reporting function within the programme, our Board and senior management receive regular updates and have a detailed oversight on how our business is performing across all of the sustainability indicators. We monitor catastrophic risks, in particular across our portfolio, and operate emergency response programmes.

Compliance with international and local regulations and standards are our top priorities. Our operating procedures and those of our partners in relation to owned tankers conform to industry best practice working under the guidelines of the International Maritime Organisation (IMO), relevant Flag States and top tier classification societies.

See also pages 14 to 18.

# Financial review

## Highlights

| US\$ million                                                                                                            | 2014<br>Reported | 2013<br>Pro forma <sup>2</sup> | Change % | 2013<br>Reported <sup>2</sup> |
|-------------------------------------------------------------------------------------------------------------------------|------------------|--------------------------------|----------|-------------------------------|
| <b>Key statement of income and cash flows highlights<sup>1</sup>:</b>                                                   |                  |                                |          |                               |
| Adjusted EBITDA <sup>3</sup>                                                                                            | 12,764           | 13,071                         | (2)      | 10,466                        |
| Adjusted EBIT <sup>3</sup>                                                                                              | 6,706            | 7,434                          | (10)     | 5,970                         |
| Net income attributable to equity holders pre-significant items <sup>4</sup>                                            | 4,285            | 4,583                          | (7)      | 3,666                         |
| Earnings per share (pre-significant items) (Basic) (US\$)                                                               | 0.33             | 0.35                           | (6)      | 0.33                          |
| Net income/(loss) attributable to equity holders <sup>5</sup>                                                           | 2,308            | 2,473                          | (7)      | (8,046)                       |
| Funds from operations (FFO) <sup>6</sup>                                                                                | 10,169           | 10,375                         | (2)      | 8,030                         |
| Capital expenditure (excluding Las Bambas of \$961 million and \$1,734 million in 2014 and pro forma 2013 respectively) | 8,566            | 11,316                         | (24)     | 8,680                         |

| US\$ million                                | 31.12.2014<br>Reported | 31.12.2013<br>Pro forma <sup>2</sup> | Change % | 31.12.2013<br>Reported <sup>2</sup> |
|---------------------------------------------|------------------------|--------------------------------------|----------|-------------------------------------|
| <b>Key financial position highlights:</b>   |                        |                                      |          |                                     |
| Total assets                                | 152,205                | 154,862                              | (2)      | 154,862                             |
| Current capital employed (CCE) <sup>7</sup> | 21,277                 | 24,292                               | (12)     | 24,292                              |
| Net debt <sup>6</sup>                       | 30,532                 | 35,798                               | (15)     | 35,798                              |
| <b>Ratios:</b>                              |                        |                                      |          |                                     |
| FFO to Net debt <sup>6</sup>                | 33.3%                  | 29.0%                                | 15       | 22.4%                               |
| Net debt to Adjusted EBITDA                 | 2.39x                  | 2.74x                                | (13)     | 3.42x                               |
| Adjusted EBITDA to net interest             | 8.68x                  | 9.12x                                | (5)      | 7.54x                               |
| Adjusted current ratio <sup>7</sup>         | 1.23x                  | 1.18x                                | 4        | 1.18x                               |

1 Refer to basis of preparation on page 35.

2 2013 has been adjusted to reflect the updated fair value acquisition accounting for the acquisitions of Xstrata (see note 25).

3 Refer to note 2 of the financial statements for definition and reconciliation of Adjusted EBIT/EBITDA.

4 Refer to significant items table on page 36.

5 2013 reported, adjusted by \$(466) million as a result of the finalisation of the fair value adjustments relating to the acquisition of Xstrata and the resulting increase to the associated impairment (does not impact EBIT and EBITDA), see note 4 of the financial statements. Refer to page 196 for pro forma results and page 36 for reported results.

6 Refer to page 38.

7 Refer to glossary for definition.

## Pro forma financial results

### Basis of presentation

The reported financial information has been prepared on the basis as outlined in note 1 of the financial statements with the exception of the accounting treatment applied to certain associates and joint ventures for which Glencore's attributable share of revenues and expenses are presented (see note 2).

The unaudited and unreviewed pro forma financial information for 2013 has been prepared in a manner consistent with the accounting policies applicable for periods ending on or after 1 January 2013 as outlined in note 1 of the financial statements with the exception of the accounting treatment applied to certain associates and joint ventures for which Glencore's attributable share of revenues and expenses are presented (see note 2) and reflects the final fair value adjustments arising from the acquisition of Xstrata on 2 May 2013 as if the acquisition and full consolidation of such had taken place as of 1 January 2013. These adjustments primarily relate to depreciation, amortisation and the release of onerous and unfavourable contract provisions. The pro forma financial information has been prepared for illustrative purposes only and, because of its nature, addresses a hypothetical situation and therefore does not reflect the Group's actual financial position or results.

A reconciliation of the pro forma results to the reported results for the year ended 31 December 2013 is included in the glossary.

The reported and pro forma financial information is presented in the Financial review section before significant items unless otherwise stated to provide an enhanced understanding and comparative basis of the underlying financial performance. Significant items (refer to page 36) are items of income and expense which, due to their financial impact and nature or the expected infrequency of the events giving rise to them, are separated for internal reporting and analysis of Glencore's results.

### Financial results

Compared to the 2013 pro forma results, 2014 Adjusted EBITDA decreased by 2% to \$12,764 million and Adjusted EBIT was down 10% to \$6,706 million, as the impact of generally lower commodity prices on our industrial assets, offset the benefits of a net production increase, currency related cost benefits and an 18% increase in marketing Adjusted EBIT to \$2,790 million.

These results continue to reinforce the strength and resilience of Glencore's business model and the diversification benefits associated with combining and integrating, across a broad spectrum of commodities, a portfolio of industrial assets with large scale physical sourcing, marketing and logistics capabilities.

### Adjusted EBITDA/EBIT

Adjusted EBITDA by business segment is as follows:

| US\$ million          | Marketing activities Reported | Industrial activities Reported | 2014 Adjusted EBITDA Reported | Marketing activities Pro forma | Industrial activities Pro forma | 2013 Adjusted EBITDA Pro forma | %          | 2013 Adjusted EBITDA Reported |
|-----------------------|-------------------------------|--------------------------------|-------------------------------|--------------------------------|---------------------------------|--------------------------------|------------|-------------------------------|
| Metals and minerals   | 1,545                         | 7,077                          | 8,622                         | 1,643                          | 7,203                           | 8,846                          | (3)        | 6,939                         |
| Energy products       | 565                           | 2,841                          | 3,406                         | 666                            | 3,378                           | 4,044                          | (16)       | 3,196                         |
| Agricultural products | 996                           | 213                            | 1,209                         | 383                            | 61                              | 444                            | 172        | 444                           |
| Corporate and other   | (105)                         | (368)                          | (473)                         | (93)                           | (170)                           | (263)                          | n.m.       | (113)                         |
| <b>Total</b>          | <b>3,001</b>                  | <b>9,763</b>                   | <b>12,764</b>                 | <b>2,599</b>                   | <b>10,472</b>                   | <b>13,071</b>                  | <b>(2)</b> | <b>10,466</b>                 |

Adjusted EBIT by business segment is as follows:

| US\$ million          | Marketing activities Reported | Industrial activities Reported | 2014 Adjusted EBIT Reported | Marketing activities Pro forma | Industrial activities Pro forma | 2013 Adjusted EBIT Pro forma | %           | 2013 Adjusted EBIT Reported |
|-----------------------|-------------------------------|--------------------------------|-----------------------------|--------------------------------|---------------------------------|------------------------------|-------------|-----------------------------|
| Metals and minerals   | 1,515                         | 3,674                          | 5,189                       | 1,622                          | 4,036                           | 5,658                        | (8)         | 4,364                       |
| Energy products       | 524                           | 486                            | 1,010                       | 629                            | 1,244                           | 1,873                        | (46)        | 1,536                       |
| Agricultural products | 856                           | 136                            | 992                         | 198                            | (6)                             | 192                          | 417         | 192                         |
| Corporate and other   | (105)                         | (380)                          | (485)                       | (93)                           | (196)                           | (289)                        | n.m.        | (122)                       |
| <b>Total</b>          | <b>2,790</b>                  | <b>3,916</b>                   | <b>6,706</b>                | <b>2,356</b>                   | <b>5,078</b>                    | <b>7,434</b>                 | <b>(10)</b> | <b>5,970</b>                |

## Financial review

Marketing Adjusted EBITDA in 2014 increased by 15% to \$3,001 million, while Marketing Adjusted EBIT was up 18% to \$2,790 million, representing 42% of total Adjusted EBIT, up from 32% in the comparable period. Metals and minerals Adjusted marketing EBIT, while still delivering a solid overall contribution, was down 7% over 2013, with iron ore having faced particularly challenging marketing conditions during the year. Energy products Adjusted marketing EBIT was down 17% compared to 2013, reflecting the oversupplied coal and “flat” oil markets that prevailed during the first half of 2014, however market conditions, notably in oil, were more supportive towards the end of the year, on account of increased volatility and curve structure. The Agricultural products Adjusted marketing EBIT was up \$658 million compared to 2013, on the back of strong results from Viterria and also improved results from the traditional marketing business and industrial activities, albeit from a low 2013 base.

Industrial Adjusted EBITDA decreased by 7% to \$9,763 million, owing to weaker average year over year commodity prices including coal, gold, silver, oil and copper down 8-20%, 10%, 21%, 9% and 6% respectively. Average nickel and zinc prices were the main exceptions, increasing by 13% each during the year. The net lower prices were partially mitigated by weaker producer currencies (notably the Tenge, Rand, and Canadian and Australian dollars, down relative to the US dollar, by 18%, 12%, 7% and 7% respectively), increased production, notably Mutanda, as it delivered on its 200,000 tonnes per annum target and a stronger Agricultural industrial performance.

### 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                                                                             | 2014<br>Reported | 2013<br>Pro forma | 2013<br>Reported            |
|------------------------------------------------------------------------------------------|------------------|-------------------|-----------------------------|
| Adjusted EBIT <sup>1</sup>                                                               | 6,706            | 7,434             | 5,970                       |
| Net finance and income tax expense in certain associates and joint ventures <sup>1</sup> | (329)            | (436)             | (335)                       |
| Net finance costs                                                                        | (1,439)          | (1,434)           | (1,365)                     |
| Income tax expense                                                                       | (499)            | (712)             | (426)                       |
| Non-controlling interests                                                                | (154)            | (269)             | (178)                       |
| <b>Income attributable to equity holders pre-significant items</b>                       | <b>4,285</b>     | <b>4,583</b>      | <b>3,666</b>                |
| Earnings per share (Basic) pre-significant items (US\$)                                  | 0.33             | 0.35              | 0.33                        |
| <b>Significant items impacting Adjusted EBITDA and Adjusted EBIT</b>                     |                  |                   |                             |
| Share of Associates' exceptional items <sup>2</sup>                                      | (74)             | –                 | (51)                        |
| Mark-to-market loss on certain aluminium positions <sup>3</sup>                          | –                | (95)              | (95)                        |
| Unrealised intergroup profit elimination and other <sup>3</sup>                          | (221)            | (261)             | (261)                       |
|                                                                                          | (295)            | (356)             | (407)                       |
| Other expense – net <sup>4</sup>                                                         | (1,073)          | (1,988)           | (11,488) <sup>5</sup>       |
| Write off of capitalised borrowing costs <sup>6</sup>                                    | (32)             | (23)              | (23)                        |
| Gain/(Loss) on disposal of investments                                                   | 715              | –                 | (40)                        |
| Income tax (expense)/credit <sup>7</sup>                                                 | (1,310)          | 183               | 172                         |
| Non-controlling interests share of other income <sup>8</sup>                             | 18               | 74                | 74                          |
| <b>Total significant items</b>                                                           | <b>(1,977)</b>   | <b>(2,110)</b>    | <b>(11,712)<sup>5</sup></b> |
| <b>Income/(Loss) attributable to equity holders</b>                                      | <b>2,308</b>     | <b>2,473</b>      | <b>(8,046)<sup>5</sup></b>  |
| Earnings per share (Basic) (US\$)                                                        | 0.18             | 0.19              | (0.73) <sup>5</sup>         |

1 Refer to note 2 of the financial statements.

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

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

4 Recognised within other expense – net, see notes 2 and 4 of the financial statements.

5 Adjusted for the final fair value adjustments in relation to the acquisition of Xstrata, see note 25 of the financial statements.

6 Recognised within interest expense.

7 Recognised within income tax expense.

8 Recognised within non-controlling interests.

## Significant items

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

In 2014, Glencore recognised \$1,977 million of net other significant expenses, including \$1,310 million of income tax expense. Due to the challenging platinum market conditions and following the decisions to slow down development at our Mauritanian and Congo iron ore projects and limit further oil exploration activities at the Matanda oil block in Cameroon, impairment charges of \$146 million, \$489 million and \$212 million were recognised respectively. In addition, \$95 million of 'premium' cost was recognised on the repurchase of bonds, offset by a gain of \$715 million (before related tax charges of \$531 million) on the disposal of Las Bambas. Apart from the Las Bambas tax on disposal, a net \$779 million of significant tax expense has been recorded, primarily due to the currency translation effect of deferred tax balances, owing to the stronger US dollar, particularly against the Australian dollar. Furthermore, a positive UC Rusal mark-to-market movement of \$501 million has been recognised directly in other comprehensive income, whereas the prior year negative movement was required to be recognised as an impairment through the statement of income as noted below.

In 2013, Glencore recognised \$11,712 million of net other significant expenses, mainly comprising a \$1,160 million accounting loss related to the revaluation of Glencore's 34% interest in Xstrata immediately prior to acquisition, a \$8,124 million goodwill impairment recognised upon acquisition of Xstrata and directly attributable transaction costs of \$294 million. On acquisition, the underlying assets and liabilities acquired were fair valued, with an amount of resulting goodwill allocated to the business. The residual goodwill amount of \$8,124 million relating to the mining business could not be supported and was impaired as explained in note 5. The size of the impairment was influenced by the deemed acquisition consideration, calculated by reference to Glencore's share price on the date of acquisition. Furthermore, due to the persistent challenging nickel and aluminium market environments and revisions to some mine plans, impairment charges were recognised at Murrin Murrin (\$454 million), Cobar (\$137 million) and UC Rusal (\$446 million). Additional significant items include \$300 million of valuation adjustments made to various long-term loans and advances, \$308 million of mark-to-market adjustments on other investments classified as held for trading and \$261 million of unrealised profit eliminations.

See notes 4 and 5 to the consolidated financial statements for further explanations.

## Net finance costs

Net finance costs were \$1,471 million in 2014 (\$1,439 million on a pre-exceptional basis, excluding capitalised borrowing costs written off upon refinance of the revolving credit facilities), compared to \$1,388 million (\$1,365 million on a pre-exceptional basis) incurred during the comparable reporting period. Interest income in 2014 was \$253 million, a 36% reduction compared to 2013, following the repayment in December 2013 of a substantial portion of certain loans extended to the Russneft Group. On a pre-exceptional basis, interest expense in 2014 was \$1,692 million, a 4% reduction from \$1,758 million in 2013, reflecting the ongoing lowering of borrowing costs (low base rates and spread), notwithstanding the Xstrata acquisition closing only in May 2013. Compared to pro forma interest of \$1,871 million, the reduction is even more pronounced at 10%.

## Income taxes

An income tax expense of \$1,809 million was recognised during the year ended 2014 compared to an income tax expense of \$254 million in 2013. Based on our capital and business structure, income tax expense, pre-significant items should approximate Adjusted EBIT for marketing and industrial assets less an allocated interest expense multiplied by an estimated tax rate of 10% and 25% respectively. This has been reflected in the table above. Refer to the glossary for a reconciliation of this calculation. The 2014 statutory expense includes \$531 million of taxes in respect of the sale of Las Bambas and a net additional \$779 million of income tax expense, primarily due to the currency translation effect on deferred tax balances, owing to the stronger US dollar, particularly against the Australian dollar as noted above.

## Assets, leverage and working capital

Total assets were \$152,205 million as at 31 December 2014 compared to \$154,862 million as at 31 December 2013, a period over which, current assets decreased from \$59,292 million to \$53,219 million. The adjusted current ratio at 31 December 2014 was 1.23, a 4% improvement compared with 31 December 2013. Non-current assets increased from \$95,570 million to \$98,986 million, primarily due to the various ongoing capital development programmes at African copper and Koniombo and the acquisition of Caracal.

Consistent with 31 December 2013, 99% (\$19,226 million) of total marketing inventories were contractually sold or hedged (readily marketable inventories) as at 31 December 2014. These inventories are considered to be readily convertible into cash due to their liquid nature, widely available markets, and the fact that the associated price risk is covered either by a physical sale transaction or a hedge transaction. 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.

## Financial review

### Cash flow and net debt

#### Net debt

| US\$ million                                           | 31.12.2014    | 31.12.2013<br>Restated <sup>1</sup> |
|--------------------------------------------------------|---------------|-------------------------------------|
| Gross debt                                             | 52,693        | 55,173                              |
| Associates and joint ventures net funding <sup>2</sup> | (80)          | (72)                                |
| Cash and cash equivalents and marketable securities    | (2,855)       | (2,885)                             |
| Net funding                                            | 49,758        | 52,216                              |
| Readily marketable inventories                         | (19,226)      | (16,418)                            |
| <b>Net debt</b>                                        | <b>30,532</b> | <b>35,798</b>                       |

#### Cash and non-cash movements in net debt

| US\$ million                                                                                     | 31.12.2014<br>Reported | 31.12.2013<br>Pro forma | 31.12.2013<br>Reported      |
|--------------------------------------------------------------------------------------------------|------------------------|-------------------------|-----------------------------|
| Cash generated by operating activities before working capital changes                            | 10,978                 | 11,058                  | 8,676                       |
| Associates and joint ventures Adjusted EBITDA <sup>3</sup>                                       | 1,552                  | 1,923                   | 1,487                       |
| Net interest paid <sup>2</sup>                                                                   | (1,211)                | (1,646)                 | (1,488)                     |
| Tax paid <sup>2</sup>                                                                            | (1,257)                | (994)                   | (679)                       |
| Dividends received from associates <sup>2</sup>                                                  | 107                    | 34                      | 34                          |
| <b>Funds from operations</b>                                                                     | <b>10,169</b>          | <b>10,375</b>           | <b>8,030</b>                |
| Working capital changes, excluding readily marketable inventory movements and other <sup>2</sup> | 2,268                  | (1,807)                 | (761)                       |
| Payments of non-current advances and loans <sup>2</sup>                                          | (518)                  | 285                     | 285                         |
| Acquisition and disposal of subsidiaries                                                         | 4,690                  | 479                     | 2,125                       |
| Purchase and sale of investments                                                                 | (310)                  | (144)                   | (144)                       |
| Purchase and sale of property, plant and equipment (excl. Las Bambas) <sup>2</sup>               | (8,360)                | (11,131)                | (8,680)                     |
| Purchase and sale of property, plant and equipment – Las Bambas                                  | (961)                  | (1,734)                 | (1,169)                     |
| Margin payments in respect of financing related hedging activities                               | 10                     | 167                     | 167                         |
| Acquisition and disposal of additional interests in subsidiaries                                 | (101)                  | (489)                   | (489)                       |
| Dividends paid and purchase of own shares                                                        | (3,256)                | (2,236)                 | (2,236)                     |
| Cash movement in net debt                                                                        | 3,631                  | (6,235)                 | (2,872)                     |
| Net debt assumed in business combination                                                         | –                      | –                       | (17,395) <sup>1</sup>       |
| Foreign currency revaluation of borrowings and other non-cash items                              | 1,635                  | (115)                   | (115)                       |
| Non-cash movement in net debt                                                                    | 1,635                  | (115)                   | (17,510)                    |
| <b>Total movement in net debt</b>                                                                | <b>5,266</b>           | <b>(6,350)</b>          | <b>(20,382)<sup>1</sup></b> |
| Net debt, beginning of period                                                                    | (35,798)               | (29,448)                | (15,416)                    |
| <b>Net debt, end of period</b>                                                                   | <b>(30,532)</b>        | <b>(35,798)</b>         | <b>(35,798)<sup>1</sup></b> |

<sup>1</sup> Adjusted for the final fair value adjustments in relation to the acquisition of Xstrata, see note 25 of the financial statements.

<sup>2</sup> Adjusted to include the impacts of proportionate consolidation of certain associates and joint ventures as outlined in the glossary.

<sup>3</sup> See note 2 of the financial statements.

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

## Net debt

Net debt as at 31 December 2014 decreased to \$30,532 million from \$35,798 million as at 31 December 2013 aided by the receipt of the sales proceeds from the disposal of Las Bambas in July 2014, a 25% reduction in net capital expenditure (excluding Las Bambas) and a \$2,268 million release of working capital, excluding readily marketable inventories. Readily marketable inventories increased by \$2,808 million to \$19,226 million at 31 December 2014. The substantial majority of this increase (\$2.4 billion) occurred over the second half of 2014 as we were able to seize attractive marketing opportunities, the benefits of which are generally expected to materialise in 2015 and when we also then expect the majority of this temporary working capital investment to reverse.

## Capital expenditure

Net capital expenditure, excluding Las Bambas, decreased from \$8,680 million in 2013 to \$8,360 million in 2014, due primarily to some of our key expansion projects being commissioned during 2014, notably certain projects at Australian thermal coal, Australian zinc and African copper. Compared to 2013 pro forma net capital expenditure of \$11,131 million (excluding Las Bambas), 2014 was 25% or \$2,771 million lower.

## Subsidiary acquisitions and disposals

Net inflow on acquisitions / disposals was \$4,690 million due primarily to the sale of Las Bambas (\$6.5 billion, net of tax), offset by the purchase of Caracal (\$1.5 billion) and Zhairem (\$291 million) compared to \$2,125 million (or \$544 million, excluding cash acquired in the Xstrata transaction of \$1,581 million) in 2013.

## Liquidity and funding activities

In 2014, the following significant financing activities took place:

- In April, issued in two tranches EUR 1.1 billion of interest bearing notes as follows:
  - 7 year EUR 600 million, 2.750% fixed coupon bonds; and
  - 12 year EUR 500 million, 3.750% fixed coupon bonds.
- In April, issued in two tranches \$2 billion of interest bearing notes as follows:
  - 5 year \$1,000 million, 3.125% fixed coupon bonds; and
  - 10 year \$1,000 million, 4.625% fixed coupon bonds.
- In May, issued 4 year \$200 million, Libor plus 1.20% coupon notes.
- In September, issued 5 year AUD 500 million, 4.50% fixed coupon bonds and 8 year EUR 700 million, 1.625% fixed coupon bonds.
- In December, issued 6 year CHF 500 million, 1.25% fixed coupon bonds.

As at 31 December 2014, Glencore had available committed undrawn credit facilities and cash amounting to \$9.4 billion. As an internal financial policy, Glencore has a \$3 billion minimum threshold requirement.

## Credit ratings

In light of the Group's extensive funding activities, maintaining strong BBB/Baa investment grade ratings is a financial priority/target. The Group's credit ratings are Baa2 (stable) from Moody's and BBB (stable) from S&P.

## Value at risk

One of the tools used by Glencore to monitor and limit its primary market risk exposure, namely commodity price risk related to its physical marketing activities, is the use of a value at risk (VaR) computation. VaR is a risk measurement technique which estimates the potential loss that could occur on risk positions as a result of movements in risk factors over a specified time horizon, given a specific level of confidence. The VaR methodology is a statistically defined, probability based approach that takes into account market volatilities, as well as risk diversification by recognising offsetting positions and correlations between commodities and markets. In this way, risks can be measured consistently across all markets and commodities and risk measures can be aggregated to derive a single risk value. Glencore has set a consolidated VaR limit (1 day 95%) of \$100 million representing some 0.2% of equity, which was not exceeded during the year.

Glencore uses a VaR approach based on Monte Carlo simulations and is either a one day or one week time horizon computed at a 95% confidence level with a weighted data history.

Average market risk VaR (1 day 95%) during 2014 was \$36 million, representing less than 0.1% of equity. Average equivalent VaR during 2013 was \$32 million.

## Financial review

### Distributions

The directors have recommended a 2014 financial year final cash distribution of \$12 cents per share amounting to \$1,558 million excluding any distribution on own shares. This distribution excludes the proposed distribution in specie of the Group's 23.9% stake in Lonmin, which is also subject to approval by shareholders at the Annual General Meeting.

| Final distribution                                                                 | 2015                              |
|------------------------------------------------------------------------------------|-----------------------------------|
| Applicable exchange rate reference date (Johannesburg Stock Exchange (JSE))        | 9 April                           |
| Last time to trade on JSE to be recorded in register for distribution              | 17 April                          |
| Last day to effect removal of shares cum dividend between Jersey and JSE registers | 17 April                          |
| Ex-dividend date (JSE)                                                             | 20 April                          |
| Ex-dividend date (Hong Kong)                                                       | 22 April                          |
| Ex-dividend date (Jersey)                                                          | 23 April                          |
| Last time for lodging transfers in Hong Kong                                       | 23 April                          |
| Record date for JSE                                                                | Close of business (SA) 24 April   |
| Record date in Hong Kong                                                           | Opening of business (HK) 24 April |
| Record date in Jersey                                                              | Close of business (UK) 24 April   |
| Deadline for return of currency election form (Jersey shareholders)                | 27 April                          |
| Removal of shares between the Jersey and JSE registers permissible from            | 28 April                          |
| Applicable exchange rate date (Jersey and Hong Kong)                               | 30 April                          |
| Annual General Meeting (shareholder vote to approve final distribution)            | 7 May                             |
| Payment date                                                                       | 21 May                            |

The Directors have proposed that this final distribution be paid out of capital contribution reserves. As such, this distribution would be exempt from Swiss withholding tax. As at 31 December 2014, Glencore plc had CHF 38 billion of such capital contribution reserves in its statutory accounts.

The final distribution is declared and 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 as stated above. Shareholders on the Hong Kong branch register will receive their distribution in Hong Kong dollars, while 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](http://www.glencore.com)) or from the Company's Registrars.

### Notional allocation of debt and interest expense

Glencore's debt funding is primarily arranged centrally, with the proceeds then applied to marketing and industrial activities as required. Glencore does not allocate borrowings or interest to its three operating segments. However, to assist investors in the assessment of overall performance and underlying value contributors of its integrated business model, Glencore notionally allocates its borrowings and interest expense between its marketing and industrial activities as follows (also see the glossary):

- At a particular point in time, Glencore estimates the borrowings attributable to funding key working capital items within the marketing activities, including inventories, net cash margining and other accounts receivable / payable, through the application of an appropriate loan to value ratio for each item. The balance of Group borrowings is allocated to industrial activities.
- Once the average amount of borrowings notionally allocated to marketing activities for the relevant period has been estimated, the corresponding interest expense on those borrowings is estimated by applying the Group's average variable rate cost of funds during the relevant period to the average borrowing amount. The balance of Group interest expense and all interest income is allocated to industrial activities. The allocation is a company estimate only and is unaudited. The table below summarises the notional allocation of borrowings and interest and corresponding implied earnings before tax of the marketing and industrial activities for the year ended 31 December 2014.

| US\$ million                                     | Marketing activities | Industrial activities | Total         |
|--------------------------------------------------|----------------------|-----------------------|---------------|
| Adjusted EBIT, pre-significant items             | 2,790                | 3,916                 | 6,706         |
| Interest expense allocation                      | (227)                | (1,465)               | (1,692)       |
| Interest income allocation                       | –                    | 253                   | 253           |
| <b>Allocated profit before tax</b>               | <b>2,563</b>         | <b>2,704</b>          | <b>5,267</b>  |
| <b>Allocated net funding – 31 December 2014</b>  | <b>14,265</b>        | <b>35,493</b>         | <b>49,758</b> |
| <b>Allocated net funding – quarterly average</b> | <b>14,624</b>        | <b>36,705</b>         | <b>51,329</b> |

Based on the implied equity funding for the marketing activities' working capital requirements, as well as the relatively modest level of non-current assets employed in the marketing activities (assumed to be heavily equity funded), the return on notional equity for the marketing activities continued to be very healthy in 2014. The industrial activities' return on notional equity is being held back by many advanced stage copper, nickel and zinc development/expansion projects, where significant investments have been made to date. These projects did not contribute to earnings in the year at anywhere near their full production potential, and as a result, the full effect of the earnings is yet to be reflected in allocated profits.

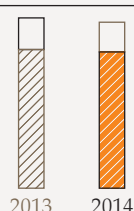
# Metals and minerals

## Highlights

### Adjusted EBITDA

US\$ million

8,622

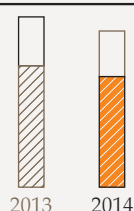


|                       |            |            |
|-----------------------|------------|------------|
| Marketing activities  | 1,643 2013 | 1,545 2014 |
| Industrial activities | 7,203 2013 | 7,077 2014 |

### Adjusted EBIT

US\$ million

5,189



|                       |            |            |
|-----------------------|------------|------------|
| Marketing activities  | 1,622 2013 | 1,515 2014 |
| Industrial activities | 4,036 2013 | 3,674 2014 |

The 2013 information in this section has been presented on the pro forma basis described in the Financial review section.

Metals and minerals total Adjusted EBITDA was \$8,622 million, down 3% from \$8,846 million in 2013. The modest reduction reflects somewhat more challenging marketing conditions, particularly in iron ore, and the impact of lower copper and precious metal prices on the industrial activities. These factors were mitigated by higher copper production volumes and currency related costs benefits as the US dollar strengthened against our key producer country currencies. Adjusted EBIT was \$5,189 million, 8% lower than 2013 due to higher depreciation, reflective of higher production.

Further production growth is expected from key advanced stage and recently commissioned projects, mainly in copper, zinc and nickel. The business is strongly positioned within its operating markets, with the asset and marketing base fully primed to take advantage of growth in both emerging markets and the developed world.

| US\$ million                        | Marketing activities | Industrial activities | 2014   | Marketing activities | Industrial activities | 2013   |
|-------------------------------------|----------------------|-----------------------|--------|----------------------|-----------------------|--------|
| Revenue                             | 35,025               | 31,025                | 66,050 | 35,986               | 31,195                | 67,181 |
| Adjusted EBITDA                     | 1,545                | 7,077                 | 8,622  | 1,643                | 7,203                 | 8,846  |
| Adjusted EBIT                       | 1,515                | 3,674                 | 5,189  | 1,622                | 4,036                 | 5,658  |
| Allocated average CE <sup>1,2</sup> | 11,885               | 57,698                | 69,583 | 9,097                | 58,589                | 67,686 |
| Adjusted EBIT return on average CE  | 13%                  | 6%                    | 7%     | 18%                  | 7%                    | 8%     |

1 The simple average of segment current and non-current capital employed (see note 2 of the financial statements), adjusted for production related inventories, is applied as a proxy for marketing and industrial activities respectively.

2 Capital employed has been adjusted to move logistics and storage related property, plant and equipment from industrial activities into marketing activities.

## Market conditions

### Selected average commodity prices

|                                                                    | 2014   | 2013   | Change % |
|--------------------------------------------------------------------|--------|--------|----------|
| S&P GSCI Industrial Metals Index                                   | 349    | 354    | (1)      |
| LME (cash) copper price (\$/t)                                     | 6,866  | 7,328  | (6)      |
| LME (cash) zinc price (\$/t)                                       | 2,164  | 1,909  | 13       |
| LME (cash) lead price (\$/t)                                       | 2,096  | 2,139  | (2)      |
| LME (cash) nickel price (\$/t)                                     | 16,892 | 15,012 | 13       |
| Gold price (\$/oz)                                                 | 1,266  | 1,411  | (10)     |
| Silver price (\$/oz)                                               | 19     | 24     | (21)     |
| Metal Bulletin cobalt price 99.3% (\$/lb)                          | 14     | 13     | 8        |
| LME (cash) aluminium price (\$/t)                                  | 1,869  | 1,846  | 1        |
| Metal Bulletin alumina price (\$/t)                                | 331    | 327    | 1        |
| Metal Bulletin ferrochrome 6-8% C basis 60% Cr, max 1.5% Si (£/lb) | 105    | 99     | 6        |
| Platinum price (\$/oz)                                             | 1,385  | 1,486  | (7)      |
| Iron ore (Platts 62% CFR North China) price (\$/DMT)               | 97     | 135    | (28)     |

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# 1.5m

TONNES ANNUAL COPPER PRODUCTION

# 17%

INCREASE IN COPPER PRODUCTION  
BY OUR AFRICAN COPPER ASSETS

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## Metals and minerals

### Currency table

|           | Average<br>2014 | Spot<br>31 Dec 2014 | Average<br>2013 | Spot<br>31 Dec 2013 | Change in<br>average % |
|-----------|-----------------|---------------------|-----------------|---------------------|------------------------|
| AUD : USD | 0.90            | 0.82                | 0.97            | 0.89                | (7)                    |
| USD : CAD | 1.10            | 1.16                | 1.03            | 1.06                | 7                      |
| USD : COP | 2,002           | 2,377               | 1,869           | 1,930               | 7                      |
| EUR : USD | 1.33            | 1.21                | 1.33            | 1.37                | –                      |
| GBP : USD | 1.65            | 1.56                | 1.56            | 1.66                | 6                      |
| USD : CHF | 0.92            | 0.99                | 0.93            | 0.89                | (1)                    |
| USD : KZT | 179             | 182                 | 152             | 154                 | 18                     |
| USD : ZAR | 10.85           | 11.57               | 9.65            | 10.49               | 12                     |

### Marketing

#### Highlights

Adjusted EBIT was \$1,515 million, down 7% from \$1,622 million. Notwithstanding the generally weaker industrial metals' sentiment and backdrop, overall marketing performance was relatively consistent year on year, with iron ore, however having faced particularly challenging marketing conditions.

### Financial information

| US\$ million    | 2014   | 2013   | Change % |
|-----------------|--------|--------|----------|
| Revenue         | 35,025 | 35,986 | (3)      |
| Adjusted EBITDA | 1,545  | 1,643  | (6)      |
| Adjusted EBIT   | 1,515  | 1,622  | (7)      |

### Selected marketing volumes sold

|                                            | Units | 2014  | 2013  | Change % |
|--------------------------------------------|-------|-------|-------|----------|
| Copper metal and concentrates <sup>1</sup> | mt    | 2.8   | 2.8   | –        |
| Zinc metal and concentrates <sup>1</sup>   | mt    | 3.4   | 3.2   | 6        |
| Lead metal and concentrates <sup>1</sup>   | mt    | 0.8   | 0.7   | 14       |
| Gold                                       | koz   | 1,468 | 1,326 | 11       |
| Silver                                     | moz   | 66.2  | 52.8  | 25       |
| Nickel                                     | kt    | 203   | 226   | (10)     |
| Ferroalloys (incl. agency)                 | mt    | 4.2   | 3.8   | 11       |
| Alumina/aluminium                          | mt    | 11.7  | 11.7  | –        |
| Iron ore                                   | mt    | 66.0  | 33.2  | 99       |

<sup>1</sup> Estimated metal unit contained.



## Copper

Despite another year of copper mine underperformance and the strongest global demand growth since 2010, average copper prices fell 6% in 2014. Demand growth was evident in all key consuming regions and China again accounted for the majority of global growth. As in 2013, cathode demand benefited from tight scrap supply. Reflecting these drivers, exchange inventories declined steadily throughout the year to reach 313,000 tonnes by year-end, down almost 195,000 tonnes during the year.

On the supply side, mined copper growth slowed significantly from the near double digit pace recorded in 2013. A range of technical, regulatory and weather related issues saw mine supply underperform initial estimates by more than 1.2 million tonnes.

With current prices now trading within the cost curve, mine closures have already been announced and reduced capital spending will start to impact future supply growth.



## Zinc/Lead

The zinc metal market was in deficit in 2014, driven by improving demand, including continuing inflows of material into China. LME/SHFE inventories dropped by approximately 400,000 tonnes (or 33%) during the year and physical premia in Asia and Europe were significantly higher than 2013. Fundamentals were particularly strong in the first 6 months of the year, however more material became available in H2 2014, in part due to liquidity concerns in China.

The lead metal market was in balance in 2014, with limited warehouse movements and marginal changes in premia.

The zinc concentrates TC benchmark for 2014 was up by \$29 per dmt compared to the 2013 benchmark. The average spot market TC went up by a similar amount, although Chinese zinc concentrates imports increased by 10.2%.

We expect the pressures which led to the supply deficit to intensify over the coming months. No significant new sources of production are scheduled to come on line in the immediate future and a number of production closures, already signalled to the market, will crystallise in 2015.

## Metals and minerals



### Nickel

2014 was an eventful year for nickel. It commenced with the introduction of a ban on unprocessed ore exports from Indonesia, effectively removing >20% of global mined supply from the market. In anticipation of significantly reduced finished nickel output, coupled with strong demand growth, particularly in China and North America, the nickel LME cash settlement price rallied to \$21,200 per tonne in May, up 52% from the start of the year. This positive sentiment, however, was impacted by persistent and material unit deliveries into LME warehouses, combined with weakening macroeconomic data for Europe and China.

While global nickel demand improved in 2014, increased ore exports from the Philippines, blended with stockpiled Indonesian ore, kept Chinese nickel pig iron production at elevated levels, maintaining an oversupply of nickel in the global market. LME inventory increased from 261,000 tonnes at the start of the year to a record high of 415,000 tonnes at year-end, with the cash settlement price averaging \$16,892 per tonne, 13% higher than 2013.

While nickel is not immune to the weakness currently seen across the commodity spectrum, market trends support a continued transition from structural oversupply to material deficits in the medium term. In particular, Philippine ore shipments are insufficient, in terms of quality and quantity, to offset the full impact of the Indonesian ban.



### Ferroalloys

Global ferrochrome prices were relatively flat over 2014. The slight increase in global consumption of ferrochrome was more than offset by surplus production, particularly from China, Kazakhstan and South Africa. The regional pricing gap that developed in H1 2014 narrowed towards the end of the year as European consumers sought parity with lower Chinese prices.

Vanadium prices were firm in H1 2014 as new production expected out of Australia and Brazil did not materialise. This was met in H2 2014 with increased Chinese exports pressurising prices later in the year.



### Alumina/Aluminium

Average LME aluminium prices during 2014 were in line with 2013, although average premium levels increased significantly (from an average range of \$195-\$215 to \$340-\$365 per tonne). The increase to the net all-in price received by producers meant that a large portion of the market was now able to meet its cost of production in 2014. Indications for aluminium premiums for duty unpaid, in-warehouse material at the beginning of 2014, were within the \$250-\$275 per tonne range and the 2014 year-end level was around \$400 to \$430 per tonne.

The FOB Australia alumina price opened 2014 at \$335 per tonne and closed 2014 at \$355, with a price range of \$305 to \$360 per tonne witnessed during the year.



### Iron Ore

The iron ore market went into oversupply during the year, driven by a combination of supply increases from large miners and a somewhat lower than expected Chinese steel demand growth. The price reduction intensified as the year progressed to finish the year around \$70 per tonne. Premiums also contracted as the market moved into oversupply. While we expect demand growth to be steady in 2015, further increases in supply are expected to keep the market subdued in 2015.

# Metals and minerals

## Industrial activities

### Highlights

Total industrial Adjusted EBITDA and EBIT in 2014 were \$7,077 million and \$3,674 million, down 2% and 9% respectively over 2013 as a result of lower commodity prices, particularly copper and precious metals, partially offset by higher copper production (up 4%, mainly from African copper), higher zinc and nickel prices and the generally stronger US dollar. The price driven reduction in profitability resulted in a small decline in metal and mineral's mining margin from 32% to 30%.

### Financial information

| US\$ million                                                                         | 2014          | 2013          | Change %   |
|--------------------------------------------------------------------------------------|---------------|---------------|------------|
| <b>Revenue</b>                                                                       |               |               |            |
| <b>Copper assets</b>                                                                 |               |               |            |
| African copper (Katanga, Mutanda, Mopani)                                            | 3,954         | 3,211         | 23         |
| Collahuasi <sup>1</sup>                                                              | 1,311         | 1,314         | –          |
| Antamina <sup>1</sup>                                                                | 845           | 1,154         | (27)       |
| Other South America (Alumbreira, Lomas Bayas, Antapaccay, Punitaqui)                 | 2,732         | 2,611         | 5          |
| Australia (Mount Isa, Ernest Henry, Townsville, Cobar)                               | 2,388         | 2,494         | (4)        |
| Custom metallurgical (Altonorte, Pasar, Horne, CCR)                                  | 6,756         | 8,445         | (20)       |
| Intergroup revenue elimination                                                       | (220)         | (606)         | n.m.       |
| <b>Copper</b>                                                                        | <b>17,766</b> | <b>18,623</b> | <b>(5)</b> |
| <b>Zinc assets</b>                                                                   |               |               |            |
| Kazzinc                                                                              | 2,517         | 2,587         | (3)        |
| Australia (Mount Isa, McArthur River)                                                | 1,293         | 1,070         | 21         |
| European custom metallurgical (Portovesme, San Juan de Nieva, Nordenham, Northfleet) | 2,201         | 2,428         | (9)        |
| North America (Matagami, Kidd, Brunswick, CEZ Refinery)                              | 1,148         | 1,548         | (26)       |
| Other Zinc (AR Zinc, Los Quenuales, Sinchi Wayra, Rosh Pinah, Perkoa)                | 744           | 708           | (5)        |
| Intergroup revenue elimination                                                       | (192)         | (674)         | n.m.       |
| <b>Zinc</b>                                                                          | <b>7,711</b>  | <b>7,667</b>  | <b>1</b>   |
| <b>Nickel assets</b>                                                                 |               |               |            |
| Integrated Nickel Operations (Sudbury, Raglan, Nikkelverk)                           | 2,450         | 1,634         | 50         |
| Australia (Murrin Murrin)                                                            | 834           | 693           | 20         |
| Falcondo                                                                             | –             | 150           | (100)      |
| <b>Nickel</b>                                                                        | <b>3,284</b>  | <b>2,477</b>  | <b>33</b>  |
| <b>Ferroalloys</b>                                                                   | <b>1,789</b>  | <b>1,910</b>  | <b>(6)</b> |
| <b>Aluminium/Alumina</b>                                                             | <b>475</b>    | <b>518</b>    | <b>(8)</b> |
| <b>Metals and minerals revenue – segmental measure</b>                               | <b>31,025</b> | <b>31,195</b> | <b>(1)</b> |
| Impact of presenting joint ventures on an equity accounting basis                    | (2,156)       | (2,468)       | n.m.       |
| <b>Metals and minerals revenue – reported measure</b>                                | <b>28,869</b> | <b>28,727</b> | <b>–</b>   |

<sup>1</sup> Represents the Group's share of these JVs.

| US\$ million                                                       | Adjusted EBITDA |              |             | Adjusted EBIT |              |             |
|--------------------------------------------------------------------|-----------------|--------------|-------------|---------------|--------------|-------------|
|                                                                    | 2014            | 2013         | Change %    | 2014          | 2013         | Change %    |
| <b>Copper assets</b>                                               |                 |              |             |               |              |             |
| African copper                                                     | 1,001           | 942          | 6           | 475           | 548          | (13)        |
| Collahuasi <sup>1</sup>                                            | 692             | 756          | (8)         | 452           | 544          | (17)        |
| Antamina <sup>1</sup>                                              | 600             | 868          | (31)        | 410           | 692          | (41)        |
| Other South America                                                | 1,222           | 1,220        | –           | 821           | 819          | –           |
| Australia                                                          | 563             | 700          | (20)        | 294           | 430          | (32)        |
| Custom metallurgical                                               | 228             | 175          | 30          | 177           | 115          | 54          |
| <b>Copper</b>                                                      | <b>4,306</b>    | <b>4,661</b> | <b>(8)</b>  | <b>2,629</b>  | <b>3,148</b> | <b>(16)</b> |
| <i>Adjusted EBITDA mining margin<sup>2</sup></i>                   | <b>36%</b>      | 42%          |             |               |              |             |
| <b>Zinc assets</b>                                                 |                 |              |             |               |              |             |
| Kazzinc                                                            | 591             | 703          | (16)        | 241           | 286          | (16)        |
| Australia                                                          | 305             | 341          | (11)        | (7)           | 159          | (104)       |
| European custom metallurgical                                      | 179             | 159          | 13          | 89            | 81           | 10          |
| North America                                                      | 225             | 332          | (32)        | 91            | 194          | (53)        |
| Other Zinc                                                         | 97              | 38           | 155         | (51)          | (119)        | n.m.        |
| <b>Zinc</b>                                                        | <b>1,397</b>    | <b>1,573</b> | <b>(11)</b> | <b>363</b>    | <b>601</b>   | <b>(40)</b> |
| <i>Adjusted EBITDA mining margin<sup>2</sup></i>                   | <b>21%</b>      | 24%          |             |               |              |             |
| <b>Nickel assets</b>                                               |                 |              |             |               |              |             |
| Integrated Nickel Operations                                       | 908             | 667          | 36          | 424           | 213          | 99          |
| Australia                                                          | 130             | (39)         | n.m.        | 83            | (113)        | n.m.        |
| Falcondo                                                           | (7)             | (27)         | n.m.        | (7)           | (27)         | n.m.        |
| <b>Nickel</b>                                                      | <b>1,031</b>    | <b>601</b>   | <b>72</b>   | <b>500</b>    | <b>73</b>    | <b>585</b>  |
| <i>Adjusted EBITDA margin</i>                                      | <b>31%</b>      | 24%          |             |               |              |             |
| <b>Ferroalloys</b>                                                 |                 |              |             |               |              |             |
|                                                                    | 307             | 346          | (11)        | 162           | 207          | (22)        |
| <b>Aluminium/Alumina</b>                                           |                 |              |             |               |              |             |
|                                                                    | 35              | 24           | 46          | 20            | 10           | 100         |
| <b>Iron ore</b>                                                    |                 |              |             |               |              |             |
|                                                                    | 1               | (2)          | n.m.        | –             | (3)          | n.m.        |
| <b>Metals and minerals</b>                                         |                 |              |             |               |              |             |
| <b>Adjusted EBITDA/ EBIT – segmental measure</b>                   | <b>7,077</b>    | <b>7,203</b> | <b>(2)</b>  | <b>3,674</b>  | <b>4,036</b> | <b>(9)</b>  |
| <i>Adjusted EBITDA mining margin<sup>2</sup></i>                   | <b>30%</b>      | 32%          |             |               |              |             |
| Impact of presenting joint ventures on an equity accounting basis  | (678)           | (760)        | n.m.        | (248)         | (372)        | n.m.        |
| <b>Metals and minerals Adjusted EBITDA/EBIT – reported measure</b> | <b>6,399</b>    | <b>6,443</b> | <b>(1)</b>  | <b>3,426</b>  | <b>3,664</b> | <b>(6)</b>  |

<sup>1</sup> Represents the Group's share of these JVs.

<sup>2</sup> Adjusted EBITDA mining margin is Adjusted EBITDA (excluding custom metallurgical assets) divided by Revenue (excluding custom metallurgical assets and intergroup revenue elimination) i.e. the weighted average EBITDA margin of the mining assets. Custom metallurgical assets include the Copper custom metallurgical assets and Zinc European custom metallurgical assets and the Aluminium/Alumina group, as noted in the table above.

# Metals and minerals

| US\$ million                                                      | 2014         |              |              | 2013         |              |              |
|-------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
|                                                                   | Sustaining   | Expansion    | Total        | Sustaining   | Expansion    | Total        |
| <b>Capex</b>                                                      |              |              |              |              |              |              |
| <b>Copper assets</b>                                              |              |              |              |              |              |              |
| African copper                                                    | 602          | 788          | 1,390        | 522          | 1,103        | 1,625        |
| Collahuasi <sup>1</sup>                                           | 175          | 6            | 181          | 235          | 59           | 294          |
| Antamina <sup>1</sup>                                             | 169          | 18           | 187          | 241          | 47           | 288          |
| Las Bambas                                                        | –            | 961          | 961          | –            | 1,734        | 1,734        |
| Other South America                                               | 475          | 64           | 539          | 452          | 113          | 565          |
| Australia                                                         | 283          | 71           | 354          | 341          | 275          | 616          |
| Custom metallurgical                                              | 144          | 166          | 310          | 131          | 65           | 196          |
| <b>Copper</b>                                                     | <b>1,848</b> | <b>2,074</b> | <b>3,922</b> | <b>1,922</b> | <b>3,396</b> | <b>5,318</b> |
| <b>Zinc assets</b>                                                |              |              |              |              |              |              |
| Kazzinc                                                           | 195          | 57           | 252          | 173          | 75           | 248          |
| Australia                                                         | 455          | 199          | 654          | 546          | 637          | 1,183        |
| European custom metallurgical                                     | 53           | 15           | 68           | 93           | 36           | 129          |
| North America                                                     | 76           | 19           | 95           | 61           | 118          | 179          |
| Other Zinc                                                        | 166          | –            | 166          | 181          | 95           | 276          |
| <b>Zinc</b>                                                       | <b>945</b>   | <b>290</b>   | <b>1,235</b> | <b>1,054</b> | <b>961</b>   | <b>2,015</b> |
| <b>Nickel assets</b>                                              |              |              |              |              |              |              |
| Integrated Nickel Operations                                      | 172          | 158          | 330          | 154          | 257          | 411          |
| Australia                                                         | 14           | –            | 14           | 43           | 5            | 48           |
| Falcondo                                                          | –            | 5            | 5            | 3            | 3            | 6            |
| Koniambo                                                          | –            | 823          | 823          | –            | 1,033        | 1,033        |
| Other nickel projects                                             | –            | 5            | 5            | –            | 5            | 5            |
| <b>Nickel</b>                                                     | <b>186</b>   | <b>991</b>   | <b>1,177</b> | <b>200</b>   | <b>1,303</b> | <b>1,503</b> |
| <b>Ferroalloys</b>                                                | <b>144</b>   | <b>95</b>    | <b>239</b>   | <b>112</b>   | <b>209</b>   | <b>321</b>   |
| <b>Aluminium/Alumina</b>                                          | <b>23</b>    | <b>7</b>     | <b>30</b>    | <b>28</b>    | <b>–</b>     | <b>28</b>    |
| <b>Iron ore</b>                                                   | <b>–</b>     | <b>72</b>    | <b>72</b>    | <b>–</b>     | <b>89</b>    | <b>89</b>    |
| <b>Capex – segmental measure</b>                                  | <b>3,146</b> | <b>3,529</b> | <b>6,675</b> | <b>3,316</b> | <b>5,958</b> | <b>9,274</b> |
| Impact of presenting joint ventures on an equity accounting basis | (344)        | (24)         | (368)        | (476)        | (106)        | (582)        |
| <b>Capex – reported measure</b>                                   | <b>2,802</b> | <b>3,505</b> | <b>6,307</b> | <b>2,840</b> | <b>5,852</b> | <b>8,692</b> |

<sup>1</sup> Represents the Group's share of these JVs.

## Production data

### Production from own sources – Total<sup>1</sup>

|                              |     | 2014           | 2013    | Change % |
|------------------------------|-----|----------------|---------|----------|
| Total Copper                 | kt  | <b>1,546.0</b> | 1,492.8 | 4        |
| Total Zinc                   | kt  | <b>1,386.5</b> | 1,398.5 | (1)      |
| Total Lead                   | kt  | <b>307.5</b>   | 315.0   | (2)      |
| Total Nickel                 | kt  | <b>100.9</b>   | 98.4    | 3        |
| Total Gold                   | koz | <b>955</b>     | 1,017   | (6)      |
| Total Silver                 | koz | <b>34,908</b>  | 39,041  | (11)     |
| Total Cobalt                 | kt  | <b>20.7</b>    | 19.4    | 7        |
| Total Ferrochrome            | kt  | <b>1,295</b>   | 1,238   | 5        |
| Total Platinum <sup>2</sup>  | koz | <b>91</b>      | 90      | 1        |
| Total Palladium <sup>2</sup> | koz | <b>50</b>      | 50      | –        |
| Total Rhodium <sup>2</sup>   | koz | <b>15</b>      | 15      | –        |
| Total Vanadium Pentoxide     | mlb | <b>20.8</b>    | 21.6    | (4)      |

<sup>1</sup> Controlled industrial assets and joint ventures only. Production is on a 100% basis, except as stated.

<sup>2</sup> Relating to the PGM business within Ferroalloys only.

## Metals and minerals

### Production from own sources – Copper assets<sup>1</sup>

|                                                                            |     | 2014           | 2013    | Change % |
|----------------------------------------------------------------------------|-----|----------------|---------|----------|
| <b>African Copper (Katanga, Mutanda, Mopani)</b>                           |     |                |         |          |
| Total Copper metal <sup>2</sup>                                            | kt  | <b>465.0</b>   | 398.6   | 17       |
| Total Cobalt <sup>3</sup>                                                  | kt  | <b>17.2</b>    | 16.0    | 8        |
| <b>Collahuasi<sup>4</sup></b>                                              |     |                |         |          |
| Copper metal                                                               | kt  | <b>11.0</b>    | 12.5    | (12)     |
| Copper in concentrates                                                     | kt  | <b>196.0</b>   | 183.1   | 7        |
| Silver in concentrates                                                     | koz | <b>2,476</b>   | 2,217   | 12       |
| <b>Antamina<sup>5</sup></b>                                                |     |                |         |          |
| Copper in concentrates                                                     | kt  | <b>116.4</b>   | 149.5   | (22)     |
| Zinc in concentrates                                                       | kt  | <b>71.2</b>    | 87.9    | (19)     |
| Silver in concentrates                                                     | koz | <b>4,049</b>   | 5,216   | (22)     |
| <b>Other South America (Alumbrera, Lomas Bayas, Antapaccay, Punitaqui)</b> |     |                |         |          |
| Total Copper metal                                                         | kt  | <b>66.6</b>    | 86.4    | (23)     |
| Total Copper in concentrates                                               | kt  | <b>281.1</b>   | 260.4   | 8        |
| Total Gold in concentrates and in doré                                     | koz | <b>386</b>     | 392     | (2)      |
| Total Silver in concentrates and in doré                                   | koz | <b>1,901</b>   | 2,192   | (13)     |
| <b>Australia (Mount Isa, Ernest Henry, Townsville, Cobar)</b>              |     |                |         |          |
| Total Copper metal                                                         | kt  | <b>209.5</b>   | 197.3   | 6        |
| Total Copper in concentrates                                               | kt  | <b>49.6</b>    | 48.4    | 2        |
| Total Gold                                                                 | koz | <b>62</b>      | 45      | 38       |
| Total Silver                                                               | koz | <b>1,386</b>   | 1,334   | 4        |
| <b>Total Copper department</b>                                             |     |                |         |          |
| Total Copper                                                               | kt  | <b>1,395.2</b> | 1,336.2 | 4        |
| Total Cobalt                                                               | kt  | <b>17.2</b>    | 16.0    | 8        |
| Total Zinc                                                                 | kt  | <b>71.2</b>    | 87.9    | (19)     |
| Total Gold                                                                 | koz | <b>448</b>     | 437     | 3        |
| Total Silver                                                               | koz | <b>9,812</b>   | 10,959  | (10)     |

<sup>1</sup> Controlled industrial assets and joint ventures only. Production is on a 100% basis, except as stated.

<sup>2</sup> Copper metal includes copper contained in copper concentrates and blister.

<sup>3</sup> Cobalt contained in concentrates and hydroxides.

<sup>4</sup> The Group's pro-rata share of Collahuasi production (44%).

<sup>5</sup> The Group's pro-rata share of Antamina production (33.75%).

### Production from own sources – Zinc assets<sup>1</sup>

|                                                                              |     | 2014           | 2013    | Change % |
|------------------------------------------------------------------------------|-----|----------------|---------|----------|
| <b>Kazzinc</b>                                                               |     |                |         |          |
| Zinc metal                                                                   | kt  | <b>199.3</b>   | 216.2   | (8)      |
| Lead metal                                                                   | kt  | <b>25.7</b>    | 29.8    | (14)     |
| Copper metal                                                                 | kt  | <b>46.8</b>    | 50.9    | (8)      |
| Gold                                                                         | koz | <b>506</b>     | 579     | (13)     |
| Silver                                                                       | koz | <b>4,273</b>   | 5,251   | (19)     |
| <b>Australia (Mount Isa, McArthur River)</b>                                 |     |                |         |          |
| Total Zinc in concentrates                                                   | kt  | <b>661.6</b>   | 608.4   | 9        |
| Total Lead in concentrates                                                   | kt  | <b>216.4</b>   | 213.6   | 1        |
| Total Silver in concentrates                                                 | koz | <b>8,319</b>   | 8,450   | (2)      |
| <b>North America (Matagami, Kidd, Brunswick)</b>                             |     |                |         |          |
| Total Zinc in concentrates                                                   | kt  | <b>135.8</b>   | 194.3   | (30)     |
| Total Lead in concentrates                                                   | kt  | <b>–</b>       | 13.5    | (100)    |
| Total Copper in concentrates                                                 | kt  | <b>47.3</b>    | 49.0    | (3)      |
| Total Silver in concentrates                                                 | koz | <b>2,066</b>   | 4,549   | (55)     |
| <b>Other Zinc (AR Zinc, Los Quenuales, Sinchi Wayra, Rosh Pinah, Perkoa)</b> |     |                |         |          |
| Zinc metal                                                                   | kt  | <b>23.2</b>    | 29.7    | (22)     |
| Zinc in concentrates                                                         | kt  | <b>295.4</b>   | 262.0   | 13       |
| Lead metal                                                                   | kt  | <b>11.7</b>    | 11.0    | 6        |
| Lead in concentrates                                                         | kt  | <b>53.7</b>    | 47.1    | 14       |
| Copper in concentrates                                                       | kt  | <b>2.7</b>     | 2.1     | 29       |
| Silver metal                                                                 | koz | <b>613</b>     | 670     | (9)      |
| Silver in concentrates                                                       | koz | <b>9,825</b>   | 9,162   | 7        |
| <b>Total Zinc department</b>                                                 |     |                |         |          |
| Total Zinc                                                                   | kt  | <b>1,315.3</b> | 1,310.6 | –        |
| Total Lead                                                                   | kt  | <b>307.5</b>   | 315.0   | (2)      |
| Total Copper                                                                 | kt  | <b>96.8</b>    | 102.0   | (5)      |
| Total Gold                                                                   | koz | <b>506</b>     | 579     | (13)     |
| Total Silver                                                                 | koz | <b>25,096</b>  | 28,082  | (11)     |

Production from own sources – Nickel assets<sup>1</sup>

|                                                                   |    | 2014  | 2013 | Change % |
|-------------------------------------------------------------------|----|-------|------|----------|
| <b>Integrated Nickel Operations (Sudbury, Raglan, Nikkelverk)</b> |    |       |      |          |
| Total Nickel metal                                                | kt | 51.3  | 47.1 | 9        |
| Total Nickel in concentrates                                      | kt | 0.6   | 0.5  | 20       |
| Total Copper metal                                                | kt | 15.7  | 16.7 | (6)      |
| Total Copper in concentrates                                      | kt | 38.3  | 37.6 | 2        |
| Total Cobalt metal                                                | kt | 0.8   | 0.7  | 14       |
| <b>Australia (Murrin Murrin, XNA)</b>                             |    |       |      |          |
| Total Nickel metal                                                | kt | 36.4  | 35.9 | 1        |
| Total Nickel in concentrates                                      | kt | –     | 4.1  | (100)    |
| Total Copper in concentrates                                      | kt | –     | 0.3  | (100)    |
| Total Cobalt metal                                                | kt | 2.7   | 2.6  | 4        |
| Total Cobalt in concentrates                                      | kt | –     | 0.1  | (100)    |
| <b>Falcondo</b>                                                   |    |       |      |          |
| Nickel in ferronickel                                             | kt | –     | 9.4  | (100)    |
| <b>Koniambo</b>                                                   |    |       |      |          |
| Nickel in ferronickel                                             | kt | 12.6  | 1.4  | 800      |
| <b>Total Nickel department</b>                                    |    |       |      |          |
| Total Nickel                                                      | kt | 100.9 | 98.4 | 3        |
| Total Copper                                                      | kt | 54.0  | 54.6 | (1)      |
| Total Cobalt                                                      | kt | 3.5   | 3.4  | 3        |

1 Controlled industrial assets and joint ventures only. Production is on a 100% basis, except as stated.

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

3 Consolidated 100% of Eland and 50% of Mototolo.

Production from own sources – Ferroalloys assets<sup>1</sup>

|                                |     | 2014  | 2013  | Change % |
|--------------------------------|-----|-------|-------|----------|
| <b>Ferrochrome<sup>2</sup></b> |     |       |       |          |
|                                | kt  | 1,295 | 1,238 | 5        |
| <b>PGM<sup>3</sup></b>         |     |       |       |          |
| Platinum                       | koz | 91    | 90    | 1        |
| Palladium                      | koz | 50    | 50    | –        |
| Rhodium                        | koz | 15    | 15    | –        |
| Gold                           | koz | 1     | 1     | –        |
| 4E                             | koz | 157   | 156   | 1        |
| <b>Vanadium Pentoxide</b>      |     |       |       |          |
|                                | mlb | 20.8  | 21.6  | (4)      |

Total production – Custom metallurgical assets<sup>1</sup>

|                                                                    |     | 2014  | 2013  | Change % |
|--------------------------------------------------------------------|-----|-------|-------|----------|
| <b>Copper (Altonorte, Pasar, Horne, CCR)</b>                       |     |       |       |          |
| Copper metal                                                       | kt  | 433.8 | 468.3 | (7)      |
| Copper anode                                                       | kt  | 493.7 | 514.5 | (4)      |
| <b>Zinc (Portovesme, San Juan de Nieva, Nordenham, Northfleet)</b> |     |       |       |          |
| Zinc metal                                                         | kt  | 781.8 | 745.0 | 5        |
| Lead metal                                                         | kt  | 177.4 | 174.1 | 2        |
| Silver                                                             | koz | 9,482 | 7,870 | 20       |
| <b>Ferroalloys</b>                                                 |     |       |       |          |
| Ferromanganese                                                     | kt  | 116   | 99    | 17       |
| Silicon Manganese                                                  | kt  | 108   | 92    | 17       |
| <b>Aluminium (Sherwin Alumina)</b>                                 |     |       |       |          |
| Alumina                                                            | kt  | 1,382 | 1,606 | (14)     |

## Metals and minerals

### Operating highlights

#### Copper assets

Total own sourced copper production was 1,546,000 tonnes, 4% (53,200 tonnes) higher than 2013, mainly relating to the ramp-up within African copper. Collahuasi, Antapaccay and Australian Copper also increased production during the year, however this growth was offset by lower grades at Antamina and operational constraints at Alumbra and Lomas Bayas.

#### African copper

Copper production from own sources was 465,000 tonnes, up 17% (66,400 tonnes) on 2013. The increase includes a 46,500 tonnes (31%) increase at Mutanda to 197,100 tonnes with the operation running at near capacity throughout the year and a 16% increase (21,800 tonnes) at Katanga, reflecting the ongoing expansion programme. The ramp-up at Katanga is expected to continue as Phase V reaches completion. In 2014 Katanga continued to be impacted by power availability/reliability, which is now expected to improve through a number of initiatives, including additional back-up power generator capacity to cover the period for critical operational items until completion of the Inga dam project (first turbine expected in Q4 2015 and the second turbine in Q2 2017).

Cobalt production was 17,200 tonnes, 8% higher than 2013, mainly relating to the expansion at Mutanda.

#### Collahuasi

The Group's share of Collahuasi's copper production was 207,000 tonnes, up 6% (11,400 tonnes) on 2013, due to higher ore tonnes milled (SAG mill 3 repowered in mid-2013) and marginally higher grades.

#### Antamina

The Group's share of Antamina's copper production was 116,400 tonnes, down 22% (33,100 tonnes) on 2013, as a result of planned lower grades and recoveries due to processing of long-term stock piles and transitional ore, in part offset by higher quantities of ore milled, due to improved plant availability.

Zinc production was 71,200 tonnes, down 19% (16,700 tonnes) over the comparable period, relating to the mining of lower grade zinc areas.

#### Other South America

Copper production from Other South America was 347,700 tonnes, marginally higher than 2013. This comprises a 20% (28,100 tonnes) increase in copper in concentrate production at Antapaccay due to higher milling rates and improved recoveries, offset by Tintaya SX/EW cathode production which ceased in 2013 (12,200 tonnes), a 10% (7,600 tonnes) decrease in cathode production at Lomas Bayas due to processing constraints at the plant, and a 6% (7,000 tonnes) decrease in copper in concentrate production at Alumbra, resulting from a geotechnical event that temporarily restricted pit access, during which time long-term stockpiles with lower grades were processed.

Gold production was 386,000 oz, down 2% on 2013, primarily resulting from expected lower head grades at Antapaccay.

#### Australia

Australian copper production was 259,100 tonnes, 5% (13,400 tonnes) higher than 2013. The increase reflects higher own sourced cathode output from the Townsville refinery due to increased production of own sourced concentrates, primarily from the Ernest Henry mine.

Gold production was 62,000 oz, 38% (17,000 oz) higher than 2013, relating to higher grades, including the treatment of more Ernest Henry material (higher gold content) than in 2013.

#### Custom metallurgical assets

Custom copper cathode production was 433,800 tonnes, 7% lower than 2013. The reduction mainly relates to lower production at Pasar (Philippines) due to the damage caused by typhoon Haiyan, which resulted in the plant being closed for most of Q1 2014.

Custom copper anode production was 493,700 tonnes, 4% lower than 2013. The reduction relates to a scheduled maintenance shutdown at Altonorte brought forward from 2015.

#### Zinc assets

Total own sourced zinc production was 1,386,500 tonnes, broadly in-line with 2013. This reflects higher production from Mount Isa, McArthur River and Perkoa as their respective expansion projects ramp-up, offset by lost production from the closures of Perseverance and Brunswick in June 2013 (partly replaced by production from the smaller Bracemac-McLeod mine), lower head grades at Antamina and the prioritisation of third party material processing at Kazzinc.

Total own sourced lead production was 307,500 tonnes, 2% (7,500 tonnes) down on 2013. The reduction reflects closure of the Brunswick mine (13,500 tonnes), offset by higher production at AR Zinc due to higher milling capacity and grades.

#### Kazzinc

Zinc production from own sources was 199,300 tonnes, 8% (16,900 tonnes) lower than 2013. The reduction relates to a decision to opportunistically process more third party sulphide material, in preference to own source oxide material. Total zinc production (including third party) was 304,500 tonnes, 1% (4,100 tonnes) higher than 2013.

Gold production from own sources was 506,000 oz, 13% (73,000 oz) lower than 2013, primarily due to temporary lower recoveries at Vasilkovsky. Total gold production (including third party material) was 675,000 oz, 5% lower than 2013.

Lead production from own sources was 25,700 tonnes, 4,100 tonnes lower than 2013, although total lead production was 126,500 tonnes, 40% higher than 2013, reflecting the increased output of the new Isa lead smelter.

Copper production from own sources was 46,800 tonnes, 8% (4,100 tonnes) lower than 2013, due to some maintenance downtime at the anode furnace. Total copper production was similarly impacted, down 4,200 tonnes at 58,200 tonnes.

*Australia*

Australia zinc production was 661,600 tonnes, 9% (53,200 tonnes) higher than 2013. The growth reflects successful expansion of the Lady Loretta mine (Mount Isa) and commissioning of the Phase 3 expansion at McArthur River, which is expected to increase ore production to 5 million tonnes per annum (from 2.5 million tonnes).

Australia lead production was 216,400 tonnes, slightly (1%) higher than 2013 levels.

*North America*

North America zinc production was 135,800 tonnes, down 30% (58,500 tonnes) compared to 2013. This reflects lost production from the closures (end of mine lives) of Perseverance and Brunswick in June 2013 (93,600 tonnes), offset by the ramp-up of the Bracemac-Mcleod mine, which produced 74,800 tonnes of zinc in 2014 (32,900 in 2013).

North America produced no lead in 2014 (2013 related fully to the closed Brunswick mine).

*Other Zinc*

The Other Zinc asset group produced 318,600 tonnes of own sourced zinc, a 9% (26,900 tonnes) increase over 2013, mainly due to the ramp-up of Perkoa (started in April 2013) to 65,000 tonnes of own sourced zinc, from 32,200 tonnes.

Own sourced lead production was 65,400 tonnes, a 13% (7,300 tonnes) increase over 2013, mainly relating to higher milling capacity and head grades at AR Zinc.

*European custom metallurgical assets*

Custom zinc production was 781,800 tonnes, up 5%. The increase mainly relates to Portovesme, which benefited from the commissioning of the SX plant during 2013.

Custom lead production was 177,400 tonnes, up 2%, relating to a full year contribution from Portovesme's lead plant following the restart in 2013, offset by some lost production at Northfleet due to the Mount Isa lead smelter fire which temporarily reduced lead bullion shipments.

*Nickel assets*

Total own sourced production was 100,900 tonnes, 3% up on 2013, comprising the ramp-up at Koniambo (12,600 tonnes) and strong production at INO (up 9%) due to higher grades at the Raglan mine, offset by the impact of the Falcondo, Cosmos and Sinclair mines placed into care and maintenance during 2013 (13,500 tonnes).

*Integrated Nickel Operations ("INO")*

INO own sourced nickel production was 51,900 tonnes, a 9% increase on 2013. The increase mainly relates to higher production from the Raglan mine due to higher grades. Total nickel production, including third party material, was 91,200 tonnes, in line with 2013, which reflects a consistent production performance at the Nikkelverk refinery.

*Australia*

Australia produced 36,400 tonnes of own sourced nickel, down 9% (3,600 tonnes), reflecting the lost production from the Cosmos and Sinclair mines put on care and maintenance in 2013 (the Sinclair mine has subsequently been sold). Total nickel production (including third party material) at Murrin Murrin was 44,100 tonnes, up 7% over 2013, reflecting consistent plant availability during the year.

*Koniambo*

Koniambo produced 12,600 tonnes of nickel in ferronickel as its commissioning and ramp-up phase continues. Production was suspended at the end of December 2014 after detection of a metal leak in Line 1 of the metallurgical plant. Line 2 received regulatory approval to restart on 18 January 2015 and investigation and repair work has commenced on Line 1.

*Ferroalloys assets**Ferrochrome*

Attributable ferrochrome production was 1.3 million tonnes, a 5% increase over 2013, mainly reflecting the ramp-up of Lion phase 2.

The Lion phase 2 project is progressing to plan and is expected to reach full capacity by the middle of 2015.

*Platinum Group Metals*

PGM production was 157,000 ounces, comparable with 2013.

*Vanadium*

Vanadium pentoxide production was 20.8 million lbs, down 4% on 2013. The decline relates to a planned longer annual maintenance shutdown (three weeks compared to the usual two weeks).

*Manganese*

Total manganese production (ferromanganese and silicon manganese) was 224,000 tonnes, 17% higher than 2013. The higher production was driven by efficiency improvements in Norway (silicon manganese) and demand led production increases in France (ferromanganese).

*Aluminium assets**Sherwin Alumina*

Sherwin produced 1.4 million tonnes of alumina, 14% down on 2013. The reduction was due to a conscious decision to temporarily curtail one of the five digestion units throughout H2 2014 reflective of weak market conditions for Atlantic alumina, coupled with various power supply issues during the year caused by outages at the third party energy supplier.

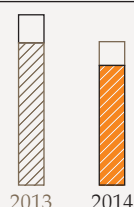
# Energy products

## Highlights

### Adjusted EBITDA

US\$ million

3,406

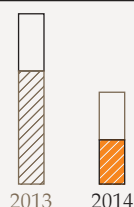


|                       |            |            |
|-----------------------|------------|------------|
| Marketing activities  | 666 2013   | 565 2014   |
| Industrial activities | 3,378 2013 | 2,841 2014 |

### Adjusted EBIT

US\$ million

1,010



|                       |            |          |
|-----------------------|------------|----------|
| Marketing activities  | 629 2013   | 524 2014 |
| Industrial activities | 1,244 2013 | 486 2014 |

The 2013 information in this section has been presented on the pro forma basis described in the Financial review section.

Energy products total Adjusted EBITDA was \$3,406 million, down 16% from \$4,044 million in 2013. The reduction is mainly driven by the impact of the lower realised prices on coal's industrial activities and the sharp decline in oil prices in Q4 2014, partially mitigated by higher production, real unit cost savings and currency related costs benefits as the US dollar strengthened against our key producer country currencies. Adjusted EBIT was \$1,010 million, down 46% from 2013, the higher reduction, compared to EBITDA, reflecting the increase in the depreciation charge (non-cash) across both coal and oil industrial activities as production increased.

| US\$ million                        | Marketing activities | Industrial activities | 2014    | Marketing activities | Industrial activities | 2013    |
|-------------------------------------|----------------------|-----------------------|---------|----------------------|-----------------------|---------|
| Revenue                             | 120,863              | 11,117                | 131,980 | 129,979              | 12,269                | 142,248 |
| Adjusted EBITDA                     | 565                  | 2,841                 | 3,406   | 666                  | 3,378                 | 4,044   |
| Adjusted EBIT                       | 524                  | 486                   | 1,010   | 629                  | 1,244                 | 1,873   |
| Allocated average CE <sup>1,2</sup> | (533)                | 36,086                | 35,553  | 2,832                | 35,857                | 38,688  |
| Adjusted EBIT return on average CE  | n.m.                 | 1%                    | 3%      | 22%                  | 3%                    | 5%      |

1 The simple average of segment current and non-current capital employed (see note 2 of the financial statements), adjusted for production related inventories, is applied as a proxy for marketing and industrial activities respectively.

2 For the purposes of this calculation, capital employed has been adjusted to exclude various long-term loans (primarily Russneft and Rosneft – see note 11 of the financial statements), which generate interest income and do not contribute to Adjusted EBIT. Capital employed has been adjusted to move logistics and storage related property, plant and equipment from industrial activities into marketing activities.

## Market conditions

### Selected average commodity prices

|                                                                       | 2014 | 2013 | Change % |
|-----------------------------------------------------------------------|------|------|----------|
| S&P GSCI Energy Index                                                 | 311  | 332  | (6)      |
| Coal API4 (\$/t)                                                      | 72   | 81   | (11)     |
| Coal McCloskey Newcastle (6,000 kcal NAR) (\$/t)                      | 70   | 84   | (17)     |
| Australian coking coal average realised export price (\$/t)           | 117  | 146  | (20)     |
| Australian semi-soft coal average realised export price (\$/t)        | 93   | 111  | (16)     |
| Australian thermal coal average realised export price (\$/t)          | 72   | 83   | (13)     |
| Australian thermal coal average realised domestic price (\$/t)        | 32   | 40   | (20)     |
| South African thermal coal average realised export price (\$/t)       | 68   | 76   | (11)     |
| South African thermal coal average realised domestic price (\$/t)     | 23   | 26   | (12)     |
| Prodeco (Colombia) thermal coal average realised export price (\$/t)  | 75   | 83   | (10)     |
| Cerrejón (Colombia) thermal coal average realised export price (\$/t) | 67   | 73   | (8)      |
| Oil price – Brent (\$/bbl)                                            | 99   | 109  | (9)      |

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# 146m

TONNES OF COAL PRODUCED

# 7.4m

BARRELS OF GLENCORE ENTITLEMENT  
OIL PRODUCTION DURING 2014

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## Energy products

### Marketing

#### Highlights

Adjusted EBIT was \$524 million, down 17% from \$629 million in 2013. The reduction reflects the oversupplied coal and “flat” oil markets that prevailed during H1 2014, however market conditions, notably in oil, were more supportive towards the end of the year, on account of increased volatility and curve structure.

#### Financial information

| US\$ million    | 2014           | 2013    | Change |
|-----------------|----------------|---------|--------|
| Revenue         | <b>120,863</b> | 129,979 | (7)    |
| Adjusted EBITDA | <b>565</b>     | 666     | (15)   |
| Adjusted EBIT   | <b>524</b>     | 629     | (17)   |

#### Selected marketing volumes sold

|                                 |      | 2014        | 2013 | Change |
|---------------------------------|------|-------------|------|--------|
| Thermal coal <sup>1</sup>       | mt   | <b>95.9</b> | 84.4 | 14     |
| Metallurgical coal <sup>1</sup> | mt   | <b>3.3</b>  | 4.7  | (30)   |
| Coke <sup>1</sup>               | mt   | <b>0.7</b>  | 0.6  | 17     |
| Crude oil                       | mbbl | <b>448</b>  | 386  | 16     |
| Oil products                    | mbbl | <b>645</b>  | 728  | (11)   |

<sup>1</sup> Includes agency volumes.



## Coal

Demand levels in 2014 remained strong in key importing countries, particularly Turkey, India and Korea, and we expect that to remain so during 2015 and beyond. The market continues to be highly segmented in terms of quality, with greater demand for bituminous over sub-bituminous coal. Given our supply base, we are well positioned to benefit from the resulting market arbitrages that will invariably occur. In case of seaborne fundamentals, demand for coal in Europe has been impacted by the low gas price which has resulted in more competition, partially offset by a significant reduction in US coal exports. China import demand has also contracted somewhat, which we believe results from a current preference for higher priced domestic coal, while some regulatory uncertainty persists.

On the supply side, some increases from Indonesia (despite a significant proportion of this production currently being loss-making) and higher supply from Russia (greatly assisted by the weaker Rouble) have continued to put pressure on prices. Supply, however, from Colombia, South Africa and Australia remained relatively flat during 2014.



## Oil

2014 was a tale of two halves, where in the first half oil was stuck in a narrow price band, rarely outside the \$105–\$110 per barrel range for Brent, and as a result, the period continued to see historical lows in volatility, despite pockets of geo-political uncertainty. However, by mid-year, with production up from OPEC and non-OPEC sources and demand growth undershooting expectations, prices started to ease. The Brent benchmark reacted first via a weaker premium to WTI and a shift into contango structure earlier than its US equivalent. Refining margins remained decent in historical terms in the US, whilst the environment was more challenging in Europe.

OPEC's decision not to cut production at its November meeting was transformative, with the impact to be felt by the market for some time. With non-OPEC production set to increase again in 2015 and expectations for demand growth moderated, prices fell sharply. The attempt to resolve a problem of structural oversupply by challenging long-term production economics through much lower flat price expectations, enhancing regional refining margins and by generating a significant build in crude oil storage and its associated deep contango, is in process. The fracturing of the previous price complacency also triggered a surge in volatility with near dated crude oil volatility spiking up over 40%.

The ample supply of crude and products in the market was also supportive of wet freight with good demand for tanker vessels noted in most classes.

# Energy products

## Industrial activities

### Highlights

Total industrial Adjusted EBITDA was \$2,841 million, down 16% from \$3,378 million, while Adjusted EBIT was \$486 million, down 61% from \$1,244 million. The reduction in Adjusted EBITDA relates to lower prices impacting both the coal and oil results (average realised coal prices and Brent oil down 8–20% and 9% respectively), while the greater reduction in Adjusted EBIT reflects a higher depreciation charge, consistent with the higher production levels. The reductions were mitigated somewhat by the higher production, real unit cost savings and the stronger US dollar, whereby the Australian dollar and South African rand depreciated by 7% and 12% respectively during 2014. The price driven reduction in profitability resulted in a small decline in energy's industrial EBITDA margin from 30% to 28%.

### Financial information

| US\$ million                                                      | 2014          | 2013          | Change %    |
|-------------------------------------------------------------------|---------------|---------------|-------------|
| <b>Net revenue</b>                                                |               |               |             |
| <b>Coal operating revenue</b>                                     |               |               |             |
| Coking Australia                                                  | 749           | 1,087         | (31)        |
| Thermal Australia                                                 | 4,408         | 4,773         | (8)         |
| Thermal South Africa                                              | 2,065         | 2,253         | (8)         |
| Prodeco                                                           | 1,395         | 1,505         | (7)         |
| Cerrejón <sup>1</sup>                                             | 754           | 816           | (8)         |
| <b>Coal operating revenue</b>                                     | <b>9,371</b>  | <b>10,434</b> | <b>(10)</b> |
| <b>Coal other revenue</b>                                         |               |               |             |
| Coking Australia                                                  | 369           | 439           | (16)        |
| Thermal Australia                                                 | 674           | 623           | 8           |
| Thermal South Africa                                              | 19            | 99            | (81)        |
| Prodeco                                                           | 4             | 2             | 100         |
| <b>Coal other revenue (buy-in coal)</b>                           | <b>1,066</b>  | <b>1,163</b>  | <b>(8)</b>  |
| <b>Coal total revenue</b>                                         |               |               |             |
| Coking Australia                                                  | 1,118         | 1,526         | (27)        |
| Thermal Australia                                                 | 5,082         | 5,396         | (6)         |
| Thermal South Africa                                              | 2,084         | 2,352         | (11)        |
| Prodeco                                                           | 1,399         | 1,507         | (7)         |
| Cerrejón <sup>1</sup>                                             | 754           | 816           | (8)         |
| <b>Coal total revenue</b>                                         | <b>10,437</b> | <b>11,597</b> | <b>(10)</b> |
| <b>Oil</b>                                                        | <b>680</b>    | <b>672</b>    | <b>1</b>    |
| <b>Energy products revenue – segmental measure</b>                | <b>11,117</b> | <b>12,269</b> | <b>(9)</b>  |
| Impact of presenting joint ventures on an equity accounting basis | (754)         | (816)         | n.m.        |
| <b>Energy products revenue – reported measure</b>                 | <b>10,363</b> | <b>11,453</b> | <b>(10)</b> |

<sup>1</sup> Represents the Group's share of this JV.

| US\$ million                                                      | Adjusted EBITDA |              |             | Adjusted EBIT |            |             |
|-------------------------------------------------------------------|-----------------|--------------|-------------|---------------|------------|-------------|
|                                                                   | 2014            | 2013         | Change %    | 2014          | 2013       | Change %    |
| Coking Australia                                                  | 171             | 336          | (49)        | 38            | 181        | (79)        |
| Thermal Australia                                                 | 1,224           | 1,268        | (3)         | 88            | 229        | (62)        |
| Thermal South Africa                                              | 450             | 693          | (35)        | 52            | 254        | (80)        |
| Prodeco                                                           | 311             | 343          | (9)         | 137           | 175        | (22)        |
| Cerrejón <sup>1</sup>                                             | 260             | 299          | (13)        | 80            | 109        | (27)        |
| <b>Total coal</b>                                                 | <b>2,416</b>    | <b>2,939</b> | <b>(18)</b> | <b>395</b>    | <b>948</b> | <b>(58)</b> |
| <i>Adjusted EBITDA margin<sup>2</sup></i>                         | <b>26%</b>      | 28%          |             |               |            |             |
| <b>Oil</b>                                                        | <b>425</b>      | 439          | (3)         | <b>91</b>     | 296        | (69)        |
| <i>Adjusted EBITDA margin</i>                                     | <b>63%</b>      | 65%          |             |               |            |             |
| <b>Energy products Adjusted EBITDA/ EBIT – segmental measure</b>  | <b>2,841</b>    | 3,378        | (16)        | <b>486</b>    | 1,244      | (61)        |
| <i>Adjusted EBITDA margin<sup>2</sup></i>                         | <b>28%</b>      | 30%          |             |               |            |             |
| Impact of presenting joint ventures on an equity accounting basis | <b>(261)</b>    | (253)        | n.m.        | <b>(81)</b>   | (64)       | n.m.        |
| <b>Energy products Adjusted EBITDA/ EBIT – reported measure</b>   | <b>2,580</b>    | 3,125        | (17)        | <b>405</b>    | 1,180      | (66)        |

1 Represents the Group's share of this JV.

2 Coal EBITDA margin is calculated on the basis of Coal operating revenue, as set out in the preceding table.

| US\$ million                                                      | 2014        |              |              | 2013       |           |       |
|-------------------------------------------------------------------|-------------|--------------|--------------|------------|-----------|-------|
|                                                                   | Sustaining  | Expansion    | Total        | Sustaining | Expansion | Total |
| <b>Capex</b>                                                      |             |              |              |            |           |       |
| Australia (thermal and coking)                                    | 432         | 368          | 800          | 355        | 1,013     | 1,368 |
| Thermal South Africa                                              | 199         | 312          | 511          | 182        | 499       | 681   |
| Prodeco                                                           | 19          | 17           | 36           | 48         | 41        | 89    |
| Cerrejón <sup>1</sup>                                             | 35          | 64           | 99           | 109        | 106       | 215   |
| <b>Total coal</b>                                                 | <b>685</b>  | <b>761</b>   | <b>1,446</b> | 694        | 1,659     | 2,353 |
| <b>Oil</b>                                                        | –           | 788          | 788          | –          | 1,045     | 1,045 |
| <b>Capex – segmental measure</b>                                  | <b>685</b>  | <b>1,549</b> | <b>2,234</b> | 694        | 2,704     | 3,398 |
| Impact of presenting joint ventures on an equity accounting basis | <b>(35)</b> | <b>(64)</b>  | <b>(99)</b>  | (109)      | (106)     | (215) |
| <b>Capex – reported measure</b>                                   | <b>650</b>  | <b>1,485</b> | <b>2,135</b> | 585        | 2,598     | 3,183 |

1 Represents the Group's share of this JV.

## Energy products

### Production data

#### Coal assets<sup>1</sup>

|                                       |    | 2014         | 2013         | Change % |
|---------------------------------------|----|--------------|--------------|----------|
| Australian coking coal                | mt | 6.0          | 7.3          | (18)     |
| Australian semi-soft coal             | mt | 3.5          | 4.5          | (22)     |
| Australian thermal coal (export)      | mt | 54.6         | 48.1         | 14       |
| Australian thermal coal (domestic)    | mt | 5.4          | 5.1          | 6        |
| South African thermal coal (export)   | mt | 23.4         | 20.6         | 14       |
| South African thermal coal (domestic) | mt | 22.7         | 22.9         | (1)      |
| Prodeco                               | mt | 19.5         | 18.6         | 5        |
| Cerrejón <sup>2</sup>                 | mt | 11.2         | 11.0         | 2        |
| <b>Total Coal department</b>          | mt | <b>146.3</b> | <b>138.1</b> | <b>6</b> |

<sup>1</sup> 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.

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

#### Oil assets

|                                            |       | 2014          | 2013          | Change %  |
|--------------------------------------------|-------|---------------|---------------|-----------|
| <b>Glencore entitlement interest basis</b> |       |               |               |           |
| Equatorial Guinea                          | kbbbl | 5,072         | 4,799         | 6         |
| Chad                                       | kbbbl | 2,279         | 186           | 1,125     |
| <b>Total Oil department</b>                | kbbbl | <b>7,351</b>  | <b>4,985</b>  | <b>47</b> |
| <b>Gross basis</b>                         |       |               |               |           |
| Equatorial Guinea                          | kbbbl | 24,232        | 21,917        | 11        |
| Chad                                       | kbbbl | 4,284         | 619           | 592       |
| <b>Total Oil department</b>                | kbbbl | <b>28,516</b> | <b>22,536</b> | <b>27</b> |

## Operating highlights

### Coal

Total coal production was 146.3 million tonnes, 6% (8.2 million tonnes) higher than 2013. The increase mainly relates to productivity improvements and the delivery of various advanced stage Australian thermal coal projects.

A three week shutdown at the Australian coal operations was carried out over December 2014 and January 2015, in response to the current oversupply situation.

#### *Australian coking*

Australian coking coal production was 6.0 million tonnes, 18% (1.3 million tonnes) lower than 2013, mainly relating to cost reduction initiatives that resulted in mine plan/roster changes at Newlands, Oaky Creek and Collinsville.

#### *Australian thermal and semi-soft*

Australian thermal and semi-soft production was 63.5 million tonnes, 10% (5.8 million tonnes) higher than 2013. The increase reflects productivity improvements, completion of the Ravensworth North and Rolleston projects and the commencement of longwall operations at Ulan West.

#### *South African thermal*

South African thermal coal production was 46.1 million tonnes, 6% (2.6 million tonnes) higher than 2013. The increase reflects inclusion of the Hlagisa open cut mine for a full year in 2014, the benefits of productivity improvements at the Tweefontein underground operations and the opening of the Wonderfontein open cut mine. These increases were tempered by the closure of certain higher cost mines.

### *Prodeco*

Prodeco production was 19.5 million tonnes, 5% (0.9 million tonnes) higher than 2013, reflecting better equipment availability at Calenturitas and lower rainfall in 2014.

### *Cerrejón*

Cerrejón attributable production was 11.2 million tonnes, 2% (0.2 million tonnes) higher than 2013. The increase mainly relates to the impact of the 32 day strike that occurred in Q1 2013, offset by some minor mining restrictions in 2014.

### Oil

Glencore's share of oil production was 7.4 million barrels, 47% higher than 2013. The increase relates to the first full year of production from Alen (Equatorial Guinea) and Badila (Chad), as well as the increased ownership of the Chad assets post completion of the Caracal acquisition in July 2014. The Mangara field (Chad) started production at the end of December 2014 and is expected to ramp-up during 2015.

# Agricultural products

## Highlights

### Adjusted EBITDA

US\$ million

1,209

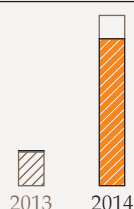


|                       |          |          |
|-----------------------|----------|----------|
| Industrial activities | 61 2013  | 213 2014 |
| Marketing activities  | 383 2013 | 996 2014 |

### Adjusted EBIT

US\$ million

992



|                       |          |          |
|-----------------------|----------|----------|
| Industrial activities | (6) 2013 | 136 2014 |
| Marketing activities  | 198 2013 | 856 2014 |

Agricultural products total Adjusted EBITDA and EBIT in 2014 were \$1,209 million and \$992 million, up \$765 million and \$800 million respectively over 2013. The increase reflects the continuation of the strong performance across both marketing and industrial activities seen at the half year. The earnings growth was assisted by strong results from Viterro, including the benefit of large crops in Canada and South Australia and a full year of post integration cost synergies, while the traditional marketing business and the industrial activities also delivered improved results.

| US\$ million                        | Marketing activities | Industrial activities | 2014   | Marketing activities | Industrial activities | 2013   |
|-------------------------------------|----------------------|-----------------------|--------|----------------------|-----------------------|--------|
| Revenue                             | 22,523               | 3,298                 | 25,821 | 26,854               | 3,185                 | 30,039 |
| Adjusted EBITDA                     | 996                  | 213                   | 1,209  | 383                  | 61                    | 444    |
| Adjusted EBIT                       | 856                  | 136                   | 992    | 198                  | (6)                   | 192    |
| Allocated average CE <sup>1,2</sup> | 5,814                | 2,610                 | 8,424  | 7,446                | 2,566                 | 10,012 |
| Adjusted EBIT return on average CE  | 15%                  | 5%                    | 12%    | 3%                   | 0%                    | 2%     |

1 The simple average of segment current and non-current capital employed (see note 2 of the financial statements), adjusted for production related inventories, is applied as a proxy for marketing and industrial activities respectively.

2 For the purposes of this calculation, capital employed has been adjusted to move logistics and storage related property, plant and equipment (including Viterro) from industrial activities into marketing activities.

## Market conditions

### Selected average commodity prices

|                                | 2014  | 2013  | Change % |
|--------------------------------|-------|-------|----------|
| S&P GSCI Agriculture Index     | 350   | 402   | (13)     |
| CBOT wheat price (US\$/bu)     | 588   | 684   | (14)     |
| CBOT corn no.2 price (US\$/bu) | 415   | 578   | (28)     |
| CBOT soya beans (US\$/bu)      | 1,244 | 1,407 | (12)     |
| ICE cotton price (US\$/lb)     | 76    | 83    | (8)      |
| ICE sugar # 11 price (US\$/lb) | 16    | 17    | (6)      |

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# 10.9m

TONNES OF AGRICULTURAL  
PRODUCTS PROCESSED

# 856m

MARKETING EBIT

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## Agricultural products

### Marketing

#### Highlights

Record 2014 US corn, US bean and EU wheat production, better than average FSU crops and the good late year progress of the 2015 South American crops pressured prices throughout the year.

Viterra, now fully integrated with significant cost savings achieved, performed well. The record Canadian 2013 crop, a better than average South Australian 2013 crop and a South Australian 2014 crop that, despite the dry weather, recovered strongly late on, were all beneficial. We were able to overcome the challenges provided by an early season shortage of railroad capacity in Canada, while port facilities in both Russia and Ukraine benefited from strong early crop year export volumes. Our global marketing network was able to enhance the performance of the handling business and global marketing itself produced satisfactory results. Oilseed marketing in particular, well integrated with our crushing assets in Europe and South America, contributed strongly.

Barring significant crop issues, global markets are likely to remain relatively low priced and subdued. Crop progress to date, in both Brazil and Argentina is excellent and may be at record levels, which is potentially constructive for the oilseed crushing business. Conversely, weak diesel prices will adversely impact biodiesel margins.

#### Financial information

| US\$ million    | 2014   | 2013   | Change % |
|-----------------|--------|--------|----------|
| Revenue         | 22,523 | 26,854 | (16)     |
| Adjusted EBITDA | 996    | 383    | 160      |
| Adjusted EBIT   | 856    | 198    | 332      |

#### Selected marketing volumes sold

| Million tonnes | 2014 | 2013 | Change % |
|----------------|------|------|----------|
| Grain          | 38.3 | 44.2 | (13)     |
| Oil/Oilseeds   | 22.0 | 23.5 | (6)      |
| Cotton         | 0.4  | 0.5  | (20)     |
| Sugar          | 0.9  | 0.5  | 80       |

## Operating highlights

Adjusted EBITDA was \$213 million, a 249% increase on 2013, mainly due to the higher crush volumes at Timbues, Argentina, a plant that was fully operational for the whole year, combined with the impact of our increased ownership in this asset to 50% from 33%. Timbues also drove the increase in processing volumes.

### Financial information

| US\$ million           | 2014  | 2013  | Change % |
|------------------------|-------|-------|----------|
| Revenue                | 3,298 | 3,185 | 4        |
| Adjusted EBITDA        | 213   | 61    | 249      |
| Adjusted EBIT          | 136   | (6)   | n.m.     |
| Adjusted EBITDA margin | 6%    | 2%    |          |
| Sustaining capex       | 29    | 49    | (41)     |
| Expansionary capex     | 58    | 97    | (40)     |
| Total capex            | 87    | 146   | (40)     |

### Processing/production data

|                                    |           | 2014          | 2013         | Change %  |
|------------------------------------|-----------|---------------|--------------|-----------|
| Farming                            | kt        | 762           | 883          | (14)      |
| Crushing                           | kt        | 5,664         | 3,642        | 56        |
| Long-term toll agreement           | kt        | 206           | 541          | (62)      |
| Biodiesel                          | kt        | 757           | 624          | 21        |
| Rice milling                       | kt        | 230           | 273          | (16)      |
| Wheat milling                      | kt        | 1,013         | 1,121        | (10)      |
| Sugarcane processing               | kt        | 2,231         | 2,251        | (1)       |
| <b>Total agricultural products</b> | <b>kt</b> | <b>10,863</b> | <b>9,335</b> | <b>16</b> |

# Resources and reserves

The resource and reserve data in the following tables comprise summary extracts of the Glencore Resources and Reserves report as at 31 December 2014, as published on the Glencore website on 11 February 2015. The Glencore Resources and Reserves report was publicly reported, as appropriate for individual components, in accordance with the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code), the 2007 edition (as amended July 2009) of the South African Code for Reporting of Mineral Resources and Mineral Reserves (SAMREC), the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Reserves (2014 edition) and the Petroleum Resources Management System (PRMS) for reporting of oil and natural gas reserves and resources.

Data is reported as at 31 December 2014, unless otherwise noted. For comparison purposes, data for 2013 has been included. Metric units are used throughout and all data is presented on a 100% asset basis with the exception of Oil assets, which are shown on a working interest basis. All tonnage information has been rounded to reflect the relative uncertainty in the estimates; there may therefore be small differences in the totals.

## Copper mineral resources

| Name of operation   | Commodity      | Measured Mineral Resources |      | Indicated Mineral Resources |       | Measured and Indicated Resources |       | Inferred Mineral Resources |       |
|---------------------|----------------|----------------------------|------|-----------------------------|-------|----------------------------------|-------|----------------------------|-------|
|                     |                | 2014                       | 2013 | 2014                        | 2013  | 2014                             | 2013  | 2014                       | 2013  |
| African copper      |                |                            |      |                             |       |                                  |       |                            |       |
| Katanga             | (Mt)           | 31                         | 33   | 242                         | 244   | 273                              | 277   | 168                        | 169   |
|                     | Copper (%)     | 4.23                       | 4.18 | 3.94                        | 3.98  | 3.98                             | 4.00  | 2.4                        | 2.4   |
|                     | Cobalt (%)     | 0.58                       | 0.57 | 0.45                        | 0.45  | 0.46                             | 0.47  | 0.3                        | 0.3   |
|                     |                |                            |      |                             |       |                                  |       |                            |       |
| Mutanda             | (Mt)           | 226                        | 189  | 151                         | 172   | 377                              | 361   | 209                        | 235   |
|                     | Copper (%)     | 1.60                       | 1.67 | 1.21                        | 1.15  | 1.45                             | 1.42  | 0.9                        | 0.8   |
|                     | Cobalt (%)     | 0.56                       | 0.47 | 0.49                        | 0.41  | 0.53                             | 0.43  | 0.3                        | 0.2   |
|                     |                |                            |      |                             |       |                                  |       |                            |       |
| Mopani              | (Mt)           | 184                        | 183  | 65                          | 64    | 249                              | 246   | 86                         | 84    |
|                     | Copper (%)     | 2.11                       | 2.13 | 1.85                        | 1.87  | 2.04                             | 2.06  | 2.1                        | 2.1   |
|                     | Cobalt (%)     | 0.09                       | 0.08 | 0.09                        | 0.09  | 0.09                             | 0.08  | 0.1                        | 0.1   |
|                     |                |                            |      |                             |       |                                  |       |                            |       |
| Collahuasi          | (Mt)           | 712                        | 671  | 4,183                       | 4,129 | 4,896                            | 4,800 | 5,060                      | 4,970 |
|                     | Copper (%)     | 0.81                       | 0.83 | 0.82                        | 0.82  | 0.82                             | 0.82  | 0.8                        | 0.8   |
|                     | Molybdenum (%) | 0.02                       | 0.02 | 0.02                        | 0.02  | 0.02                             | 0.02  | 0.02                       | 0.02  |
|                     |                |                            |      |                             |       |                                  |       |                            |       |
| Antamina            | (Mt)           | 274                        | 256  | 862                         | 835   | 1,136                            | 1,091 | 1,280                      | 1,030 |
|                     | Copper (%)     | 0.90                       | 0.90 | 0.88                        | 0.88  | 0.89                             | 0.88  | 0.8                        | 0.8   |
|                     | Zinc (%)       | 0.71                       | 0.57 | 0.86                        | 0.74  | 0.82                             | 0.70  | 0.7                        | 0.6   |
|                     | Silver (g/t)   | 10.4                       | 9.9  | 10.7                        | 10.4  | 10.6                             | 10.2  | 11                         | 10    |
|                     | Molybdenum (%) | 0.03                       | 0.03 | 0.02                        | 0.02  | 0.02                             | 0.02  | 0.02                       | 0.01  |
|                     |                |                            |      |                             |       |                                  |       |                            |       |
| Other South America | (Mt)           | 631                        | 512  | 2,022                       | 1,863 | 2,653                            | 2,375 | 859                        | 1,116 |
|                     | Copper (%)     | 0.44                       | 0.48 | 0.41                        | 0.42  | 0.42                             | 0.44  | 0.4                        | 0.3   |
|                     | Gold (g/t)     | 0.05                       | 0.06 | 0.04                        | 0.04  | 0.04                             | 0.05  | 0.1                        | 0.1   |
|                     | Silver (g/t)   | 0.7                        | 0.7  | 0.7                         | 0.8   | 0.7                              | 0.8   | 0.6                        | 0.5   |
|                     |                |                            |      |                             |       |                                  |       |                            |       |
| Australia           | (Mt)           | 131                        | 131  | 169                         | 182   | 301                              | 313   | 161                        | 161   |
|                     | Copper (%)     | 1.94                       | 2.00 | 1.39                        | 1.39  | 1.63                             | 1.64  | 1.1                        | 1.1   |
|                     | Gold (g/t)     | 0.10                       | 0.06 | 0.24                        | 0.27  | 0.18                             | 0.18  | 0.03                       | 0.03  |
|                     | Silver (g/t)   | 0.5                        | 0.5  | 0.4                         | 0.4   | 0.4                              | 0.4   | 0.9                        | 0.7   |

## Copper mineral resources (continued)

| Name of operation                | Commodity      | Measured Mineral Resources |              | Indicated Mineral Resources |              | Measured and Indicated Resources |              | Inferred Mineral Resources |              |
|----------------------------------|----------------|----------------------------|--------------|-----------------------------|--------------|----------------------------------|--------------|----------------------------|--------------|
|                                  |                | 2014                       | 2013         | 2014                        | 2013         | 2014                             | 2013         | 2014                       | 2013         |
| <b>Other projects</b>            | (Mt)           | <b>1,510</b>               | <b>1,510</b> | <b>2,835</b>                | <b>2,835</b> | <b>4,345</b>                     | <b>4,345</b> | <b>3,340</b>               | <b>3,340</b> |
| (El Pachon, Tampakan, West Wall) | Copper (%)     | <b>0.68</b>                | <b>0.68</b>  | <b>0.48</b>                 | <b>0.48</b>  | <b>0.55</b>                      | <b>0.55</b>  | <b>0.4</b>                 | <b>0.4</b>   |
|                                  | Gold (g/t)     | <b>0.18</b>                | <b>0.18</b>  | <b>0.08</b>                 | <b>0.08</b>  | <b>0.12</b>                      | <b>0.12</b>  | <b>0.03</b>                | <b>0.03</b>  |
|                                  | Silver (g/t)   | <b>0.8</b>                 | <b>0.8</b>   | <b>0.7</b>                  | <b>0.7</b>   | <b>0.8</b>                       | <b>0.8</b>   | <b>1.0</b>                 | <b>1.0</b>   |
|                                  | Molybdenum (%) | <b>0.01</b>                | <b>0.01</b>  | <b>0.01</b>                 | <b>0.01</b>  | <b>0.01</b>                      | <b>0.01</b>  | <b>0.01</b>                | <b>0.01</b>  |

## Copper ore reserves

| Name of operation          | Commodity      | Proved Ore Reserves |             | Probable Ore Reserves |              | Total Ore Reserves |              |
|----------------------------|----------------|---------------------|-------------|-----------------------|--------------|--------------------|--------------|
|                            |                | 2014                | 2013        | 2014                  | 2013         | 2014               | 2013         |
| <b>African copper</b>      |                |                     |             |                       |              |                    |              |
| Katanga                    | (Mt)           | <b>18</b>           | <b>12</b>   | <b>70</b>             | <b>83</b>    | <b>88</b>          | <b>95</b>    |
|                            | Copper (%)     | <b>3.51</b>         | <b>3.40</b> | <b>4.14</b>           | <b>4.05</b>  | <b>4.01</b>        | <b>3.97</b>  |
|                            | Cobalt (%)     | <b>0.56</b>         | <b>0.72</b> | <b>0.47</b>           | <b>0.45</b>  | <b>0.49</b>        | <b>0.48</b>  |
| Mutanda                    | (Mt)           | <b>138</b>          | <b>64</b>   | <b>63</b>             | <b>6</b>     | <b>201</b>         | <b>71</b>    |
|                            | Copper (%)     | <b>1.96</b>         | <b>2.95</b> | <b>1.53</b>           | <b>2.20</b>  | <b>1.82</b>        | <b>2.89</b>  |
|                            | Cobalt (%)     | <b>0.73</b>         | <b>0.83</b> | <b>0.67</b>           | <b>0.70</b>  | <b>0.71</b>        | <b>0.82</b>  |
| Mopani                     | (Mt)           | <b>120</b>          | <b>116</b>  | <b>32</b>             | <b>30</b>    | <b>152</b>         | <b>146</b>   |
|                            | Copper (%)     | <b>1.95</b>         | <b>1.96</b> | <b>1.68</b>           | <b>1.70</b>  | <b>1.89</b>        | <b>1.91</b>  |
|                            | Cobalt (%)     | <b>0.08</b>         | <b>0.08</b> | <b>0.07</b>           | <b>0.08</b>  | <b>0.08</b>        | <b>0.09</b>  |
| <b>Collahuasi</b>          | (Mt)           | <b>482</b>          | <b>451</b>  | <b>2,773</b>          | <b>2,828</b> | <b>3,255</b>       | <b>3,279</b> |
|                            | Copper (%)     | <b>0.96</b>         | <b>1.00</b> | <b>0.78</b>           | <b>0.80</b>  | <b>0.80</b>        | <b>0.83</b>  |
|                            | Molybdenum (%) | <b>0.03</b>         | <b>0.03</b> | <b>0.02</b>           | <b>0.02</b>  | <b>0.02</b>        | <b>0.02</b>  |
| <b>Antamina</b>            | (Mt)           | <b>210</b>          | <b>201</b>  | <b>437</b>            | <b>492</b>   | <b>647</b>         | <b>693</b>   |
|                            | Copper (%)     | <b>1.02</b>         | <b>1.02</b> | <b>0.90</b>           | <b>0.94</b>  | <b>0.94</b>        | <b>0.97</b>  |
|                            | Zinc (%)       | <b>0.80</b>         | <b>0.63</b> | <b>1.07</b>           | <b>0.89</b>  | <b>0.98</b>        | <b>0.81</b>  |
|                            | Silver (g/t)   | <b>11.2</b>         | <b>10.9</b> | <b>10.4</b>           | <b>10.9</b>  | <b>10.7</b>        | <b>10.9</b>  |
|                            | Molybdenum (%) | <b>0.03</b>         | <b>0.03</b> | <b>0.02</b>           | <b>0.02</b>  | <b>0.02</b>        | <b>0.02</b>  |
| <b>Other South America</b> | (Mt)           | <b>665</b>          | <b>611</b>  | <b>725</b>            | <b>786</b>   | <b>1,390</b>       | <b>1,397</b> |
|                            | Copper (%)     | <b>0.42</b>         | <b>0.45</b> | <b>0.36</b>           | <b>0.38</b>  | <b>0.38</b>        | <b>0.41</b>  |
|                            | Gold (g/t)     | <b>0.12</b>         | <b>0.15</b> | <b>0.05</b>           | <b>0.05</b>  | <b>0.09</b>        | <b>0.10</b>  |
|                            | Silver (g/t)   | <b>0.6</b>          | <b>0.6</b>  | <b>0.7</b>            | <b>0.7</b>   | <b>0.7</b>         | <b>0.7</b>   |
| <b>Australia</b>           | (Mt)           | <b>35</b>           | <b>37</b>   | <b>69</b>             | <b>85</b>    | <b>104</b>         | <b>121</b>   |
|                            | Copper (%)     | <b>2.29</b>         | <b>2.52</b> | <b>1.26</b>           | <b>1.28</b>  | <b>1.61</b>        | <b>1.66</b>  |
|                            | Gold (g/t)     | <b>0.19</b>         | <b>0.16</b> | <b>0.40</b>           | <b>0.40</b>  | <b>0.33</b>        | <b>0.33</b>  |
|                            | Silver (g/t)   | <b>1.5</b>          | <b>1.4</b>  | <b>0.5</b>            | <b>0.6</b>   | <b>0.9</b>         | <b>0.8</b>   |

## Resources and reserves

### Zinc mineral resources

| Name of operation    | Commodity    | Measured Mineral Resources |      | Indicated Mineral Resources |      | Measured and Indicated Resources |      | Inferred Mineral Resources |      |
|----------------------|--------------|----------------------------|------|-----------------------------|------|----------------------------------|------|----------------------------|------|
|                      |              | 2014                       | 2013 | 2014                        | 2013 | 2014                             | 2013 | 2014                       | 2013 |
| Kazzinc              |              |                            |      |                             |      |                                  |      |                            |      |
| Gold Kazzinc         | (Mt)         | 85.6                       | 176  | 48                          | 112  | 133                              | 288  | 15                         | 41   |
|                      | Gold (g/t)   | 1.9                        | 1.8  | 1.9                         | 1.5  | 1.9                              | 1.6  | 1.7                        | 1.2  |
|                      |              |                            |      |                             |      |                                  |      |                            |      |
| Polymetallic Kazzinc | (Mt)         | 36.8                       | 46.4 | 89                          | 93   | 126                              | 139  | 160                        | 90   |
|                      | Zinc (%)     | 4.5                        | 4.2  | 1.5                         | 1.5  | 2.4                              | 2.4  | 3                          | 3    |
|                      | Lead (%)     | 1.3                        | 1.1  | 0.3                         | 0.2  | 0.5                              | 0.5  | 0.8                        | 0.7  |
|                      | Copper (%)   | 1.2                        | 1.1  | 0.3                         | 0.3  | 0.6                              | 0.6  | 0.2                        | 0.3  |
|                      | Silver (g/t) | 41.4                       | 38.4 | 15                          | 15   | 23                               | 23   | 14                         | 25   |
|                      | Gold (g/t)   | 1.6                        | 1.4  | 0.9                         | 0.9  | 1.1                              | 1.1  | 1                          | 1    |
|                      |              |                            |      |                             |      |                                  |      |                            |      |
| Australia            |              |                            |      |                             |      |                                  |      |                            |      |
| Mount Isa            | (Mt)         | 133                        | 131  | 330                         | 300  | 460                              | 430  | 250                        | 250  |
|                      | Zinc (%)     | 6.87                       | 6.88 | 5.1                         | 4.9  | 5.6                              | 5.5  | 5                          | 5    |
|                      | Lead (%)     | 4.18                       | 4.37 | 2.9                         | 2.9  | 3.3                              | 3.4  | 3                          | 3    |
|                      | Silver (g/t) | 78.1                       | 83.2 | 56                          | 58   | 62                               | 66   | 50                         | 50   |
|                      |              |                            |      |                             |      |                                  |      |                            |      |
| McArthur River       | (Mt)         | 126                        | 131  | 61                          | 71   | 190                              | 200  | –                          | –    |
|                      | Zinc (%)     | 10.0                       | 10.7 | 9.3                         | 7.0  | 9.8                              | 9.4  | –                          | –    |
|                      | Lead (%)     | 4.45                       | 4.41 | 4.0                         | 3.6  | 4.3                              | 4.1  | –                          | –    |
|                      | Silver (g/t) | 44.6                       | 44.8 | 42                          | 36   | 44                               | 42   | –                          | –    |
|                      |              |                            |      |                             |      |                                  |      |                            |      |
| North America        |              |                            |      |                             |      |                                  |      |                            |      |
| Zinc North America   | (Mt)         | 27.5                       | 29.5 | 36                          | 33   | 63                               | 62   | 60                         | 70   |
|                      | Zinc (%)     | 4.51                       | 4.66 | 4.9                         | 4.7  | 4.7                              | 4.7  | 4                          | 4    |
|                      | Lead (%)     | 0.39                       | 0.36 | 0.5                         | 0.6  | 0.5                              | 0.5  | 0.5                        | 0.5  |
|                      | Copper (%)   | 1.68                       | 1.73 | 0.7                         | 0.6  | 1.1                              | 1.1  | 0.5                        | 0.5  |
|                      | Silver (g/t) | 49.5                       | 50.1 | 107                         | 115  | 82                               | 84   | 140                        | 140  |
|                      | Gold (g/t)   | 0.33                       | 0.31 | 0.4                         | 0.3  | 0.4                              | 0.3  | 0.2                        | 0.2  |
|                      |              |                            |      |                             |      |                                  |      |                            |      |
| Copper North America | (Mt)         | 75.0                       | 75.0 | 255                         | 255  | 330                              | 330  | 120                        | 120  |
|                      | Copper (%)   | 0.39                       | 0.39 | 0.4                         | 0.4  | 0.4                              | 0.4  | 0.4                        | 0.4  |
|                      | Gold (g/t)   | 0.16                       | 0.16 | 0.2                         | 0.2  | 0.2                              | 0.2  | 0.1                        | 0.1  |
|                      |              |                            |      |                             |      |                                  |      |                            |      |
| Other Zinc           | (Mt)         | 10.6                       | 11.0 | 29                          | 32   | 40                               | 43   | 80                         | 90   |
|                      | Zinc (%)     | 9.36                       | 8.27 | 6.9                         | 6.3  | 7.5                              | 6.8  | 6                          | 6    |
|                      | Lead (%)     | 2.11                       | 2.35 | 1.7                         | 1.5  | 1.8                              | 1.7  | 1                          | 1    |
|                      | Copper (%)   | 0.08                       | 0.09 | 0.1                         | 0.1  | 0.1                              | 0.1  | 0.1                        | 0.1  |
|                      | Silver (g/t) | 111                        | 111  | 99                          | 97   | 102                              | 101  | 55                         | 53   |

## Zinc ore reserves

| Name of operation    | Commodity    | Proved Ore Reserves |      | Probable Ore Reserves |      | Total Ore Reserves |      |
|----------------------|--------------|---------------------|------|-----------------------|------|--------------------|------|
|                      |              | 2014                | 2013 | 2014                  | 2013 | 2014               | 2013 |
| Kazzinc              |              |                     |      |                       |      |                    |      |
| Gold Kazzinc         | (Mt)         | 70.7                | 116  | 23                    | 4.6  | 94                 | 120  |
|                      | Gold (g/t)   | 2.20                | 1.90 | 2.2                   | 1.4  | 2.2                | 1.9  |
|                      |              |                     |      |                       |      |                    |      |
| Polymetallic Kazzinc | (Mt)         | 18.1                | 25.1 | 17                    | 19   | 36                 | 44   |
|                      | Zinc (%)     | 3.4                 | 3.6  | 5.4                   | 4.7  | 4.4                | 4.1  |
|                      | Lead (%)     | 0.7                 | 0.8  | 0.7                   | 0.5  | 0.7                | 0.7  |
|                      | Copper (%)   | 1.1                 | 1.0  | 0.8                   | 0.8  | 0.9                | 0.9  |
|                      | Silver (g/t) | 34.1                | 33.3 | 26                    | 24   | 30                 | 29   |
|                      | Gold (g/t)   | 1.1                 | 1.0  | 0.9                   | 0.9  | 1.0                | 1.0  |
|                      |              |                     |      |                       |      |                    |      |
| Australia            |              |                     |      |                       |      |                    |      |
| Mount Isa            | (Mt)         | 40.8                | 52.6 | 45                    | 62   | 86                 | 115  |
|                      | Zinc (%)     | 7.55                | 7.56 | 7.2                   | 7.0  | 7.4                | 7.2  |
|                      | Lead (%)     | 3.96                | 4.02 | 3.4                   | 3.6  | 3.6                | 3.8  |
|                      | Silver (g/t) | 67.5                | 74.2 | 58                    | 62   | 63                 | 68   |
|                      |              |                     |      |                       |      |                    |      |
| McArthur River       | (Mt)         | 54.6                | 77.6 | 49                    | 31   | 103                | 109  |
|                      | Zinc (%)     | 11.8                | 11.1 | 8.4                   | 7.5  | 10                 | 10   |
|                      | Lead (%)     | 5.39                | 4.72 | 3.9                   | 4.3  | 4.7                | 4.6  |
|                      | Silver (g/t) | 54.1                | 47.8 | 38                    | 43   | 47                 | 46   |
|                      |              |                     |      |                       |      |                    |      |
| North America        | (Mt)         | 8.59                | 12.0 | 5.5                   | 5.0  | 14                 | 17   |
|                      | Zinc (%)     | 4.49                | 4.63 | 4.9                   | 5.5  | 4.6                | 4.9  |
|                      | Copper (%)   | 1.95                | 1.82 | 1.6                   | 1.6  | 1.8                | 1.7  |
|                      | Silver (g/t) | 49.3                | 46.1 | 39                    | 45   | 45                 | 46   |
|                      | Gold (g/t)   | 0.04                | 0.07 | 0.1                   | 0.1  | 0.1                | 0.1  |
|                      |              |                     |      |                       |      |                    |      |
| Other Zinc           | (Mt)         | 5.05                | 5.63 | 19                    | 22   | 24                 | 27   |
|                      | Zinc (%)     | 8.74                | 6.93 | 7.1                   | 6.8  | 7.5                | 6.8  |
|                      | Lead (%)     | 2.54                | 2.90 | 1.5                   | 1.3  | 1.7                | 1.6  |
|                      | Copper (%)   | 0.07                | 0.09 | 0.1                   | 0.1  | 0.1                | 0.1  |
|                      | Silver (g/t) | 86.1                | 88.7 | 62                    | 56   | 67                 | 62   |

## Resources and reserves

### Nickel mineral resources

| Name of operation   | Commodity       | Measured Mineral Resources |      | Indicated Mineral Resources |      | Measured and Indicated Resources |      | Inferred Mineral Resources |      |
|---------------------|-----------------|----------------------------|------|-----------------------------|------|----------------------------------|------|----------------------------|------|
|                     |                 | 2014                       | 2013 | 2014                        | 2013 | 2014                             | 2013 | 2014                       | 2013 |
| <b>INO</b>          | (Mt)            | <b>16</b>                  | 16   | <b>28</b>                   | 29   | <b>44</b>                        | 45   | <b>39</b>                  | 38   |
|                     | Nickel (%)      | <b>2.35</b>                | 2.12 | <b>2.69</b>                 | 2.79 | <b>2.56</b>                      | 2.55 | <b>2.6</b>                 | 2.5  |
|                     | Copper (%)      | <b>1.70</b>                | 1.89 | <b>1.14</b>                 | 1.11 | <b>1.34</b>                      | 1.39 | <b>1.6</b>                 | 1.3  |
|                     | Cobalt (%)      | <b>0.05</b>                | 0.05 | <b>0.07</b>                 | 0.07 | <b>0.06</b>                      | 0.06 | <b>0.1</b>                 | 0.1  |
|                     | Platinum (g/t)  | <b>0.98</b>                | 1.04 | <b>0.66</b>                 | 0.67 | <b>0.78</b>                      | 0.81 | <b>1.0</b>                 | 0.9  |
|                     | Palladium (g/t) | <b>1.48</b>                | 1.49 | <b>1.15</b>                 | 1.17 | <b>1.28</b>                      | 1.29 | <b>1.7</b>                 | 1.6  |
| <b>Falcondo</b>     | (Mt)            | <b>40.5</b>                | 40.4 | <b>31.1</b>                 | 31.1 | <b>71.6</b>                      | 71.5 | <b>4.9</b>                 | 4.9  |
|                     | Nickel (%)      | <b>1.42</b>                | 1.42 | <b>1.53</b>                 | 1.53 | <b>1.47</b>                      | 1.47 | <b>1.4</b>                 | 1.4  |
| <b>Australia</b>    | (Mt)            | <b>198</b>                 | 202  | <b>107</b>                  | 112  | <b>305</b>                       | 314  | <b>26</b>                  | 26   |
|                     | Nickel (%)      | <b>1.01</b>                | 0.99 | <b>0.99</b>                 | 0.99 | <b>1.01</b>                      | 0.98 | <b>0.9</b>                 | 0.9  |
|                     | Cobalt (%)      | <b>0.07</b>                | 0.07 | <b>0.05</b>                 | 0.05 | <b>0.06</b>                      | 0.06 | <b>0.03</b>                | 0.03 |
| <b>Koniambo</b>     | (Mt)            | <b>20.0</b>                | 22.6 | <b>46.0</b>                 | 47.4 | <b>66.0</b>                      | 70.0 | <b>84</b>                  | 83   |
|                     | Nickel (%)      | <b>2.55</b>                | 2.54 | <b>2.44</b>                 | 2.44 | <b>2.48</b>                      | 2.47 | <b>2.5</b>                 | 2.5  |
| <b>Other Nickel</b> | (Mt)            | <b>30</b>                  | 30   | <b>112</b>                  | 112  | <b>142</b>                       | 142  | <b>39</b>                  | 39   |
| (Kabanga, Araguaia) | Nickel (%)      | <b>1.92</b>                | 1.92 | <b>1.60</b>                 | 1.60 | <b>1.67</b>                      | 1.67 | <b>2.0</b>                 | 2.0  |
|                     | Copper (%)      | <b>0.16</b>                | 0.16 | <b>0.07</b>                 | 0.07 | <b>0.09</b>                      | 0.09 | <b>0.2</b>                 | 0.2  |
|                     | Cobalt (%)      | <b>0.10</b>                | 0.10 | <b>0.04</b>                 | 0.04 | <b>0.05</b>                      | 0.05 | <b>0.1</b>                 | 0.1  |
|                     | Platinum (g/t)  | <b>0.07</b>                | 0.07 | <b>0.09</b>                 | 0.09 | <b>0.08</b>                      | 0.08 | <b>0.2</b>                 | 0.2  |
|                     | Palladium (g/t) | <b>0.09</b>                | 0.09 | <b>0.06</b>                 | 0.06 | <b>0.07</b>                      | 0.07 | <b>0.2</b>                 | 0.2  |

## Nickel ore reserves

| Name of operation | Commodity       | Proved Ore Reserves |       | Probable Ore Reserves |       | Total Ore Reserves |       |
|-------------------|-----------------|---------------------|-------|-----------------------|-------|--------------------|-------|
|                   |                 | 2014                | 2013  | 2014                  | 2013  | 2014               | 2013  |
| <b>INO</b>        | (Mt)            | <b>13</b>           | 13    | <b>7</b>              | 9     | <b>20</b>          | 21    |
|                   | Nickel (%)      | <b>1.94</b>         | 1.76  | <b>2.25</b>           | 2.35  | <b>2.05</b>        | 2.00  |
|                   | Copper (%)      | <b>1.66</b>         | 1.98  | <b>0.80</b>           | 0.80  | <b>1.36</b>        | 1.50  |
|                   | Cobalt (%)      | <b>0.04</b>         | 0.04  | <b>0.05</b>           | 0.06  | <b>0.04</b>        | 0.04  |
|                   | Platinum (g/t)  | <b>1.01</b>         | 1.14  | <b>0.66</b>           | 0.65  | <b>0.88</b>        | 0.94  |
|                   | Palladium (g/t) | <b>1.45</b>         | 1.57  | <b>1.06</b>           | 1.08  | <b>1.31</b>        | 1.37  |
| <b>Falcondo</b>   | (Mt)            | <b>44.9</b>         | 44.5  | <b>26.3</b>           | 26.3  | <b>71.2</b>        | 70.8  |
|                   | Nickel (%)      | <b>1.28</b>         | 1.28  | <b>1.36</b>           | 1.36  | <b>1.31</b>        | 1.31  |
| <b>Australia</b>  | (Mt)            | <b>160.4</b>        | 161.3 | <b>40.0</b>           | 39.4  | <b>200.4</b>       | 200.8 |
|                   | Nickel (%)      | <b>0.97</b>         | 0.95  | <b>0.96</b>           | 0.95  | <b>0.97</b>        | 0.95  |
|                   | Cobalt (%)      | <b>0.069</b>        | 0.067 | <b>0.067</b>          | 0.066 | <b>0.069</b>       | 0.067 |
| <b>Koniambo</b>   | (Mt)            | <b>16.2</b>         | 17.5  | <b>42.5</b>           | 44.0  | <b>58.7</b>        | 61.5  |
|                   | Nickel (%)      | <b>2.50</b>         | 2.50  | <b>2.30</b>           | 2.31  | <b>2.35</b>        | 2.36  |

## Resources and reserves

### Ferroalloys mineral resources

| Name of operation          | Commodity                          | Measured Mineral Resources |       | Indicated Mineral Resources |       | Measured and Indicated Resources |       | Inferred Mineral Resources |      |
|----------------------------|------------------------------------|----------------------------|-------|-----------------------------|-------|----------------------------------|-------|----------------------------|------|
|                            |                                    | 2014                       | 2013  | 2014                        | 2013  | 2014                             | 2013  | 2014                       | 2013 |
| <b>Chrome</b>              | (Mt)                               | <b>126</b>                 | 127   | <b>90</b>                   | 90    | <b>215</b>                       | 217   | <b>238</b>                 | 240  |
|                            | Cr <sub>2</sub> O <sub>3</sub> (%) | <b>41.3</b>                | 41.3  | <b>41.2</b>                 | 41.3  | <b>41.2</b>                      | 41.3  | <b>41</b>                  | 41   |
| <b>Vanadium</b>            | (Mt)                               | <b>24.89</b>               | 33.90 | <b>20.2</b>                 | 22.9  | <b>45.1</b>                      | 56.8  | <b>84</b>                  | 79   |
|                            | V <sub>2</sub> O <sub>5</sub> (%)  | <b>0.52</b>                | 0.54  | <b>0.5</b>                  | 0.5   | <b>0.5</b>                       | 0.5   | <b>0.5</b>                 | 0.5  |
| <b>PGM</b>                 | (Mt)                               | <b>89</b>                  | 87    | <b>26</b>                   | 31    | <b>115</b>                       | 118   | <b>83</b>                  | 86   |
|                            | 3PGE + Gold (g/t)                  | <b>4.36</b>                | 4.41  | <b>3.1</b>                  | 3.3   | <b>4.1</b>                       | 4.1   | <b>4.3</b>                 | 4.3  |
| <b>Silica</b><br>(Rietvly) | (Mt)                               | –                          | –     | <b>24.34</b>                | 24.70 | <b>24.34</b>                     | 24.70 | –                          | –    |
|                            | SiO <sub>2</sub> (%)               | –                          | –     | <b>91</b>                   | 91    | <b>91</b>                        | 91    | –                          | –    |

### Ferroalloys ore reserves

| Name of operation          | Commodity                          | Proved Ore Reserves |       | Probable Ore Reserves |      | Total Ore Reserves |      |
|----------------------------|------------------------------------|---------------------|-------|-----------------------|------|--------------------|------|
|                            |                                    | 2014                | 2013  | 2014                  | 2013 | 2014               | 2013 |
| <b>Chrome</b>              | (Mt)                               | <b>52</b>           | 56    | <b>14</b>             | 14   | <b>66</b>          | 71   |
|                            | Cr <sub>2</sub> O <sub>3</sub> (%) | <b>33.8</b>         | 33.4  | <b>31.0</b>           | 32.1 | <b>33.2</b>        | 33.1 |
| <b>Vanadium</b>            | (Mt)                               | <b>6.88</b>         | 21.56 | <b>13.4</b>           | 10.5 | <b>20.3</b>        | 32.1 |
|                            | V <sub>2</sub> O <sub>5</sub> (%)  | <b>0.52</b>         | 0.53  | <b>0.5</b>            | 0.5  | <b>0.5</b>         | 0.5  |
| <b>PGM</b>                 | (Mt)                               | <b>26</b>           | 24    | <b>0.1</b>            | 1    | <b>26</b>          | 24   |
|                            | 3PGE + Gold (g/t)                  | <b>3.33</b>         | 3.48  | <b>3.1</b>            | 3.5  | <b>3.3</b>         | 3.4  |
| <b>Silica</b><br>(Rietvly) | (Mt)                               | –                   | –     | <b>2.38</b>           | 0.09 | <b>2.38</b>        | 0.09 |
|                            | SiO <sub>2</sub> (%)               | –                   | –     | <b>91</b>             | 91   | <b>91</b>          | 91   |

## Iron Ore mineral resources

| Name of operation             | Commodity | Measured Mineral Resources |       | Indicated Mineral Resources |       | Measured and Indicated Resources |       | Inferred Mineral Resources |       |
|-------------------------------|-----------|----------------------------|-------|-----------------------------|-------|----------------------------------|-------|----------------------------|-------|
|                               |           | 2014                       | 2013  | 2014                        | 2013  | 2014                             | 2013  | 2014                       | 2013  |
| <b>El Aouj Mining Company</b> | (Mt)      | <b>470</b>                 | 470   | <b>1,435</b>                | 1,250 | <b>1,905</b>                     | 1,720 | <b>2,520</b>               | 2,085 |
|                               | Iron (%)  | <b>36</b>                  | 36    | <b>36</b>                   | 36    | <b>36</b>                        | 36    | <b>35</b>                  | 36    |
| <b>Sphere Mauritania S.A.</b> | (Mt)      | <b>215</b>                 | 215   | <b>190</b>                  | 190   | <b>405</b>                       | 405   | <b>251</b>                 | 60    |
| (Askaf)                       | Iron (%)  | <b>36</b>                  | 36    | <b>35</b>                   | 35    | <b>36</b>                        | 36    | <b>35</b>                  | 36    |
| <b>Sphere Lebtheinia S.A.</b> | (Mt)      | –                          | –     | <b>2,180</b>                | 2,180 | <b>2,180</b>                     | 2,180 | <b>560</b>                 | 560   |
|                               | Iron (%)  | –                          | –     | <b>32</b>                   | 32    | <b>32</b>                        | 32    | <b>32</b>                  | 32    |
| <b>Jumelles Limited</b>       | (Mt)      | <b>2,300</b>               | 2,300 | <b>2,500</b>                | 2,500 | <b>4,800</b>                     | 4,800 | <b>2,100</b>               | 2,100 |
| (Zanaga)                      | Iron (%)  | <b>34</b>                  | 34    | <b>30</b>                   | 30    | <b>32</b>                        | 32    | <b>31</b>                  | 31    |

## Iron Ore reserves

| Name of operation                  | Commodity | Proved Ore Reserves |      | Probable Ore Reserves |       | Total Ore Reserves |       |
|------------------------------------|-----------|---------------------|------|-----------------------|-------|--------------------|-------|
|                                    |           | 2014                | 2013 | 2014                  | 2013  | 2014               | 2013  |
| <b>El Aouj Mining Company S.A.</b> | (Mt)      | <b>370</b>          | 150  | <b>385</b>            | 280   | <b>755</b>         | 430   |
|                                    | Iron (%)  | <b>35</b>           | 36   | <b>35</b>             | 37    | <b>35</b>          | 36    |
| <b>Sphere Mauritania S.A.</b>      | (Mt)      | <b>140</b>          | 150  | <b>92</b>             | 100   | <b>232</b>         | 250   |
| (Askaf)                            | Iron (%)  | <b>36</b>           | 36   | <b>34</b>             | 34    | <b>35</b>          | 35    |
| <b>Jumelles Limited</b>            | (Mt)      | <b>770</b>          | –    | <b>1,290</b>          | 2,500 | <b>2,070</b>       | 2,500 |
| (Zanaga)                           | Iron (%)  | <b>37</b>           | –    | <b>32</b>             | 34    | <b>34</b>          | 34    |

## Resources and reserves

### Coal resources

| Name of operation                                         | Commodity                | Measured Coal Resources |       | Indicated Coal Resources |       | Inferred Coal Resources |       |
|-----------------------------------------------------------|--------------------------|-------------------------|-------|--------------------------|-------|-------------------------|-------|
|                                                           |                          | 2014                    | 2013  | 2014                     | 2013  | 2014                    | 2013  |
| Australia                                                 |                          |                         |       |                          |       |                         |       |
| New South Wales                                           | Coking/Thermal Coal (Mt) | 3,242                   | 3,221 | 2,678                    | 2,763 | 5,121                   | 5,091 |
| Queensland                                                | Coking/Thermal Coal (Mt) | 3,008                   | 3,169 | 3,234                    | 2,796 | 8,190                   | 8,300 |
| South Africa                                              | Thermal Coal (Mt)        | 3,456                   | 3,532 | 1,617                    | 1,538 | 447                     | 466   |
| Prodeco                                                   | Thermal Coal (Mt)        | 200                     | 260   | 240                      | 220   | 70                      | 70    |
| Cerrejón                                                  | Thermal Coal (Mt)        | 3,300                   | 3,000 | 1,100                    | 1,100 | 700                     | 700   |
| Canada projects<br>(Donkin <sup>1</sup> , Suska, Sukunka) | Coking/Thermal Coal (Mt) | 45                      | 40    | 113                      | 343   | 130                     | 380   |

### Coal reserves

| Name of operation                                         | Commodity                | Coal Reserves |          | Marketable Coal Reserves |          | Total marketable Coal Reserves |       |
|-----------------------------------------------------------|--------------------------|---------------|----------|--------------------------|----------|--------------------------------|-------|
|                                                           |                          | Proved        | Probable | Proved                   | Probable |                                |       |
|                                                           |                          | 2014          | 2014     | 2014                     | 2014     | 2014                           | 2013  |
| <b>Australia</b>                                          |                          |               |          |                          |          |                                |       |
| New South Wales                                           | Thermal Coal (Mt)        | 1,049         | 174      | 750                      | 118      | 871                            | 905   |
|                                                           | Coking Coal (Mt)         | 25            | 38       | 17                       | 25       | 42                             | 50    |
|                                                           |                          |               |          |                          |          |                                |       |
| Queensland                                                | Thermal Coal (Mt)        | 1,315         | 381      | 1,071                    | 295      | 1,376                          | 1,251 |
|                                                           | Coking Coal (Mt)         | 116           | 118      | 80                       | 84       | 164                            | 172   |
|                                                           |                          |               |          |                          |          |                                |       |
| South Africa                                              | Thermal Coal (Mt)        | 1,005         | 482      | 622                      | 280      | 901                            | 976   |
|                                                           |                          |               |          |                          |          |                                |       |
| Prodeco                                                   | Thermal Coal (Mt)        | 140           | 130      | 140                      | 130      | 270                            | 290   |
|                                                           |                          |               |          |                          |          |                                |       |
| Cerrejón                                                  | Thermal Coal (Mt)        | 570           | 90       | 560                      | 90       | 650                            | 720   |
|                                                           |                          |               |          |                          |          |                                |       |
| Canada projects<br>(Donkin <sup>1</sup> , Suska, Sukunka) | Coking/Thermal Coal (Mt) | –             | –        | –                        | –        | –                              | 47    |

<sup>1</sup> The Donkin Project was sold to the Cline Group in December 2014.

Oil net reserves (Proven and Probable)<sup>1</sup>

|                          | Working Interest Basis |         |           |         |           |         |           |         | Total          |
|--------------------------|------------------------|---------|-----------|---------|-----------|---------|-----------|---------|----------------|
|                          | Equatorial Guinea      |         | Chad      |         | Cameroon  |         |           |         |                |
| Name of operation        | Oil mmbbl              | Gas bcf | Oil mmbbl | Gas bcf | Oil mmbbl | Gas bcf | Oil mmbbl | Gas bcf | Combined mmbae |
| 31 December 2013         | 32                     | –       | 55        | –       | –         | –       | 87        | –       | 87             |
| Revisions                | (1)                    | –       | 5         | –       | –         | –       | 3         | –       | 3              |
| Acquisitions/Divestments | –                      | –       | 94        | –       | –         | –       | 94        | –       | 94             |
| Discoveries              | –                      | –       | –         | –       | –         | –       | –         | –       | –              |
| Production               | (6)                    | –       | (4)       | –       | –         | –       | (9)       | –       | (9)            |
| 31 December 2014         | 25                     | –       | 150       | –       | –         | –       | 175       | –       | 175            |

Oil net contingent resources (2C)<sup>1</sup>

|                          | Working Interest Basis |         |           |         |           |         |           |         | Total          |
|--------------------------|------------------------|---------|-----------|---------|-----------|---------|-----------|---------|----------------|
|                          | Equatorial Guinea      |         | Chad      |         | Cameroon  |         |           |         |                |
| Name of operation        | Oil mmbbl              | Gas bcf | Oil mmbbl | Gas bcf | Oil mmbbl | Gas bcf | Oil mmbbl | Gas bcf | Combined mmboe |
| 31 December 2013         | 28                     | 609     | 9         | –       | 70        | 1,010   | 107       | 1,619   | 387            |
| Revisions                | (5)                    | (47)    | (5)       | –       | (17)      | (296)   | (27)      | (343)   | (87)           |
| Acquisitions/Divestments | –                      | –       | 5         | –       | –         | –       | 5         | –       | 5              |
| Discoveries              | –                      | –       | –         | –       | –         | –       | –         | –       | –              |
| 31 December 2014         | 23                     | 562     | 9         | –       | 53        | 714     | 85        | 1,276   | 305            |

<sup>1</sup> "Net" reserves or resources are equivalent to Glencore's working interest in the asset/property.

## Approval – Strategic report

Approved by the Board of Directors and signed on its behalf by



John Burton  
Company Secretary  
17 March 2015

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# GOVERNANCE

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# Chairman's introduction & Board of Directors

Dear Shareholders,

2014 was another eventful year for Glencore against a backdrop of a challenging business environment. It was also a year of consolidation and progress in our governance and sustainability agenda.

## Board activities

In May 2014, I was delighted to have been appointed by the Board as its ongoing Chairman. Following this decision, Peter Grauer was appointed as the Senior Independent Non-Executive Director. A month later Patrice Merrin was appointed as the eighth member of our Board, contributing additional valuable mining and climate change knowledge. These changes completed the restructuring of our Board which had begun a year earlier. As a result we now have an appropriately sized Board whose members have wide-ranging backgrounds. The strong track records and experience of all the Non-Executive Directors allow challenge and informed support to be provided to executive management in running a diverse and complex business.

The Board continues to keep abreast of changes to corporate governance reporting requirements. As regulation continues its steady forward march, so we remain keen to keep our reporting as clear and concise as possible. In particular, following last year's extensive remuneration report, we have taken the opportunity this year to remove any elements which would merely be repetitive of last year's text.

## Safety

Safety remains our top priority. It saddens me to report that 16 people lost their lives working at our operations during 2014. In 2013, we launched our SafeWork initiative, which identifies and targets the most common fatal hazards within our Group operations. The SafeWork initiative has continued gaining ground throughout 2014. During the year we also held our first fatality prevention summit which brought together senior management and safety professionals to identify and commit to safety performance improvements. Compared to previous years the reduced number of fatalities, whilst unacceptable, demonstrates our safety leadership, safety culture and risk-based mitigation methods are starting to produce appreciable results.

## Sustainable Development

The unique position of our Company in the resources sector and the strength of our management team provide me with great confidence that Glencore is well placed to meet the ongoing challenge of sustainably producing and supplying commodities that are needed to meet the world's growing demands. Our efforts in sustainability in 2014 resulted in our admission to the International Council of Mining and Metals (ICMM). This is the industry trade body dedicated to establishing and promoting leading sustainability practices. Another important milestone in 2014 was the completion of the \$500 million upgrade to the Mopani smelter in Zambia which now currently captures 95% of its sulphur dioxide emissions. I am confident that our Company will continue to strive to not only meet but exceed the expectations placed on us by our stakeholders.

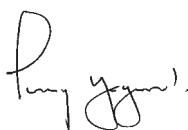
## Stakeholder engagement

Stakeholder engagement is a fundamental part of our governance and decision making process. The Board and Glencore's senior management team are firmly committed to establishing a dialogue with all stakeholders of our business. This engagement includes with our critics, particularly certain NGOs. We have sought to engage constructively and our responses to material allegations are posted on the Public Positions section of our website.

## Creating value for society

Our operations make a significant contribution to their host countries through taxes and royalties, employment, sourcing products and services, and investment in local communities. 2014 saw our Group continue to strengthen partnerships with organisations dedicated to tackling social problems in the areas we operate. During the year we initiated a partnership with CARE International, a global NGO dedicated to fighting poverty, and we look forward to working together to strengthen our community programmes.

I look forward to reporting on the further progress of our Company in a year's time.



*Tony Hayward*  
Chairman



1. Peter Coates
2. Peter Grauer
3. John Mack
4. Anthony Hayward
5. William Macaulay
6. Patrice Merrin
7. Leonhard Fischer
8. Ivan Glasenberg

## Chairman's introduction & Board of Directors

### 1. Peter Coates AO *Non-Executive Director* (age 69)

**Appointed:** Peter Coates has been a Non-Executive Director since January 2014. Prior to this he served as an Executive Director from June to December 2013 and a Non-Executive Director from April 2011 to May 2013.

**Committees:** Chairman of the Health, Safety, Environment and Communities Committee.

**Experience:** Prior to joining Glencore in 1994 as a senior executive in the coal department, Mr Coates had occupied many senior positions in a diverse range of resource companies, including those mining silver, lead, nickel, iron ore, bauxite and coal. When Glencore sold its Australian and South African coal assets to Xstrata in 2002, he joined Xstrata as chief executive of its coal business, stepping down in December 2007.

He was non-executive chairman of Xstrata Australia from January 2008 until August 2009. From April 2008 until April 2011, he was non-executive chairman of Minara Resources Ltd. Mr Coates is non-executive chairman of Sphere Minerals Limited (ASX:SPH), and from 30 April 2015, Santos Limited (ASX:STO), and a non-executive director of Amalgamated Holdings Limited (ASX:AHD), and a past chairman of the Minerals Council of Australia, the NSW Minerals Council and the Australian Coal Association.

Mr Coates holds a Bachelor of Science degree in Mining Engineering from the University of New South Wales. He was appointed to the Office of the Order of Australia in June 2009 and awarded the Australasian Institute of Mining and Metallurgy Medal for 2010.

### 2. Peter Grauer *Senior Independent* *Non-Executive Director* (aged 69)

**Appointed:** Peter Grauer was appointed as an Independent Non-Executive Director in June 2013 and became the Senior Independent Non-Executive Director in May 2014.

**Committees:** Chairman of the Nomination Committee; member of the Audit Committee.

**Experience:** Mr Grauer is chairman of Bloomberg Inc., the global financial media company that was founded in 1981. Mr Grauer was chairman and chief executive officer from 2002 to 2011 and has been a member of Bloomberg's board of directors since 1996.

Prior to this, Mr Grauer was managing director of Donaldson, Lufkin & Jenrette from 1992 to 2000 when DLJ was acquired by Credit Suisse First Boston and founder of DLJ Merchant Banking. He served as managing director and senior partner of CSFB Private Equity until 2002.

Mr Grauer is a director of Davita Healthcare Partners (NYSE:DVA), a healthcare services company. Mr Grauer is also a member of the International Business Council of the World Economic Forum, the UNC Chapel Hill board of trustees and a trustee of Rockefeller University.

Mr Grauer graduated from the University of North Carolina and the Harvard University Graduate School of Business Program for Management Development in 1975.

### 3. John Mack *Independent* *Non-Executive Director* (aged 70)

**Appointed:** John Mack was appointed as an Independent Non-Executive Director in June 2013.

**Committees:** Chairman of the Remuneration Committee and member of the Nomination Committee.

**Experience:** Mr Mack previously served as chief executive officer of Morgan Stanley from June 2005 until December 2009. He retired as chairman in 2011. Mr Mack first joined Morgan Stanley in May 1972, becoming a board director in 1987 and was named President in 1993.

Before rejoining Morgan Stanley as chairman and chief executive officer in June 2005, Mr Mack served as co-chief executive officer of Credit Suisse Group and chief executive officer of Credit Suisse First Boston.

Mr Mack is a non-executive director of Enduring Hydro and Corinthian Ophthalmic. He is also non-executive chairman of Tri-Alpha Energy Inc. Mr Mack also serves on the Advisory Board of China Investment Corporation, is a member of the International Business Council of the World Economic Forum, the NYC Financial Services Advisory Committee and the Shanghai International Financial Advisory Council.

Mr Mack is a graduate of Duke University.

### 4. Anthony Hayward *Chairman* (age 57)

**Appointed:** Anthony Hayward was appointed Independent Non-Executive Chairman in May 2013 (initially on an interim basis from May 2013 to May 2014). Prior to being appointed Chairman he was the Senior Independent Non-Executive Director.

**Committees:** Member of the Health, Safety, Environment and Communities Committee.

**Experience:** Dr Hayward is chief executive officer of Genel Energy plc (LON:GENL), a partner and member of the European advisory Board of AEA Capital and chairman of Compact GTL Limited.

Dr Hayward was group chief executive of BP plc from 2007 to 2010, having joined BP in 1982 as a rig geologist in the North Sea.

Following a series of technical and commercial roles in Europe, Asia and South America, he returned to London in 1997 as a member of the upstream executive committee. He became group treasurer in 2000, chief executive for BP upstream activities and member of the main Board of BP in 2003.

Dr Hayward studied geology at Aston University in Birmingham and completed a Ph.D. at Edinburgh University. He is also a fellow of the Royal Society of Edinburgh and holds honorary doctorates from the University of Edinburgh, Aston University and the University of Birmingham.

**5.**  
**William Macaulay**  
*Independent*  
*Non-Executive Director*  
(age 69)

**Appointed:** William Macaulay was appointed as an Independent Non-Executive Director in April 2011.

**Committees:** Member of the Audit and Remuneration Committees.

**Experience:** Mr Macaulay is the chairman and chief executive officer of First Reserve Corporation, a private equity investment firm focused on the energy industry, and has been with the company since its founding in 1983.

Prior to joining First Reserve, Mr Macaulay was a co-founder of Meridien Capital Company, a private equity buyout firm. From 1972 to 1982, he served as director of corporate finance at Oppenheimer & Co. with direct responsibility for the firm's buyout business. He also served as president of Oppenheimer Energy Corporation.

Mr Macaulay is chairman of the board of Dresser-Rand (NYSE:DRC) and a director of Weatherford International (NYSE:WFT). He also serves on numerous private energy company boards. In addition, he is chairman of the advisory board of the City University of New York.

Mr Macaulay holds a B.B.A. degree (with honours) in Economics from City College of New York, and an MBA from the Wharton School of the University of Pennsylvania. He has also received an Honorary Doctor of Humane Letters degree from Baruch College.

**6.**  
**Patrice Merrin**  
*Independent*  
*Non-Executive Director*  
(age 66)

**Appointed:** Patrice Merrin was appointed as an Independent Non-Executive Director in June 2014.

**Committees:** Member of the Health, Safety, Environment and Communities Committee.

**Experience:** Following initial roles with Molson and Canadian Pacific, Ms Merrin worked at Sherritt, the Canadian diversified miner, for 10 years until 2004, latterly as COO. She then became CEO of Luscar, Canada's largest thermal coal producer. She is currently a non-executive director of Stillwater Mining (NYSE:SWC) and Novadaq Technologies Inc. (Nasdaq:NVDQ). She has been a director and then chairman of CML Healthcare (then TSX) from 2008-2013, of Enssolutions, a mine tailing solutions company, and of NB Power.

Ms Merrin was a director of the Alberta Climate Change and Emissions Management Corporation from 2009 to 2014. She was also a member of the Canadian Advisory Panel on Sustainable Energy Science and Technology from 2005 to 2006 and from 2003 to 2006 was a member of Canada's Round Table on the Environment and the Economy.

Ms Merrin is a graduate of Queen's University, Ontario and completed the Advanced Management Programme at INSEAD.

**7.**  
**Leonhard Fischer**  
*Independent*  
*Non-Executive Director*  
(age 52)

**Appointed:** Leonhard Fischer was appointed an Independent Non-Executive Director in April 2011.

**Committees:** Chairman of the Audit Committee; member of the Nomination and Remuneration Committees.

**Experience:** Mr Fischer was appointed chief executive officer of BHF Kleinwort Benson Group SA (EBR:BHFKB) in January 2009, having been co-chief executive officer from May 2007. He is chairman of the board of directors of Kleinwort Benson Bank Ltd and BHF-Bank AG.

Mr Fischer was chief executive officer of Winterthur Group from 2003 to 2006 and a member of the executive board of Credit Suisse Group from 2003 to March 2007. He joined Credit Suisse Group from Allianz AG, where he had been a member of the management board and head of the Corporates and Markets Division. Prior to this, he had been a member of the executive board of Dresdner Bank AG in Frankfurt.

Mr Fischer holds an M.A. in Finance from the University of Georgia.

**8.**  
**Ivan Glasenberg**  
*Chief Executive Officer*  
(age 58)

**Appointed:** Ivan Glasenberg joined Glencore in April 1984 and has been Chief Executive Officer since January 2002.

**Committees:** Member of the Health, Safety, Environment and Communities Committee.

**Experience:** Mr Glasenberg initially spent three years working in the coal commodity department in South Africa as a marketer, before spending two years in Australia as head of the Asian coal commodity division. Between 1988 and 1989, he was based in Hong Kong as head of Glencore's Hong Kong and Beijing offices, as well as head of coal marketing in Asia, where his responsibilities included overseeing the Asian coal marketing business of Glencore and managing the administrative functions of the Hong Kong and Beijing offices.

In January 1990, he was made responsible for the worldwide coal business of Glencore for both marketing and industrial assets, and remained in this role until he became Chief Executive Officer in January 2002.

Mr Glasenberg is a Chartered Accountant of South Africa and holds a Bachelor of Accountancy from the University of Witwatersrand. Mr Glasenberg also holds an MBA from the University of Southern California. He is currently a non-executive director of United Company Rusal plc (HKG:0486) and Pirelli & C. SpA (MI:PECI). Before joining Glencore, Mr Glasenberg worked for five years at Levitt Kirson Chartered Accountants in South Africa.

**John Burton**  
*Company Secretary*  
(age 50)

**Appointed:** John Burton was appointed Company Secretary in September 2011.

**Experience:** He was formerly company secretary and general counsel of Informa plc and before that a partner at CMS Cameron McKenna in London specialising in corporate law. Mr Burton holds a B.A. degree in Law from Durham University. He was admitted as a Solicitor in England and Wales in 1990.

# Corporate governance report

This report should be read in conjunction with the Directors' Report and the remainder of the Governance section.

## 2014 highlights:

- Appointment of Tony Hayward as permanent Chairman
- Appointment of Peter Grauer as Senior Independent Non-Executive Director
- Appointment of Patrice Merrin as an Independent Non-Executive Director
- Continuing emphasis on sustainability issues
- No changes to modest executive remuneration policy
- Publication of an abbreviated remuneration report
- Completion of analysis by the Audit Committee of the Xstrata acquisition

## Board governance and structure

### Overview

This governance report sets out how Glencore has applied the main principles of the UK Corporate Governance Code (the "Code") in a manner which enables shareholders to evaluate how these principles have been applied.

From June 2014 Glencore's Board has comprised seven Non-Executive Directors (including the Chairman) and one Executive Director. A list of the current Directors, with their brief biographical details and other significant commitments, is provided in the previous pages.

### Division of responsibilities

As a Jersey incorporated company, Glencore has a unitary board, meaning all Directors share equal responsibility for decisions taken. Glencore has established a clear division between the respective responsibilities of the Non-Executive Chairman and the Chief Executive Officer which are set out in a schedule of responsibilities which has been approved by the Board. While the Non-Executive Chairman is responsible for leading the Board's discussions and decision-making, the CEO is responsible for implementing and executing strategy and for leading Glencore's operating performance and day-to-day management. The CEO and Chief Financial Officer have line of sight across the Group. The CEO is further supported by his senior management team principally comprising the heads of the businesses and the Head of Strategy. The Company Secretary is responsible for ensuring that there is clear and effective information flow to the Non-Executive Directors.

Further details of these responsibilities are set out opposite.

Peter Grauer was appointed as the Senior Independent Non-Executive Director in May 2014 and is available to meet with shareholders and acts as an intermediary between the Chairman and other independent directors when required. This division of responsibilities, coupled with the schedule of reserved matters for the Board, ensures that no individual has unfettered powers of decision.

|                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| DIVISION OF RESPONSIBILITIES | <b>Chairman</b> <ul style="list-style-type: none"> <li>• Leader of the Board</li> <li>• Responsible for effective communication flow between Directors</li> <li>• Facilitates effective contribution of all Directors</li> <li>• Responsible for effective Board governance</li> <li>• Ensures effective communication with shareholders</li> </ul>                                                                                                                                                       |
|                              | <b>Chief Executive Officer</b> <ul style="list-style-type: none"> <li>• Leads and motivates management team</li> <li>• Implements strategy and objectives as directed by the Board</li> <li>• Develops Group policies and proposals for approval by the Board and ensures effective implementation</li> </ul>                                                                                                                                                                                             |
|                              | <b>Senior Independent Director</b> <ul style="list-style-type: none"> <li>• Is a confidant of the Chairman and (when appropriate) also acts as an intermediary for other independent directors</li> <li>• Will stand in for Chairman if he is unable to attend</li> <li>• Chairs the Nominations Committee</li> <li>• Responsible for appraising the Chairman's performance along with other independent directors</li> <li>• Available to shareholders to answer questions.</li> </ul>                   |
|                              | <b>Other Non-Executive Directors</b> <ul style="list-style-type: none"> <li>• Supply challenge and support to management</li> <li>• Bring independent mind set and differing backgrounds and experience to Board debates</li> <li>• Provide leadership and challenge as chair of, or a member of, the board committees which (except HSEC) comprise only Non-Executive Directors</li> <li>• Scrutinise leadership of chairman</li> </ul>                                                                  |
|                              | <b>Company Secretary</b> <ul style="list-style-type: none"> <li>• Secretary to Board Committees</li> <li>• Informs the Board on all matters reserved to it and ensures papers are provided in sufficient detail and on time</li> <li>• Available to Directors in respect of Board procedures and provides support and advice</li> <li>• Ensures the Board is kept informed on governance matters</li> <li>• Coordinates and assists with the Board evaluation process along with the Chairman.</li> </ul> |

## Non-Executive Directors

The Company's Non-Executive Directors provide a broad range of skills and experience to the Board which assists in their roles in formulating the Company's strategy and in providing constructive challenge to executive management.

Glencore regularly assesses its Non-Executive Directors' independence. Except for Peter Coates, due to his temporary executive responsibilities held in 2013, they all are regarded by the Company as Independent Non-Executive Directors within the meaning of "independent" as defined in the Code and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. This view has been taken having regard to all facts including the following:

- William Macaulay is Chairman and CEO of First Reserve Corporation (FR). At 31 December 2014 affiliates of FR held 123,802,799 shares (approximately 0.92% of the Company's total voting rights) although as at the date of this document this holding is 70,046,228 shares (0.54%). Independence issues arise where a director has been appointed, directly or indirectly, to represent a shareholder. As previously explained, Mr Macaulay has not been appointed to represent FR's interest on the Board and has never sought to do so.
- John Mack was until 2011 chairman of Morgan Stanley, which provides advisory and financial services to the Group. However, Mr Mack ceased to be CEO of Morgan Stanley in 2009, Morgan Stanley's relationship with the Company is led from the UK office and Mr Mack was not involved in the delivery of these services.

Accordingly, we believe that applying a common sense construction to the provisions of the Code, it is reasonable to conclude that each of Mr Macaulay and Mr Mack is independent in accordance with its terms.

## Management of conflicts of interest

All Directors endeavour to avoid any situation of conflict of interest with the Company. Potential conflicts can arise and therefore processes and procedures are in place requiring Directors to identify and declare any actual or potential conflict of interest. Any such notifications are required to be made by the Directors prior to, or at, a Board meeting and all Directors have a duty to update the whole Board of any changes in circumstances. Glencore's Articles of Association and Jersey law allow for the Board to authorise potential conflicts and the potentially conflicted Director must abstain from any vote accordingly. During 2014, no abstention procedures for conflicts had to be activated.

## Board composition in 2014

The changes to the composition of the Board in 2014 have been described above.

Further details on these changes are set out in the Nomination Committee Report below.

## Board Committees

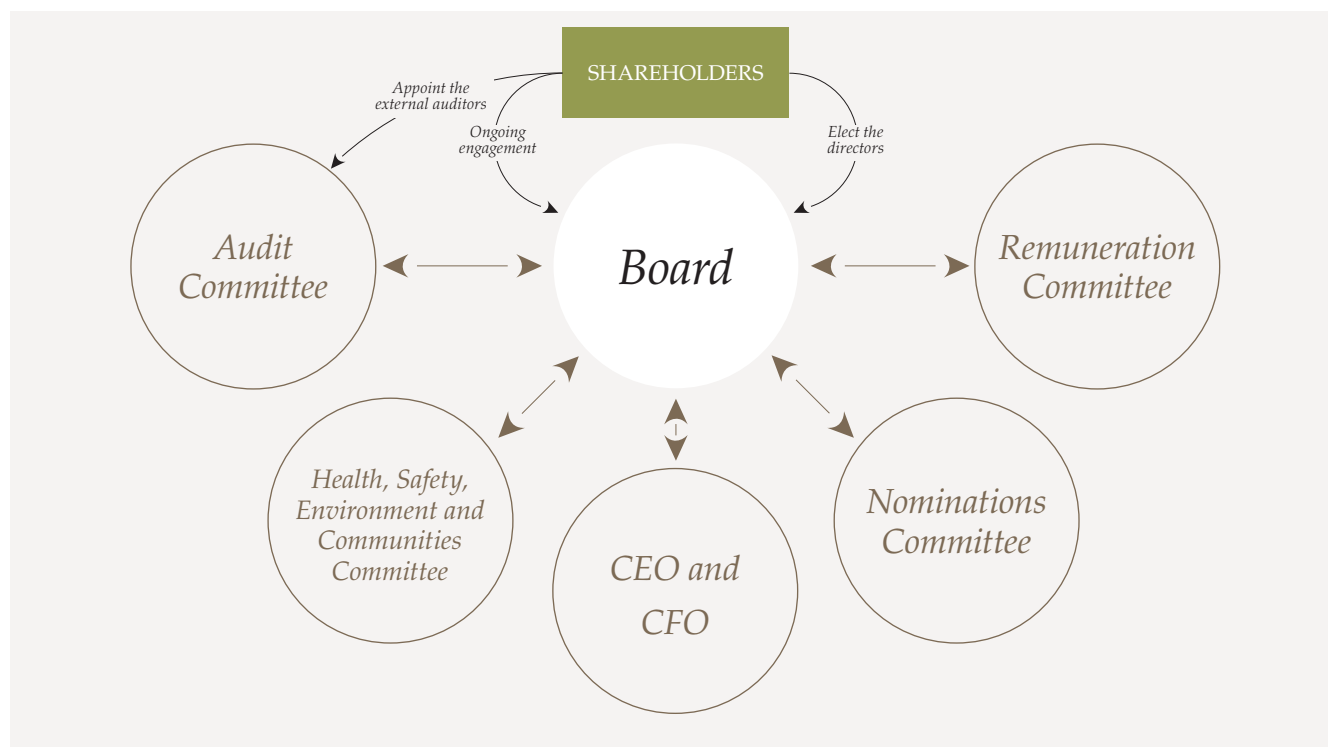
The following four Committees are in place to assist the Board in exercising its functions: Audit, Nomination, Remuneration and Health, Safety, Environmental and Communities (HSEC), as set out in the diagram on the next page. Committee meetings are held prior to Board meetings and at each scheduled Board meeting the chairman of each Committee leads a discussion concerning the Committee's activities since the previous Board meeting.

The Committees carry out a considerable amount of work. In particular:

- the Audit Committee provides challenge and enquiry on the very significant areas of financial and accounting oversight and risk management; and
- the HSEC Committee, whose membership includes both Chairman and CEO, continues to have the heaviest workload of all the committees due to its strong leadership of sustainability issues and the range of matters which it considers. Its work on driving improvements in safety performance is a particular focus.

A report for 2014 from each Committee chairman is set out later in this Corporate Governance Report.

## Corporate governance report



Each Committee reports to, and has its terms of reference approved by, the Board and the minutes of the Committee meetings are circulated to the Board. Each Committee reviewed its terms of reference during the year and as a result revisions were made to the HSEC Committee's terms of reference to ensure they continue to conform to best practice.

All Committees' terms of reference are available at [www.glencore.com/who-we-are/corporate-governance/board-committees/](http://www.glencore.com/who-we-are/corporate-governance/board-committees/)

### Board meetings

The Board has approved a formal schedule which sets out those matters which are reserved for its decision-making alone such as strategy, the annual budget and material acquisitions and disposals.

The Board held five scheduled meetings in person during the year, all of which were held at the Company's headquarters in Baar, Switzerland. In addition, the Board conducted two scheduled telephone meetings and further ad hoc telephone Board meetings to address important items of business which had arisen.

The Board and its Committees have standing agenda items to cover their proposed business at their scheduled meetings. The Chairman seeks to ensure that the very significant work of the Committees feeds into, and benefits as to feedback from, the full Board. The Board and Committee meetings also benefit from presentations by senior executives and some technical and investor relations updates. Presentations from the business and senior management allow Directors to enhance their understanding of the business and the implementation of strategy, in turn contributing to a more effective Board. A summary of the Board's main activities during 2014 is set out on the next page.

The Chairman holds meetings with the Non-Executive Directors without the Executive Director present, and at least once a year the Non-Executive Directors meet without the Chairman present.

## Work at Board Meetings

The main debates and actions carried out at the meetings of the Board during 2014 are summarised below.

At each main meeting the following standing matters are considered:

- Consideration of any new conflicts of interest;
- Review of minutes of previous meetings, including actions from previous meetings; and
- Reports/updates from the CEO, CFO, Head of Strategy and Investor Relations and Head of Communications. These reports include consideration of strategic matters including possible asset expansions, acquisitions, disposals, joint ventures and debt programmes.

In addition, regular updates are provided by the Company Secretary on governance, Board processes and other company secretarial matters.

## Board activities completed during 2014

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>First scheduled telephone meeting</b> <ul style="list-style-type: none"> <li>• Review and approval of 2013 Production Report</li> <li>• Results/business update</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Second short notice meeting (held by conference call)</b> <ul style="list-style-type: none"> <li>• Approved the appointment of Dr Hayward as permanent Chairman</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>• Considered and approved share buy-back programme</li> <li>• Considered an update on Board composition</li> <li>• Received a strategic review of the coal market from the Head of Coal</li> <li>• Report from the HSEC Committee Chairman</li> <li>• Considered outcomes from multiple shareholder meetings on governance and sustainability issues</li> </ul>                                                                                |
| <b>First scheduled meeting</b> <ul style="list-style-type: none"> <li>• Annual Results, including review and approval, where appropriate, of: <ul style="list-style-type: none"> <li>– report from the Audit Committee Chairman</li> <li>– considered principal risks and mitigation to be disclosed</li> <li>– report on going concern</li> <li>– final distribution recommendation</li> <li>– full year results announcement for the year ended 31 December 2013</li> <li>– 2013 Annual Report draft</li> <li>– AGM resolutions</li> <li>– management representation letter</li> </ul> </li> <li>• Report from the Nomination Committee Chairman and discussion on selection processes for chairman and a new director</li> <li>• Report from the Remuneration Committee Chairman</li> <li>• Report from the HSEC Committee Chairman, in particular discussion on health and safety improvements</li> <li>• Review of procedure for Board and committees evaluation</li> <li>• review and agreement on outcomes of 2013 Board evaluation</li> <li>• Reviewed updated Board governance documents and key policies</li> </ul> | <b>Second scheduled meeting</b> <ul style="list-style-type: none"> <li>• Briefing on the business to be conducted at the AGM (and after, of the other issues raised)</li> <li>• Considered and approved the Q1 Interim Management Statement and Production Report</li> <li>• Strategic discussions regarding the Lonmin stake</li> <li>• Indicative consideration of early stage strategic opportunity</li> <li>• Engagement with NGOs</li> <li>• Catastrophic event management preparedness</li> <li>• Appointment of Peter Grauer as Senior Independent Director</li> </ul> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>Third short notice meeting (held by conference call)</b> <ul style="list-style-type: none"> <li>• Business update</li> <li>• Approved the appointment of Patrice Merrin as an independent Non-Executive Director</li> </ul>                                                                                                                                                                                                                                                                                                                                                | <b>Fourth short notice meeting (held by conference call)</b> <ul style="list-style-type: none"> <li>• Business update</li> <li>• Review of Board correspondence</li> </ul>                                                                                                                                                                                                                                                                                                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>Second scheduled telephone meeting</b> <ul style="list-style-type: none"> <li>• Results/business update</li> <li>• Review and approval of H1 2014 Production Report</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                             | <b>Fourth scheduled meeting</b> <ul style="list-style-type: none"> <li>• Considered and approved the Q3 Interim Management Statement and Production Report</li> <li>• Report from the Audit Committee Chairman</li> <li>• Report from the HSEC Committee Chairman</li> <li>• Received a review of the compliance function from senior members of compliance team and external advisers</li> <li>• Received a strategic review of the copper market from the Head of Copper</li> </ul> |
| <b>First short notice meeting (held by conference call)</b> <ul style="list-style-type: none"> <li>• Results/business update</li> <li>• Approved the sale of Las Bambas (included briefing from the Head of Copper)</li> <li>• Approved the acquisition of Caracal (included briefing from the Head of Oil)</li> <li>• Approved the final form of AGM Notice</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>Third scheduled meeting</b> <ul style="list-style-type: none"> <li>• Half year results, including review and approval, where appropriate, of: <ul style="list-style-type: none"> <li>– report from the Audit Committee Chairman</li> <li>– considered principal risks and mitigation to be disclosed</li> <li>– report on going concern</li> <li>– interim distribution</li> <li>– half year results announcement</li> <li>– management representation letter</li> </ul> </li> </ul>                                                                                       | <b>Fifth scheduled meeting</b> <ul style="list-style-type: none"> <li>• Considered and approved the 2015 budget including input from some commodity heads</li> <li>• Report from the HSEC Committee Chairman</li> <li>• Report from the Audit Committee Chairman</li> <li>• Report from the Remuneration Committee Chairman</li> </ul>                                                                                                                                                |

## Corporate governance report

Attendance during the year for all scheduled Board and Board Committee meetings is set out in the table below:

|                              | Board of 5 | Audit of 4 | Remuneration of 2 | Nomination of 2 | HSEC of 5 |
|------------------------------|------------|------------|-------------------|-----------------|-----------|
| Ivan Glasenberg              | 5          |            |                   |                 | 5         |
| Anthony Hayward <sup>1</sup> | 5          |            |                   | 1               | 5         |
| William Macaulay             | 5          | 4          | 2                 |                 |           |
| Leonhard Fischer             | 5          | 4          | 2                 | 2               |           |
| Peter Coates                 | 5          |            |                   |                 | 5         |
| John Mack                    | 5          |            | 2                 | 2               |           |
| Peter Grauer                 | 5          | 4          |                   | 2               |           |
| Patrice Merrin <sup>2</sup>  | 3          |            |                   |                 | 3         |

<sup>1</sup> Stepped down from Nomination Committee after 1st scheduled meeting.

<sup>2</sup> Attended all meetings since appointment on 26 June 2014.

In addition, the Board held two scheduled and four unscheduled meetings by telephone as itemised in the Board activities table. All Directors attended the scheduled calls and attendance on the unscheduled calls (all of which were called on short notice) was almost complete.

### Appointment and re-election of Directors

All Directors will be offering themselves for re-election at the 2015 AGM.

All of the Directors have service agreements or letters of appointment and the details of their terms are set out in the Directors' Remuneration Report. No other contract with the Company or any subsidiary undertaking of the Company in which any Director was materially interested existed during or at the end of the financial year.

### Information, management meetings, site visits and professional development

It is considered of great importance that the Non-Executive Directors (1) attain a good knowledge of the Company and its business and (2) allocate sufficient time to Glencore to discharge their responsibilities effectively. The Board calendar is planned to ensure that Directors are briefed on a wide range of topics. Directors are also given the opportunity to visit Group operations and discuss aspects of the business with employees, and regularly meet the heads of the Group's main departments and other senior executives. As well as internal briefings, Directors attend appropriate external seminars and briefings.

Normally meetings with heads of commodities and other senior Group functions take place alongside scheduled Board meetings. In addition, in order to better familiarise themselves with the industrial activities, regular site visits take place.

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring the Board procedures are complied with, and have access to independent and professional advice at the Company's expense, where they judge this to be necessary to discharge their responsibilities as Directors.

### Director induction process

New Directors receive a full, formal and tailored induction on joining the Board, including meetings with senior management. The induction programme aims to build:

- an in-depth understanding of Glencore, its business and the markets in which it operates;
- a link with Glencore employees, particularly the senior management; and
- a clear appreciation of the Company's risks.

The induction process for Patrice Merrin in 2014 involved:

- prior circulation of key corporate documents including latest copies of financial information, Articles of Association, prospectuses and recent Board materials;
- a presentation of the role and responsibilities of a UK listed company director including the responsibilities arising from Glencore's secondary listings. Information regarding the Company's Code of Conduct and Share Dealing Code was also presented;
- presentations from business heads introducing their commodities, detailing financials, the markets in which they operate in and the risks present;
- presentations from material corporate functions including compliance, sustainability, finance, internal audit and discussion on current business planning and strategy led by the CEO;
- an introduction to the HSEC Committee including being provided with terms of reference, information on composition and minutes and other related papers from recent meetings; and
- site and office visits.

### Board performance evaluation

We have reviewed the interests declared by the Directors which could conflict with those of the Company and we are satisfied that the Board's powers to authorise potential conflicts is operating effectively.

Since the composition of the Board has changed significantly since the Company's IPO in May 2011, an external evaluation within the Code's three year timeframe was considered to be premature. An external evaluation will however, be carried out in 2015.

Additionally an internal evaluation was carried out during 2014, the results of which raised no material issues. This has been augmented by regular discussions which take place as to the efficiency and effectiveness of the Board. Issues which have been considered and acted upon include: frequency and content of business presentations (they now take place at most Board meetings); visits to assets by Non-Executive Directors (more are now taking place); size of the Board (current size and composition is considered to work effectively); attendance at committees of non-member directors (this is now occurring more regularly); and more discussion of very early stage potential opportunities (this is now occurring).

### Remuneration

Remuneration is covered in the Directors' Remuneration report which follows this section. It includes a description of the work of the Remuneration Committee.

### Accountability and audit

#### Financial reporting

The Group has in place a comprehensive financial review cycle, which includes a detailed annual planning/budgeting process where business units prepare budgets for overall consolidation and approval by the Board. The Group uses a large number of performance indicators to measure both operational and financial activity in the business. Depending on the measure, these are reported and reviewed on a daily, weekly or monthly basis. In addition, management in the business receive weekly and monthly reports of indicators which are the basis of regular operational meetings, where corrective action is taken if necessary. At a Group level, a well-developed management accounts pack, including income statement, balance sheet, cash flow statement as well as key ratios is prepared and reviewed monthly by management. As part of the monthly reporting process, a reforecast of the current year projections is performed. To ensure consistency of reporting, the Group has a global consolidation system as well as a common accounting policies and procedures manual. Management monitors the publication of new reporting standards and work closely with our external auditors in evaluating their impact, if any.

#### Risk Management and Internal Control

The Board has applied Principle C.2 of the Code by establishing a continuous process for identifying, evaluating and managing the risks that are considered significant by the Group in accordance with the revised Turnbull Guidance on Internal Control published by the Financial Reporting Council. This process has been in place for the period under review and up to the date of approval of the Annual Report and financial statements. The process is designed to manage and mitigate rather than eliminate risk, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Directors confirm that they have reviewed the effectiveness of the risk management and internal control systems. This review excludes associates of the Group as Glencore does not have the ability to dictate or modify the internal controls of these entities. This report describes how the effectiveness of the Group's structure of internal controls including financial, operational and compliance controls and risk management systems is reviewed.

## Corporate governance report

### Approach to risk management

Effective risk management is crucial in helping the Group achieve its objectives of preserving its overall financial strength for the benefit of all shareholders and other stakeholders and safeguarding its ability to continue as a going concern while generating sustainable long-term profitability. Spanning the organisational structure, Glencore's disciplined approach to risk management and control originates with strategic responsibility in the hands of the Board, which also retains operational authority on matters exceeding agreed thresholds of materiality. The Board retains final authority for assessing and approving the Group's overall risk appetite and sets overall limits which are subject to review annually. Through delegation to the Audit Committee for oversight and to senior management for day-to-day operational issues, an effective risk management governance apparatus has been established for the Group. The Board's risk management processes for 2015 have been amended to reflect the new provisions introduced by the revised Code which was published in October 2014.

The Audit Committee retains responsibility for reviewing the overall effectiveness of Glencore's risk management approach and systems.

### Industrial asset risk management

#### *Business risk owners*

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

The management teams at each industrial operation are responsible for implementing a risk management process that identifies, assesses and manages risk.

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

Any significant risks are reported to Management and the Audit Committee. A Corporate Risk Management Framework is implemented on a Group-wide basis to ensure consistency in the assessment and reporting of risks.

#### *Management engagement*

The Company's senior management reviews the major risks facing the Group and decides if the level of risk is acceptable or whether further steps need to be taken to mitigate these risks. Together, central and business management set the level of risk appetite by ensuring that there is an appropriate balance between the level of risk assumed and the expected return.

#### *Audit Committee*

The Audit Committee is responsible for reviewing the risk management system and internal controls.

Mandated by the Board, the Audit Committee (or HSEC Committee in some instances) is responsible for ensuring that the significant risks identified are properly managed.

#### *Group functions*

Group Functions (Risk Management, Compliance, Legal and Sustainable Development), through their respective expertise, support the Business Risk Owners and senior management in regard to mitigating risk across the Group.

#### *Internal Audit*

Internal Audit, as an independent assurance provider, reviews the risk management process and internal controls established by the management team.

A risk-based audit approach is applied in order to focus on high risk areas during the audit process. It involves discussions with management on the risks identified in the business risk registers, emerging risks, operational changes, new investments and capital projects.

The key results from this process are reported to the Audit Committee for their review.



## Marketing risk management

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

Glencore has a disciplined and conservative approach to Marketing Risk (MR) management supported by its flat organisational structure. Glencore continues to adopt and implement policies which are intended to mitigate and manage commodity price, credit and other related risks.

Glencore's MR is managed at desk, business level and centrally. Initial responsibility for risk management is provided by the businesses in accordance with and complementing their commercial decision making. A support, challenge and verification role is provided by the central MR function headed by the Chief Risk Officer (CRO) via its additional daily risk reporting and analysis which is split by market and credit risk.

The CEO, as the central figure of commercial leadership and control, drives functional risk management policy, supported by the CFO and CRO, with data and reporting from the central risk team and the other key functional units. In turn the CEO reports to, and seeks authority limits from the Board, with the main oversight role being performed by the Audit Committee which receives regular reports from the CRO at its meetings. It also approves (subject to Board confirmation) the Group-wide risk profile, and any exceptions to agreed positional thresholds.

At the heart of the risk management regime is the process of challenge that takes place between the CEO, the CRO and the business heads which sets risk appetite in accordance with Group requirements and market conditions for each commodity. The objective is to ensure that an appropriate balance is maintained between the levels of risk assumed and expected return, which relies on the commodity-specific expert knowledge provided by business heads. This is then subject to challenge from the CEO based on his overall Group knowledge and experience. This process is designed to manage risk effectively while facilitating the fast, commercial decision making which is required in a dynamic commodity marketing company.

Historically, the pre-2011 IPO quasi-partnership structure provided a strong alignment of personal financial interest of key staff with the performance of the Group. Although these ownership interests are now diluted somewhat or, in the case of senior marketing figures who have been promoted since the IPO, far less applicable, there remains a strong culture and tradition of managerial/senior marketers and shareholder alignment. Maintaining these cultural benefits, and supplementing them with more prescriptive limits where necessary, remains a key aim going forward

as over time senior employee shareholders leave or reduce their equity participation.

Another important consideration of the MR team is the challenge of dealing with the impact of large transactional flows across many locations. The function seeks to ensure effective supervision by its timely and comprehensive transaction recording, ongoing monitoring of the transactions and resultant exposures, providing all-encompassing positional reporting, and continually assessing universal counterparty credit exposure.

## Key focus points

### *Market Risk limits and reporting*

The MR team provides a wide array of daily/weekly reporting. A daily risk report showing Group Value at Risk (VaR) as shown on the next page and various other stress tests and analyses are distributed to the CEO, CFO and CRO. Business risk summaries showing positional exposure and other relevant metrics, together with potential margin call requirements, are also circulated daily. The MR function works to enhance its stress and scenario testing as well as enhancing measures to capture risk exposure within the specific areas of the business, e.g. within metals, concentrate treatment and refining charges are analysed.

A recent example of upgrading of reporting is the Agricultural business for which the MR team has considerably improved the granularity of reporting since the integration of Viterro, through the adoption of new systems solutions. The existing VaR sub-limits system has been extended to reflect the greater geographic spread of commercial responsibility within the organisation and now covers nine constituent units.

### *Credit Risk Management*

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

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

## Corporate governance report

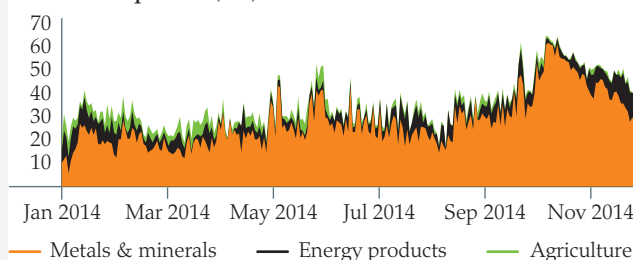
### Value at Risk

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

Last year, the Board approved the Audit Committee's recommendation of a one day, 95% VaR limit of \$100 million for 2014, consistent with the previous year. This limit is subject to review and approval on an annual basis. The purpose of this Group limit is to assist senior management in controlling the Group's overall risk profile, within this tolerance threshold. During 2014 Glencore's average daily VaR was approximately \$36 million, with an observed high of \$65 million and a low of \$16 million.

As the below chart shows, in 2014 there were no breaches of the \$100 million Group VaR limit:

VaR development (\$m)



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

The Board has again approved the Audit Committee's recommendation of a one day, 95% VaR limit of \$100 million for 2015.

### Systems and reporting

Whilst no single trading system that the Group can identify appears able to manage the broad range of requirements that the different business profiles of the Group would place on it, interfacing with multiple source systems and transferring data from one to another create enhanced risk to data integrity, granularity, consistency and timeliness.

### Dealing with obligations arising from regulatory changes

In 2014 Glencore adapted, as applicable, to regulatory creep including the Dodd-Frank Act and European Market Infrastructure Regulation (EMIR) such as Risk Mitigation (trade confirmation timeframes, portfolio reconciliation, portfolio compression and dispute resolution) and Trade Reporting.

Upcoming new regulatory compliance proposals or obligations include:

- further obligations under EMIR stretching to 2018;
- a new Swiss regulatory framework for derivatives and MIFID II, the overarching European Derivatives Regulation complementing EMIR;
- the Market Abuse Regulation (MAR); and
- Regulation on Energy Market Integrity and Transparency (REMIT).

The impacts of these and other new regulations to commodity market participants is potentially considerable. For Glencore, this is ostensibly by imposing an additional compliance burden with the associated costs, rather than an expectation of practical commercial hindrances. Glencore's compliance, finance, IT and risk teams continue to work together in monitoring, and advising management on these developments.

## Sustainable development risk management

These risk management processes are operated at asset level subject to co-ordination and guidance from the central sustainability team and subject to the leadership and oversight of the HSEC Committee.

A new assurance process for these risks has been introduced in 2014.

Further information is provided in the report from the HSEC Committee below and will be published in the Group's Sustainability Report for 2014.

## Internal Audit

Glencore has a dedicated Internal Audit function reporting directly to the Audit Committee. The role of Internal Audit is to evaluate and improve the effectiveness of risk management, control, and business governance processes.

Internal Audit reviews areas of potential risk within the business and suggests control solutions to mitigate exposures identified. The Audit Committee considers and approves the risk-based audit plan, areas of audit focus and resources and is regularly updated on audits performed and relevant findings, as well as the progress on implementing the actions arising. In particular, the Committee considered Internal Audit's high priority issues (with a particular focus on procurement and systems), its KPIs and the effectiveness and timeliness of management's responses to its findings.

The Audit Committee reviewed the effectiveness of the Internal Audit function. As part of this work, it considered the function's management framework and its improvement programme.

## Relationships with shareholders

The Board aims to present a balanced and clear view of the Group in communications with shareholders and believes that being transparent in describing how we see the market and the prospects for the business as extremely important.

We communicate with shareholders in a number of different ways. The formal reporting of our full and half year results and interim management statements is achieved through a combination of releases, presentations, group calls and one to one meetings. The full and half year reporting is followed by investor meetings in a variety of locations where we have institutional shareholders. We also regularly meet with existing and prospective shareholders to update or to introduce them to the Company and periodically arrange visits to parts of the business to give analysts and major shareholders a better understanding of how we manage our operations. These visits and meetings are principally undertaken by the CEO, CFO and Head of Investor Relations and increasingly, an array of business heads. In addition, many major shareholders have meetings with the Chairman and appropriate senior personnel of the Group including other Non-Executive Directors, the Company Secretary

and Head of Sustainability. In addition, Peter Grauer, the Senior Independent Director, is available to meet shareholders if they wish to raise issues separately from these arrangements.

In particular in 2014 the following were undertaken:

1. the Senior Independent Director met with a number of institutional shareholders, principally concerning the process of the appointment of the Chairman;
2. a presentation and investor road show was held in June to provide a detailed account of the Company's sustainability policies and plans. Led by the chairman of the HSEC committee, presentations were also given by the Chairman and the CEO;
3. the Chairman and Company Secretary met with a large number of institutional shareholders in July, following Dr Hayward's appointment as permanent Chairman; and
4. an investor day, via a live webcast, was held in December to provide a briefing on the Company's strategy.

The Board receives regular updates from the Company's Head of Investor Relations on the views of shareholders through a briefing, which is a standing agenda item for all Board meetings, which is supplemented by input from the Chairman, CEO, CFO and, if applicable, the Senior Independent Director.

## Compliance with the Code

As a London premium listed entity we seek to ensure full compliance with the Code. The Board believes that the Company has, throughout the year, complied with all relevant provisions contained in the Code except with regard to the following:

1. the Company has not implemented an external board evaluation, but as previously explained, this will take place during 2015; and
2. the Company did not have a Senior Independent Director from 1 January 2014 until 20 May 2014 when Peter Grauer was appointed. The appointment was not made earlier since it was not considered appropriate to replace Dr Hayward in this position until the appointment of the Chairman was completed.

## AGM

The Company's next AGM is due to be held in Zug on 7 May 2015. Full details of the meeting will be set out in the Notice of Meeting which will be sent to shareholders in April. Shareholders unable to attend are encouraged to vote by proxy as detailed in the Notice of Meeting. All documents relating to the AGM will be available on the Company's website at: [www.glencore.com](http://www.glencore.com).

# Corporate governance report

## Audit Committee report

### Chairman

Leonhard Fischer

### Other members

Peter Grauer

William Macaulay

Mr Fischer, Mr Macaulay and Mr Grauer served throughout the year. All are considered to be Independent Non-Executive Directors and deemed to be financially literate by virtue of their business experience. Additionally all Committee members are considered by the Board to have recent and relevant financial experience and have competence in accounting. The Committee held four scheduled meetings during the year which all the Committee members attended. John Burton is Secretary to the Committee.

### Role and responsibilities

The primary function of the Audit Committee is to assist the Board in fulfilling its responsibilities with regard to financial reporting, external and internal audit, risk management and controls. This includes:

- monitoring and reviewing the Group's financial and accounting policies and practices;
- monitoring the integrity of the annual and half yearly financial statements and any formal announcements relating to the Group's financial performance and reviewing significant financial reporting judgements relating to them;
- monitoring matters that influence or could distort the presentation of accounts and key figures;
- overseeing the Group's procedures for ensuring that the Annual Report and financial statements, taken as a whole, are fair, balanced and understandable;
- considering the scope of the annual external audit and the work undertaken by external auditors;
- considering the reappointment of the external auditors;
- making recommendations to the Board for a resolution to be put to the shareholders for their approval on the appointment of the external auditors and to authorise the Board to fix the remuneration and terms of engagement of the external auditors;
- reviewing and monitoring the independence of the external auditor and the provision of additional services by it;
- reviewing Glencore's internal financial, operational and compliance controls and internal controls and risk management systems;
- monitoring and reviewing the effectiveness of Glencore's internal audit function; and
- overseeing the Group's procedures for detecting fraud and handling allegations from whistleblowers.

### Governance processes

The Audit Committee usually invites the CEO, CFO, Group Financial Controller, CRO and Head of Internal Audit and the lead partner from the external auditors to attend each meeting. Other members of management may attend as and when required. The Committee also holds private sessions with the external auditors and the Head of Internal Audit without members of management being present. The Committee has adopted guidelines allowing non-audit services to be contracted with the external auditors on the basis as set out below.

### Main activities

During the year, the Committee's principal work included the following:

- reviewing and agreeing the preparation and scope of the year-end reporting process;
- reviewing and agreeing the global audit plan, scope and fees of the audit work to be undertaken by the external auditors;
- reviewing and evaluating the Group's procedures for ensuring that the Annual Report and accounts, taken as a whole, are fair, balanced and understandable;
- reviewing and discussing the full year (audited), and half-year (unaudited), financial statements with management and the external auditors;
- discussing various material accounting issues with management and the external auditors, particularly those involving key judgements and estimates primarily as outlined in further detail below;
- considering applicable regulatory changes to reporting obligations;
- evaluating the effectiveness of the external auditors;
- reviewing the operation of the Company's policy for the provision of non-audit services by the external auditors;
- considering and approving two significant assignments with the external auditors in respect of non-audit services;
- considering the output from the Group-wide processes used to identify, evaluate and mitigate risks, including credit and performance risks across the industrial and marketing activities;
- reviewing the Internal Audit Department's annual audit plan and reviewing the effectiveness of the Internal Audit function;

- monitoring and reviewing the effectiveness of Glencore's internal controls; and
- reviewing the Group's legal compliance programme, including material notifications under the Group's Raising Concerns whistleblowing programme.

## Risk analysis

The Committee receives reports and presentations at its meetings on our management of marketing and industrial risks.

## Significant issues related to the financial statements

The Committee assesses whether suitable accounting policies have been adopted and whether management have made appropriate estimates and judgements. They also review external auditors' reports outlining audit work performed and conclusions reached in respect of key judgements, as well as identifying any issues in respect of these.

During the year, the Committee has placed considerable focus on these key matters:

### 1 Acquisitions and disposals

Accounting for acquisitions involves significant management judgements and estimates. The acquisition of Xstrata on 2 May 2013 was a large scale and complex transaction, materially impacting the financial statements. Management had a period of 12 months from the completion of the acquisition to finalise the fair value allocation of the acquired assets and liabilities to reflect new information obtained about the facts and circumstances that existed at the acquisition date. Therefore in 2014 the Committee completed its review and analysis of the process undertaken by management to determine these finalised fair values, with particular attention being focused on the valuation of Xstrata's material development projects and operating assets.

The accounting treatment of the Las Bambas disposal and Caracal Energy and Clermont acquisitions were also analysed.

### 2 Impairment

The Committee considered whether the carrying value of goodwill, industrial assets, physical trade positions and material loans and advances may be impaired as a result of the volatile market environment. We reviewed management's report outlining the basis for the key assumptions used in calculating the recoverable value for the Group's assets. Future performance assumptions used are derived from the Board approved business plan. As part of the process for approval of this plan, the Committee considered the feasibility of strategic plans underpinning future performance expectations, and whether they are achievable. The Committee discussed with the external

auditors their work in respect of impairment review, which was a key area of audit focus for them particularly given decreases in certain commodity prices.

### 3 Marketing exposures

The Committee monitors the risk management policies and processes in place in respect of the Group's marketing operations, as explained in more detail under Risk management and internal control above. As part of this assessment, we reviewed management's VaR reports and held regular discussions with the CRO to understand the nature of open positions, with a focus on those that are deemed to be higher risk. Our external auditors have reported to us on the work they have performed in respect of accounting for financial instruments, marketing inventories and the associated complexities, including determination of fair value measurements and classification of contracts relating to marketing activities.

### 4 Comprehensive review of financial reporting disclosures

A considerable review of the disclosures to the financial statements took place. No material new accounting or reporting issues arose from this process.

### 5 Credit and performance risk

The Group's global operations expose it to credit and performance risk, which result in the requirement to make judgements around recoverability of receivables, loans, trade advances and contractual non-performance. As part of an ongoing review, the Committee has satisfied itself that for material continuing exposures, processes followed to evaluate recoverability of such exposures are sufficiently robust and that amounts recorded in the financial statements are reasonable.

### 6 Taxation

Due to its global reach, including operating in higher risk, less developed jurisdictions, the Group is subject to enhanced complexity and uncertainty in accounting for income taxes, particularly the evaluation of tax exposures and recoverability of deferred tax. Assets and exposures arising from acquisitions have been a particular area of focus, especially those relating to the acquisition of Xstrata. The Committee has had regular discussions with management to understand the potential tax exposures globally and the key judgements taken in determining the positions recorded, including status of communications with local tax authorities. Considerable progress has been made in reducing the number of major outstanding issues.

The Committee is satisfied that the judgments made by management are reasonable and that financial statement disclosures included in the accounts are appropriate.

## Corporate governance report

### Internal Audit

The Committee monitored the internal audit function as described under Internal Audit on page 93.

### External audit

The Committee has evaluated the effectiveness of the external auditor and as part of this assessment, has considered:

- the steps taken by the auditors to ensure their objectivity and independence;
- the deep knowledge of the Company which enhances Deloitte's ability to perform as external auditor;
- competence when handling key accounting and audit judgements and ability to communicate these to the Committee and management;
- the extent of the auditor's resources and technical capability to deliver a robust and timely audit including consideration of the qualifications and expertise of the team;
- auditor's performance and progress against the agreed audit plan, including communication of changes to the plan and identified risks; and
- the proven stability that is gained from the continued engagement of Deloitte as external auditor.

The Committee assesses the quality and effectiveness of the external audit process on an annual basis in conjunction with the senior management team. Key areas of focus include consideration of the quality and robustness of the audit, identification of and response to areas of risk and the experience and expertise of the audit team, including the lead audit partner.

### Provision of non-audit services by the external auditor

The Group's policy on non-audit services provided by the external auditor is designed to ensure the external auditor independence and objectivity is safeguarded. A specified wide range of services may not be provided as they have the potential to impair the external auditor's independence (Excluded Services). The Audit Committee's approval is required for (1) any Excluded Service (2) any other engagement where either (i) the fee is contingent, (ii) the fee may exceed \$500,000, or (iii) where the fees for all non-audit work may exceed \$15 million. Subject to these restrictions and other safeguards in the policy, the external auditors may be permitted to provide certain non-audit services when it is concluded that they are the most appropriate supplier due to efficiency and status as a leading firm for

those specific services. For 2014, fees paid to the external auditors were \$37 million, the total non-audit fees of which were \$8 million; further details are contained in note 29 to the financial statements.

### Reappointment of the external auditor

Deloitte has been the auditor of the listed entity since its incorporation and IPO in 2011. The most recent lead audit engagement partner rotation occurred prior to the financial year ended 31 December 2013 when Mr Matthew Sheerin replaced Mr David Quinlin as the lead audit engagement partner.

The Board and the Audit Committee acknowledge the importance of, and greater investor scrutiny in respect of, a tendering policy for the appointment of external auditors. The Board and the Audit Committee, in particular, also note the current requirements of the Code, the recently issued final Order on mandatory audit tendering from the UK's Competition and Markets Authority, the European Union regulations regarding reform of the audit market and the requirement for mandatory audit rotation and the transitional arrangements provided by these legislative changes.

Taking into account the recent major changes to the Group since its IPO and acquisition of Xstrata, the recent partner rotation and the transitional arrangements, the Audit Committee concluded that it was appropriate not to tender at the current time.

The Committee has determined that it is satisfied that the work of Deloitte LLP is effective, the scope is appropriate and significant judgements have been challenged robustly by the lead partner and team. Additionally there are no contractual restrictions on the Company's choice of external auditor. The Committee has therefore recommended to the Board that a proposal be put to shareholders at the 2015 AGM for the reappointment of Deloitte LLP as external auditor.

*Leonhard Fischer*

Chairman of the Audit Committee

17 March 2015

## Nomination Committee

### Chairman

Peter Grauer

### Other members

John Mack

Leonhard Fischer

On 13 February 2014 Anthony Hayward resigned from the Nomination Committee and Peter Grauer was appointed as Chairman of the Committee and Leonhard Fischer was appointed to the Committee. John Mack served on the Committee throughout the year. The Committee is fully comprised of Independent Non-Executive Directors. The Committee met four times during the year and its members on the relevant date attended all of the meetings.

### Roles and responsibilities

The main responsibilities of the Nomination Committee are to assist the Board with succession planning and with the selection process for the appointment of new Directors, both Executive and Non-Executive, including the Chairman. This involves:

- evaluating the balance and skills, knowledge and experience of the Board and identifying the capabilities required for a particular appointment;
- overseeing the search process; and
- evaluating the need for Board refreshment and succession planning generally.

### Main activities

The Committee focused on four main tasks during this year. The first was the search for a Non-Executive Chairman. Following an extensive search process, on 8 May 2014 Dr Hayward was appointed as permanent Chairman. Dr Hayward was initially appointed to the Board in April 2011. He served as Senior Independent Director until May 2013 when he was appointed interim Chairman. In recommending his appointment to the Board, on an ongoing basis, the Committee considered the comparative qualities of other strong potential candidates. In finally recommending Dr Hayward, the Committee had regard to his effective leadership of the Board whilst acting as interim Chairman, his deep knowledge of the resources industry, and experience of the UK corporate governance requirements of a UK listed group.

Secondly, a search process for an additional Non-Executive Director was conducted and Patrice Merrin was appointed on 26 June 2014. In recommending her appointment to the Board, Ms Merrin's in-depth experience of operating across the resources sector and her strong record of Non-Executive Director appointments, including activist investor involvement and industry advisory board service, were considered.

Thirdly, prior to the notice of 2014 AGM being compiled, the Committee considered the performance of each Director. It concluded that each Director is effective in their role and continues to demonstrate the commitment required to remain on the Board. Accordingly, it recommended to the Board that re-election resolutions be put for each director at the 2014 AGM.

Fourthly, the Committee considered the composition of the Board following the above appointments. It was agreed that the Board benefited from the above two appointments and that the resulting Board of eight was currently satisfactory, subject to ongoing review.

It is part of the Committee's policy when making new Board appointments to consider the importance of diversity on the Board, including gender. This is considered in conjunction with experience specific to the business of the Company, the necessary qualifications required, whilst ensuring no disqualifying conflict of interest is present.

The decision to appoint Peter Grauer as Senior Independent Director was taken by the Board as a whole.

External consultancy Egon Zehnder was retained for both of the above search mandates.

*Peter Grauer*

Chairman of the Nomination Committee

17 March 2015

## Corporate governance report

### Health, Safety, Environment & Communities (HSEC) Committee

#### Chairman

Peter Coates

#### Other members

Ivan Glasenberg

Anthony Hayward

Patrice Merrin

Mr Coates, Dr Hayward and Mr Glasenberg served throughout the year. Ms Merrin joined the Committee at its third meeting of the year in August. The Committee met five times during the year and each Committee member attended all of the meetings which were held while being a member. Every meeting had a substantial agenda, reflecting the Committee's objective of providing leadership for the Group in seeking to achieve improved HSEC performance.

#### Role and responsibilities

The main responsibilities of the Committee are to:

- evaluate the effectiveness of policies and systems for identifying and managing environmental, health, safety and community risks;
- assess the policies and systems for ensuring compliance with environmental, health and safety regulatory requirements;
- assess performance with regard to the impact of HSEC related decisions and actions upon employees, communities and other third parties;
- receive reports concerning all fatalities and serious accidents and actions taken as a result of such incidents;
- evaluate and oversee the quality and integrity of any reporting to external stakeholders concerning HSEC matters; and
- review the results of any independent reviews of performance in regard to HSEC matters and strategies and action plans developed by management in response to issues raised.

#### Main activities

During the year, the Committee:

- oversaw a wholesale revamping of the Group's internal assurance programme for sustainability matters;
- reviewed the current corporate practice framework for the Group, approved ongoing changes and reviewed their implementation and practice;
- reviewed and oversaw the Group's Sustainability Report for 2013;
- undertook site visits;
- continued its most important objective of reducing fatalities. For this purpose it received a report on, reviewed and made recommendations in respect of, each fatality;
- continued the implementation of the SafeWork programme focussing on identification of fatal hazards and an appropriate safety culture. Employees at the Company's assets must understand the Glencore fatal hazard protocols and identify the fatal hazards from which they are most at risk;
- developed a new Crisis and Emergency Management Policy which includes the Company's new Crisis Management Plan;
- oversaw the introduction of new corporate HSEC policies;
- oversaw a project on catastrophic hazards;
- finalised the membership application process so the Company could become a member of the International Council on Mining and Metals (ICMM) and received a presentation from the ICMM on the benefits of membership;
- commissioned and considered a survey of safety and effectiveness of tailings dams across the Group;
- considered how the Group might engage more positively with NGOs on sustainability matters;
- invited and led an investor roadshow to inform and receive feedback on the Company's sustainable development strategy and approach to HSEC management; and
- considered a variety of other material HSEC issues such as resettlement programmes, incident reporting and emergency response preparedness.

*Peter Coates*

Chairman of the Health, Safety, Environment & Communities Committee

17 March 2015

# Directors' remuneration report

For the year ended 31 December 2014

## Statement by the Remuneration Committee Chairman

I am pleased to present a short report reflecting the Group's straightforward compensation arrangements for the year ended 31 December 2014.

Changes to the composition of the Board during 2014 are set out at the beginning of the first page of the Corporate governance report.

Ivan Glasenberg remains the Group CEO and the only Executive Director. His remuneration is unchanged with no increase in any element of remuneration. Although eligible to participate in an annual bonus plan and to receive long-term incentive (LTI) awards, he has again waived any entitlement to both for 2014 and 2015. As reported last year, from 1 January 2014, since the Company reports in US\$, his pay (along with the remuneration of all the other Directors) was re-denominated in US\$, with the 2013 pounds sterling amount converted at 1.56, being the average exchange rate for the preceding financial year.

Although, as a Jersey registered company headquartered in Switzerland, Glencore is not subject to the UK's remuneration reporting regime, we consider it to be broadly reflective of good practice and have prepared this report in compliance with it, where feasible to do so.

Over the following pages we have set out details of the implementation of our reward policy in 2014 including:

- the governance surrounding pay decisions, members of the Committee and advisers to the Committee in 2014; and
- details of what was paid to the Executive Director during the financial year ended 31 December 2014.

The Group's forward-looking Directors' Remuneration (DR) Policy, which was approved by shareholders at the 2014 AGM has not changed. The Committee has noted that guidance from regulatory and advisory bodies has differed as to whether the DR Policy should be repeated in an Annual Report where it is unchanged from the Policy previously published. The Committee has concluded that, as no changes are proposed, it received significant shareholder support and the overall report is more readable without the repetition, it has not been reproduced in this DR Report. However, a summary of the key points has been prepared and the full DR Policy is available both in last year's report and on our website at: [www.glencore.com/who-we-are/corporate-governance/governance-downloads](http://www.glencore.com/who-we-are/corporate-governance/governance-downloads).

Since (1) there has been no change to the DR Policy or practice and (2) the DR Report and the DR Policy were both approved at the 2014 AGM with a average votes in excess of 98%, no resolution will be put to shareholders by the Board on the DR Policy at the 2015 AGM. A resolution will be proposed to approve this DR Report.

We have again presented this Remuneration Report to reflect the 2013 changes in reporting requirements on remuneration matters for companies with a UK governance profile. The report also describes how the Board has complied with the provisions set out in the revised UK Corporate Governance Code relating to remuneration matters.

Our external auditors have reported on certain parts of the DR Report and confirmed that, in their opinion, those parts of the report have been properly prepared. Those sections of the report which have been subject to audit are clearly indicated.

We have sought to ensure that our DR Policy and its implementation are attractive to shareholders in reflecting good governance, complete simplicity and welcome restraint.

*John Mack*  
Remuneration Committee Chairman

17 March 2015

# Directors' remuneration report

For the year ended 31 December 2014

## Part A – Directors' Remuneration Policy

The DR Policy was approved by shareholders at the 2014 AGM and the Company continues its obligation to only make payments within the limits it allows. The Policy will be put to a shareholder vote the earlier of once every three years or when an amendment to the Policy is proposed. As the Policy is not being put forward for shareholder approval at the 2015 AGM, it has been omitted from the 2014 Annual Report however a summary is set out below and it is reproduced in full on our website at: [www.glencore.com/who-we-are/corporate-governance/governance-downloads](http://www.glencore.com/who-we-are/corporate-governance/governance-downloads).

### Summary of Directors' Remuneration Policy

#### General Policy for Executive Directors

- To facilitate the attraction, retention and motivation of Executive Directors and other senior executives of appropriately high calibre to implement the Group's strategy in alignment with the interests of shareholders
- One exceptional aspect of our CEO's remuneration is that, at his instigation and reflecting his status as a major shareholder, he waives participation in bonus or LTI arrangements, a policy which has continued into 2015

#### Base salary

- Provides market competitive fixed remuneration
- The Committee has not increased the salary level for any Executive Director since the Company's IPO in May 2011

#### Benefits

- To provide appropriate supporting non-monetary benefits
- Benefits received by Mr Glasenberg comprise salary loss (long-term sickness) and accident insurance/travel insurance with a limit of US\$20,000 p.a

#### Pension

- Provides basic retirement benefits which reflects local market practice
- Mr Glasenberg participates in the standard pension scheme for all Baar (Switzerland) -based employees with an annual cap on the cost of provision of retirement benefits of US\$150,000 p.a.

#### Annual Bonus Plan

- Supports delivery of short-term operational, financial and strategic goals
- The Committee has set a maximum annual bonus level of 200% of base salary p.a.
- The CEO has not participated in the Annual Bonus Plan since IPO.

#### Long-Term Incentives

- Glencore Performance Share Plan incentivises the creation of shareholder value over the longer-term
- No Executive Director has, to date, participated, although this will be kept under review to ensure it remains appropriate

#### Significant Personal Shareholdings

- Aligns the interests of executives and shareholders
- The Committee has set a formal shareholding requirement for Executive Directors of 300% of salary
- The CEO has a beneficial ownership of over 8% of the Company's issued share capital

#### Chairman and Non-Executive Director fees

- Reflects time commitment, experience, global nature and size of the Company
- Non-Executive Directors and the Senior Independent Director receive a base fee.
- Additional fees are paid for chairing or membership of a Board committee
- Chairman receives a single inclusive fee
- Non-Executive Directors are not eligible for any other remuneration or benefits of any nature
- No fees have been increased since the Company's IPO in May 2011 although all fees were converted from sterling into US dollar amounts for 2014 onwards using the average exchange rate for 2013.

**Directors' contractual terms**

All Directors' contracts and letters of appointment will be available for inspection on the terms to be specified in the Notice of 2015 AGM.

**Executive Director's contract**

The table below summarises the key features of the service contract for Mr Glasenberg who served as an Executive Director throughout 2014.

| Provision           | Service contract terms                                                                                                                                                                                                                         |
|---------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Notice period       | Twelve months' notice by either party                                                                                                                                                                                                          |
| Contract date       | 28 April 2011 (as amended on 30 October 2013)                                                                                                                                                                                                  |
| Expiry date         | Rolling service contract                                                                                                                                                                                                                       |
| Termination payment | No special arrangements or entitlements on termination. Mr Glasenberg's contract was amended on 30 October 2013 to clarify that any compensation would be limited to base salary only for any unexpired notice period (plus any accrued leave) |
| Change in control   | On a change of control of the Company, no provision for any enhanced payments, nor for any liquidated damages                                                                                                                                  |

**External appointments**

Mr Glasenberg held external appointments (being a directorship of a non-subsidiary company) during 2014. These are referred to at the end of his biographical summary on page 83. He assigns to the Group any compensation which he receives from any external board directorships. The appropriateness of these appointments is considered as part of the annual review of Directors' interests/potential conflicts.

**Non-Executive Directors' Letters of appointment and re-election**

All Non-Executive Directors have letters of appointment with the Company for an initial period of three years from their date of appointment, subject to reappointment at each AGM. The Company may terminate each appointment by immediate notice and there are no special arrangements or entitlements on termination except that the Chairman is entitled to three months' notice.

Annual fees for 2014 were paid in accordance with a Non-Executive Director's role and responsibilities as follows. These fees remain unchanged from the previous year:

| 2014                                      | 2014 fee in US\$ '000 |
|-------------------------------------------|-----------------------|
| <b>Directors</b>                          |                       |
| Chairman                                  | 1,056                 |
| Senior Independent Non-Executive Director | 170                   |
| Non-Executive Director                    | 124                   |
| <b>Remuneration Committee</b>             |                       |
| Chairman                                  | 44                    |
| Member                                    | 23                    |
| <b>Audit Committee</b>                    |                       |
| Chairman                                  | 55                    |
| Member                                    | 31                    |
| <b>Nomination Committee</b>               |                       |
| Chairman                                  | 36                    |
| Member                                    | 19                    |
| <b>HSEC Committee</b>                     |                       |
| Chairman                                  | 125                   |
| Member                                    | 19                    |

# Directors' remuneration report

For the year ended 31 December 2014

## Part B – Implementation Report

### Implementation Report – Unaudited Information

#### Remuneration Committee

##### *Membership and experience of the Remuneration Committee*

We believe that the members of the Committee provide a useful balance of abilities, experience and perspectives to provide the critical analysis required in carrying out the Committee's function. In particular:

- John Mack, the Chairman of the Committee has had a long career in investment bank management and therefore provides considerable experience of remuneration analysis and implementation;
- William Macaulay has had a long tenure in private equity which has involved exposure to remuneration issues many times and in a variety of situations; and
- Leonhard Fischer is a career banker who similarly has had considerable exposure to issues of pay and incentives.

All members of the Remuneration Committee are considered to be independent. Further details concerning independence of the Non-Executive Directors are contained on page 85 of the Annual Report.

##### *Role of the Remuneration Committee*

The terms of reference of the Committee set out its role. They are available on the Company's website at: [www.glencore.com/who-we-are/corporate-governance/board-committees](http://www.glencore.com/who-we-are/corporate-governance/board-committees).

Its principal responsibilities are, on behalf of the Board, to:

- Set the Company's executive remuneration policy (and review its ongoing relevance and appropriateness);
- Establish the remuneration packages for the Executive Director including the scope of pension benefits;
- Determine the remuneration package for the Chairman, in consultation with the Chief Executive;
- Have responsibility for overseeing schemes of performance related remuneration (including share incentive plans) for, and determine awards for, the Executive Director (as appropriate);
- Ensure that the contractual terms on termination for the Executive Director are fair and not excessive; and
- Monitor senior management remuneration.

The Committee considers corporate performance on HSEC and governance issues when setting remuneration for the Executive Director. The Committee seeks to ensure that the incentive structure for the Group's senior management does not raise HSEC or governance risks by inadvertently motivating irresponsible behaviour.

##### *Remuneration Committee activities in 2014*

The Committee met three times and considered, amongst other matters, the following:

- The remuneration policy applicable to the Executive Director;
- Senior management remuneration policy, including its level and structure;
- The form and structure of grants to employees under the Company's Deferred Bonus Plan and Performance Share Plan; and
- Considered and approved the DR Report.

##### *Attendance at Remuneration Committee Meetings*

The Chairman and CEO are usually invited to attend some or all of the proceedings of Remuneration Committee meetings. They do not participate in any decisions concerning their own remuneration.

##### *Advisers to the Remuneration Committee*

The Committee appointed and received independent remuneration advice during the year from its external adviser, FIT Remuneration Consultants LLP (FIT). FIT is a member of the Remuneration Consultants Group (the UK professional body for these consultants) and adheres to its code of conduct. FIT provided no other services to the Group and, accordingly, the Committee were satisfied that the advice provided by FIT was objective and independent. FIT's fees in respect of 2014 were £21,883 (\$36,052) (2013: £31,572 (US\$49,400)). FIT's fees were charged on the basis of the firm's standard terms of business for advice provided. In addition, the Committee receives advice from John Burton, the Company Secretary.

##### *Relative importance of remuneration spend*

The table below illustrates the change in total remuneration, dividends paid and net profit from 2013 to 2014.

|                        | 2014<br>US\$m | 2013<br>US\$m |
|------------------------|---------------|---------------|
| Dividends and buybacks | 3,039         | 2,075         |
| Net profit/(loss)      | 2,444         | (7,942)       |
| Total remuneration     | 6,011         | 5,012         |

The figures presented have been calculated on the following bases:

- **Dividends and buybacks** – dividends paid during the financial year plus the cost of shares bought back during the year.
- **Net profit** – our reported net profit in respect of the financial year. The Committee believes it is the most direct reflection of our financial performance.
- **Total remuneration** – represents total personnel costs as disclosed in note 23 to the Annual Report which includes salaries, wages, social security, other personnel costs and share based payments.

### Performance graph and table

The graph below shows the value to 31 December 2014, on a total shareholder return (TSR) basis, of £100 invested in Glencore plc on 24 May 2011 (IPO date) compared with the value of £100 invested in the FTSE 350 Mining Index.

The FTSE 350 Mining Index is considered to be an appropriate comparator for this purpose as it is an equity index consisting of companies listed in London in the same sector as Glencore.



The UK reporting regulations also require that a TSR performance graph is supported by a table summarising aspects of CEO remuneration, as shown below for the same period as the TSR performance graph:

|      |                 | Single figure of total remuneration <sup>1</sup><br>(US\$'000) | Annual variable element award rates against maximum opportunity <sup>2</sup> | Long-term incentive vesting rates against maximum opportunity <sup>2</sup> |
|------|-----------------|----------------------------------------------------------------|------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| 2014 | Ivan Glasenberg | 1,513                                                          | —                                                                            | —                                                                          |
| 2013 | Ivan Glasenberg | 1,509                                                          | —                                                                            | —                                                                          |
| 2012 | Ivan Glasenberg | 1,533                                                          | —                                                                            | —                                                                          |
| 2011 | Ivan Glasenberg | 1,483                                                          | —                                                                            | —                                                                          |

<sup>1</sup> The value of benefits and pension provision in the single figure vary as a result of the application of exchange rates although in the relevant local currency Mr Glasenberg's package has not altered since the Company's IPO in May 2011. In this table the figures are reported in USD, the currency in which Mr Glasenberg received his salary in 2014. The salary was payable in pounds sterling in the prior years such that those figures have been translated into USD at the exchange rates used for the preparation of the financial statements in those years. Mr Glasenberg's pension and other benefits are provided to him in Swiss Francs and these amounts are also translated into USD on the same basis.

<sup>2</sup> The CEO has elected not to participate in these awards.

### Percentage change in pay of Chief Executive Officer 2013 to 2014

The UK Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, provide for disclosure of percentage changes of the CEO's remuneration against the average percentage change for employees generally or an appropriate group of employees. Given that the CEO has, since the Company's IPO in May 2011, waived any entitlement to any increase in salary (and given that his only other unwaived benefits are those provided to all employees at the Company's head office in Baar) no such comparison has been made. In the event the Executive Director received an increase in salary in future then a suitable disclosure in respect of these regulations will be considered.

### Voting Outcomes from AGM 2014

The votes cast to approve the Directors' Remuneration Policy and the Directors' Remuneration Report, for the year ended 31 December 2013, at the 2014 AGM held on 20 May 2014 were:

#### Directors' Remuneration Policy

| Votes "For"     | Votes "Against" | Votes "Abstentions" (as a total of votes cast) |
|-----------------|-----------------|------------------------------------------------|
| 97.93%          | 2.07%           | 2.60%                                          |
| (8,539,263,284) | (180,199,515)   | (226,561,025)                                  |

#### Directors' Remuneration Report

| Votes "For"     | Votes "Against" | Votes "Abstentions" (as a total of votes cast) |
|-----------------|-----------------|------------------------------------------------|
| 99.11%          | 0.89            | 0.24%                                          |
| (8,845,293,976) | (79,396,016)    | (21,333,332)                                   |

The Committee seeks to have a productive dialogue with investors on developments in the remuneration aspects of corporate governance generally and any changes to the Company's executive pay arrangements.

### Implementation of policy in 2015

No change to any aspect of Directors' remuneration is envisaged for 2015.

## Directors' remuneration report

For the year ended 31 December 2014

### Implementation Report – Audited Information

#### Single Figure Table

| US\$'000        | Salary |       | Benefits |      | Annual Bonus |      | Long-term incentives |      | Pension |      | Total |       |
|-----------------|--------|-------|----------|------|--------------|------|----------------------|------|---------|------|-------|-------|
|                 | 2014   | 2013  | 2014     | 2013 | 2014         | 2013 | 2014                 | 2013 | 2014    | 2013 | 2014  | 2013  |
| Ivan Glasenberg | 1,447  | 1,447 | 2        | 3    | –            | –    | –                    | –    | 64      | 59   | 1,513 | 1,509 |

The notes to the performance table above also apply in relation to the compilation of this table. As no bonuses or long-term incentives have ever been granted to Mr Glasenberg, there are no relevant performance measures to be disclosed.

#### Non-Executive Fees

The emoluments of the Non-Executive Directors for 2014 were as follows:

| Name                           | Total 2014<br>US\$'000 | Total 2013<br>US\$'000 |
|--------------------------------|------------------------|------------------------|
| <b>Non-Executive Chairman</b>  |                        |                        |
| Anthony Hayward <sup>1</sup>   | 1,056                  | 742                    |
| <b>Non-Executive Directors</b> |                        |                        |
| Leonhard Fischer <sup>2</sup>  | 219                    | 202                    |
| William Macaulay               | 178                    | 191                    |
| Peter Coates <sup>3</sup>      | 249                    | 93                     |
| Peter Grauer <sup>4, 5</sup>   | 218                    | 89                     |
| John Mack <sup>5</sup>         | 187                    | 93                     |
| Patrice Merrin <sup>6</sup>    | 72                     | –                      |

<sup>1</sup> Mr Hayward was appointed Interim Chairman on 20 May 2013. This appointment was made on an ongoing basis on 8 May 2014. He received fees as Chairman from the earlier date.

<sup>2</sup> Mr Fischer was appointed to the Nomination Committee on 13 February 2014.

<sup>3</sup> 2013 fees are for Mr Coates' tenure as a Non-Executive Director from 1 January to 2 May 2013.

<sup>4</sup> Mr Grauer was appointed as the Chairman of the Nomination Committee on 13 February 2014 and the Senior Independent Director on 20 May 2014.

<sup>5</sup> Messrs Grauer and Mack were appointed as Directors on 12 June 2013.

<sup>6</sup> Ms Merrin was appointed a Director on 26 June 2014; on 14 August 2014 she was appointed to the HSEC Committee.

The aggregate emoluments of all Directors for 2014 (excluding pension contributions) were US\$3,628,000 (2013: US\$4,873,440). The only Director participant in a pension plan was Mr Glasenberg.

#### Directors' interests

The Directors' interests in shares are set out in the Directors' report on page 106. Mr Glasenberg's holding is considerably in excess of the formal share ownership guideline of 300% of salary.

#### Approval

This report in its entirety has been approved by the Committee and the Board of Directors and signed on its behalf by:

*John Mack*

Remuneration Committee Chairman

17 March 2015

# Directors' report

## Introduction

This Annual Report is presented by the Directors on the affairs of Glencore plc (the Company) and its subsidiaries (the Group or Glencore), together with the financial statements and auditor's report, for the year ended 31 December 2014. The Directors' report, including details of the business, the development of the Group and likely future developments as set out in the Strategic Report, which together forms the management report for the purposes of the UK Financial Services Authority's Disclosure and Transparency Rule (DTR) 4.1.8R. The notice concerning forward looking statements is set out at the end of the Annual Report. References to the Company may also include references to the Group or part of the Group.

## Corporate structure

Glencore plc is a public company limited by shares, incorporated in Jersey and domiciled in Baar, Switzerland. Its shares are listed on the London, Johannesburg and Hong Kong Stock Exchanges.

## Financial results and distributions

The Group's financial results are set out in the financial statements section of this Annual Report.

The Board recommends a final distribution of US\$0.12 per share. Together with the interim distribution of US\$0.06 per share which has already been paid, this provides for a total distribution for the 2014 financial year of US\$0.18 per share. Shareholders will be asked to approve the final distribution at the Annual General Meeting due to be held on 7 May 2015, for payment on 21 May 2015 to ordinary shareholders whose names are on the register on 24 April 2015.

## Review of business, future developments and post balance sheet events

A review of the business and the future developments of the Group is presented in the Strategic Report.

A description of acquisitions, disposals, and material changes to Group companies undertaken during the year, including post balance sheet events, is included in the Financial review and in note 25 to the financial statements.

## Financial instruments

Descriptions of the use of financial instruments and financial risk management objectives and policies, including hedging activities and exposure to price risk, credit risk, liquidity risk and cash flow risk are included in notes 26 and 27 to the financial statements.

## Corporate governance

A report on corporate governance and compliance with the UK Corporate Governance Code is set out in the Corporate governance report and forms part of this report by reference.

## Health, safety, environment & communities (HSEC)

An overview of health, safety and environmental performance and community participation is provided in the Sustainable Development section of the Strategic report.

## Exploration and research and development

The Group business units carry out exploration and research and development activities that are necessary to support and expand their operations.

## Employee policies and involvement

Glencore operates an equal opportunities policy that aims to treat individuals fairly and not to discriminate on the basis of sex, race, ethnic origin, disability or on any other basis. Applications for employment and promotion are fully considered on their merits, and employees are given appropriate training and equal opportunities for career development and promotion.

Where disability occurs during employment, the Group seeks to accommodate that disability where reasonably possible, including with appropriate training.

The Group places considerable value on the involvement of its employees which is reflected in the principles of its Code of Conduct and its related guidance, which requires regular, open, fair and respectful communication, zero tolerance for human rights violations, fair remuneration and, above all, a safe working environment.

Employee communication is mainly provided by the Group's intranet and corporate website. A range of information is made available to employees including all policies applicable to them as well as information on the Group's financial performance and the main drivers of its business. Employee consultation depends upon the type and location of operation or office.

## Directors' conflicts of interest

Under Jersey law and the Company's Articles of Association (which mirror section 175 of the UK Companies Act 2006), a Director must avoid a situation in which the Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. The duty is not infringed if the matter has been authorised by the Directors. Under the Articles, the Board has the power to authorise potential or actual conflict situations. The Board maintains effective procedures to enable the Directors to notify the Company of any actual or potential conflict situations and for those situations to be reviewed and, if appropriate, to be authorised by the Board. Directors' conflict situations are reviewed annually. A register of authorisations is maintained.

## Directors' report

### Directors' liabilities and indemnities

The Company has granted third party indemnities to each of its Directors against any liability that attaches to them in defending proceedings brought against them, to the extent permitted by Jersey Law. In addition, Directors and Officers of the Company and its subsidiaries are covered by Directors & Officers liability insurance.

### Directors

The names of the Company's Directors who were in office at the end of 2014, together with their biographical details and other information, are shown on pages 82 and 83.

### Directors' interests

Details of interests in the ordinary shares of the Company of those Directors who held office during 2014 are given below:

| Name                           | Number of<br>Glencore Shares | Percentage of<br>Total Voting<br>Rights |
|--------------------------------|------------------------------|-----------------------------------------|
| <b>Executive Directors</b>     |                              |                                         |
| Ivan Glasenberg                | 1,101,848,752                | 8.43 <sup>1</sup>                       |
| <b>Non-Executive Directors</b> |                              |                                         |
| Peter Coates                   | 1,441,136 <sup>2</sup>       | 0.01                                    |
| Anthony Hayward                | 131,742                      | 0.00                                    |
| Leonhard Fischer               | –                            | –                                       |
| William Macaulay               | 70,046,228 <sup>3</sup>      | 0.54                                    |
| Peter Grauer                   | –                            | –                                       |
| John Mack                      | 150,000                      | 0.00                                    |
| Patrice Merrin                 | 40,000                       | 0.00                                    |

Notes:

1 Ivan Glasenberg's shareholding has not changed however due to the Company's buyback programme detailed in note 16 to the Financial Statements, the total number of voting rights has decreased, therefore slightly increasing his percentage share of total voting rights.

2 Peter Coates also has 484,156 options over shares arising from his prior employment with Xstrata which are not included in the above table.

3 As at 31 December 2014 123,802,799 shares were held by FR Galaxy Holdings S.a.r.l. (FR). The Company has been notified that FR is a connected person of William Macaulay. FR has granted security over these shares in favour of a bank.

On 6 March 2015, it was announced that FR had sold 53,756,571 of these shares leaving it with a remaining holding of 70,046,228 shares.

No Director has any other interest in the share capital of the Company whether pursuant to any share plan or otherwise.

Except as noted above, no changes in Directors' interests of those in office at the date of this report have occurred between 31 December 2014 and 17 March 2015.

Mr Glasenberg has executed a Lock-Up Deed, pursuant to which he agreed, subject to certain customary exceptions, that during the period from 24 May 2011 to 24 May 2016 he will not dispose of a certain percentage of the ordinary shares held by him at 24 May 2011. The percentage of his ordinary shares held at 24 May 2011 that is subject to restrictions on disposal decreases on each anniversary date by 20 per cent of the original holding.

### Share capital and shareholder rights

As at 16 March 2015, the ordinary share capital of the Company was US\$132,784,054 represented by 13,278,405,466 ordinary shares of US\$0.01 each, of which 200,459,158 shares are held in treasury.

### Major interests in shares

As at the date of this report Glencore had been notified of the following interests representing 3% or more of the issued ordinary share capital of the Company:

| Name of holder                | Number of shares | Percentage<br>of Total Voting<br>Rights |
|-------------------------------|------------------|-----------------------------------------|
| Qatar Holding, L.L.C.         | 1,176,196,974    | 8.99%                                   |
| Ivan Glasenberg               | 1,101,848,752    | 8.43%                                   |
| BlackRock Inc                 | 657,753,254      | 5.03%                                   |
| Daniel Francisco Maté Badenes | 417,468,330      | 3.19%                                   |
| Aristotelis Mistakidis        | 414,730,597      | 3.17%                                   |

### Share capital

The rights attaching to the Company's ordinary shares, being the only share class of the Company, are set out in the Company's Articles of Association (the "Articles"), which can be found at [www.glencore.com](http://www.glencore.com). Subject to Jersey law, any share may be issued with or have attached to it such preferred, deferred or other special rights and restrictions as the Company may by special resolution decide or, if no such resolution is in effect, or so far as the resolution does not make specific provision, as the Board may decide.

No such resolution is currently in effect. Subject to the recommendation of the Board, holders of ordinary shares may receive a dividend. On liquidation, holders of ordinary shares may share in the assets of the Company. Holders of ordinary shares are also entitled to receive the Company's Annual Report and Accounts (or a summarised version) and, subject to certain thresholds being met, may requisition the Board to convene a general meeting ("GM") or the proposal of resolutions at AGMs. None of the ordinary shares carry any special rights with regard to control of the Company.

Holders of ordinary shares are entitled to attend and speak at GMs of the Company and to appoint one or more proxies or, if the holder of shares is a corporation, a corporate representative. On a show of hands, each holder of ordinary shares who (being an individual) is present in person or (being a corporation) is present by a duly appointed corporate representative, not being himself a member, shall have one vote and on a poll, every holder of ordinary shares present in person or by proxy shall have one vote for every share of which he is the holder. Electronic and paper proxy appointments and voting instructions must be received not later than 48 hours before a GM. A holder of ordinary shares can lose the entitlement to vote at GMs where that holder has been served with a disclosure notice and has failed to provide the Company with information concerning interests held in those shares. Except as (1) set out above and (2) permitted under applicable statutes, there are no limitations on voting rights of holders of a given percentage, number of votes or deadlines for exercising voting rights.

The Directors may refuse to register a transfer of a certificated share which is not fully paid, provided that the refusal does not prevent dealings in shares in the Company from taking place on an open and proper basis or where the Company has a lien over that share. The Directors may also refuse to register a transfer of a certificated share unless the instrument of transfer is: (i) lodged, duly stamped (if necessary), at the registered office of the Company or any other place as the Board may decide accompanied by the certificate for the share(s) to be transferred and/or such other evidence as the Directors may reasonably require as proof of title; or (ii) in respect of only one class of shares.

Transfers of uncertificated shares must be carried out using CREST and the Directors can refuse to register a transfer of an uncertificated share in accordance with the regulations governing the operation of CREST.

The Directors may decide to suspend the registration of transfers, for up to 30 days a year, by closing the register of shareholders. The Directors cannot suspend the registration of transfers of any uncertificated shares without obtaining consent from CREST.

There are no other restrictions on the transfer of ordinary shares in the Company except: (1) certain restrictions may from time to time be imposed by laws and regulations

(for example insider trading laws); (2) pursuant to the Company's share dealing code whereby the Directors and certain employees of the Company require approval to deal in the Company's shares; and (3) where a shareholder with at least a 0.25% interest in the Company's issued share capital has been served with a disclosure notice and has failed to provide the Company with information concerning interests in those shares. There are no agreements between holders of ordinary shares that are known to the Company which may result in restrictions on the transfer of securities or on voting rights.

The rules for appointment and replacement of the Directors are set out in the Articles. Directors can be appointed by the Company by ordinary resolution at a GM or by the Board upon the recommendation of the Nomination Committee. The Company can remove a Director from office, including by passing an ordinary resolution or by notice being given by all the other Directors.

The powers of the Directors are set out in the Articles and provide that the Board may exercise all the powers of the Company including to borrow money. The Company may by ordinary resolution authorise the Board to issue shares, and increase, consolidate, sub-divide and cancel shares in accordance with its Articles and Jersey law.

The Company may amend its Articles by special resolution approved at a GM.

### Purchase of own shares

During 2014 the Company started buying back shares as part of a \$1 billion share repurchase programme announced to the market on 20 August 2014. As at 31 December 2014, the total number of ordinary shares repurchased under this programme was 143,278,000 at a cost of \$758 million including transaction costs. Further details are set out in note 16 to the financial statements.

This programme has been implemented in accordance with the UK Listing Rules and the Directors' authority under a shareholders' resolution passed on 20 May 2014 to purchase in the market up to 10% of the Company's issued ordinary shares. The Directors will seek to renew this authority at the Company's AGM to be held on 7 May 2015.

## Directors' report

### Information required by Listing Rule LR 9.8.4C

In compliance with UK Listing Rule 9.8.4C the Company discloses the following information:

| Listing Rule | Information required                                            | Relevant disclosure                                                                                                               |
|--------------|-----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| 9.8.4(1)     | Interest capitalised by the Group                               | See note 7 to the financial statements                                                                                            |
| 9.8.4(2)     | Unaudited financial information as required (LR 9.2.18)         | Not applicable                                                                                                                    |
| 9.8.4(4)     | Long-term incentive plans involving a sole director (LR 9.4.3)  | Not applicable                                                                                                                    |
| 9.8.4(5)     | Director' waivers of emoluments                                 | See Directors' Remuneration Report                                                                                                |
| 9.8.4(6)     | Director' waivers of future emoluments                          | See Directors' Remuneration Report                                                                                                |
| 9.8.4(7)     | Non pro-rate allotments of equity for cash (The Company)        | Own shares have been issued during the year as granted share options have been exercised, see note 19 to the financial statements |
| 9.8.4(8)     | Non pro-rata allotments of equity for cash (major subsidiaries) | Not applicable                                                                                                                    |
| 9.8.4(9)     | Listed company is a subsidiary of another company               | Not applicable                                                                                                                    |
| 9.8.4(10)    | Contracts of significance involving a director                  | None                                                                                                                              |
| 9.8.4(11)    | Contracts of significance involving a controlling shareholder   | Not applicable                                                                                                                    |
| 9.8.4(12)    | Waivers of dividends                                            | See note 16 to the financial statements                                                                                           |
| 9.8.4(13)    | Waivers of future dividends                                     | See note 16 to the financial statements                                                                                           |
| 9.8.4(14)    | Agreement with a controlling shareholder (LR 92.2. AR(2)(a))    | Not applicable                                                                                                                    |

### Going concern

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Strategic Report. Furthermore, notes 26 and 27 to the financial statements includes the Group's objectives and policies for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposure to credit and liquidity risk. Significant financing activities that took place during the year are detailed in the Financial review section. As a consequence, the Directors believe that the Group is well placed to manage its business despite the current uncertain economic environment.

The Directors believe, having made appropriate enquiries that the Group has adequate resources to continue its operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. The Directors have made this assessment after consideration of the Group's budgeted cash flows and related assumptions including appropriate stress testing thereof, key risks and uncertainties, undrawn debt facilities, debt maturity review, and in accordance with the Going Concern and Liquidity Guidance for Directors of UK Companies 2009 published by the UK Financial Reporting Council.

### Auditors

Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- (a) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and

- (b) the Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming AGM.

### Statement of Directors' responsibilities

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

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

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

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

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

Signed on behalf of the Board:



**John Burton**  
Company Secretary

17 March 2015

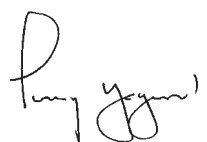
## Confirmation of Directors' responsibilities

We confirm that to the best of our knowledge:

- the consolidated financial statements, prepared in accordance with International Financial Reporting Standards and interpretations as adopted by the European Union, International Financial Reporting Standards and interpretations as issued by the International Accounting Standards Board and the Companies (Jersey) Law 1991, give a true and fair view of the assets, liabilities, financial position and profit of the Group and the undertakings included in the consolidation taken as a whole;
- the management report, which is incorporated in the Strategic Report, includes a fair review of the development and performance of the business and the position of the Group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face; and
- the Annual Report and consolidated financial statements, taken as a whole, are fair and balanced and understandable and provide the information necessary for shareholders to assess the performance, strategy and business model of the Company.

The consolidated financial statements of the Group for the year ended 31 December 2014 were approved on 17 March 2015 by the Board of Directors.

Signed on behalf of the Board:



**Anthony Hayward**  
Chairman

17 March 2015



**Ivan Glasenberg**  
Chief Executive Officer

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# FINANCIAL STATEMENTS

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PAGE 112-189



# Independent Auditor's Report to the members of Glencore plc

## Opinion on financial statements of Glencore plc

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2014 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

The financial statements comprise the Consolidated Statement of Income/(Loss), the Consolidated Statement of Comprehensive Income/(Loss), the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and the related notes 1 to 35. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union.

## Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the financial statements, the Group in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements comply with IFRSs as issued by the IASB.

## Going concern

We have reviewed the Directors' statement contained on page 108 that the Group is a going concern.

We confirm that:

- we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

## Our assessment of risks of material misstatement

Our risk assessment process continues throughout the audit and as a result we have tailored our assessment of the risk associated with the prior year acquisition of Xstrata plc to reflect the current year risk, being the finalisation of the associated purchase price allocation. There were no significant changes from prior year in respect of the other identified risks.

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

## Risk

### Acquisition accounting

#### Finalisation of acquisition accounting for Xstrata plc

Accounting for the acquisition of Xstrata plc is a complex and judgemental exercise, requiring determination of the fair value of acquired assets and liabilities, and the allocation of the acquisition date goodwill to cash-generating units.

The standard allows the fair value of assets acquired to be continually refined for a window of a year after the acquisition date where judgement is required to ensure the adjustments made reflect new information obtained about facts and circumstances that existed as of the acquisition date.

In total, adjustments recognised within the one year window amounted to a net reduction of \$644 million in the fair value of the net assets acquired and a corresponding increase in the "day 1" impairment charge on goodwill to \$8,124 million.

These adjustments are retrospective in nature and have directly impacted the amount of goodwill recognised on acquisition and the "day 1" impairment charge on goodwill.

## How the scope of our audit responded to the risk

We challenged the Group's determination of the final fair value adjustments to the provisionally reported values of the acquired assets and liabilities of Xstrata plc.

We performed audit procedures on these fair value adjustments to confirm that they related to new information obtained about facts and circumstances that existed on acquisition date.

Where adjustments were made, we used Deloitte mining valuation specialists to assist in our challenge of these adjustments.

Our challenge related to the underlying macro-economic assumptions used within the detailed models which supported the final valuation adjustments. This included the appropriateness of discount rates, commodity prices, foreign exchange and cross-checking valuation calculations against comparable companies and associated multiples, whilst considering the risk of management bias.

## Risk

## How the scope of our audit responded to the risk

### Acquisition accounting (continued)

Post-acquisition, these adjustments also impact the amounts recognised in the statement of income, including depreciation, amortisation and impairment charges, which are dependent on the initial fair values.

Refer to “Key judgements” within note 1 and additionally notes 5 and 25.

With regards to the sale of Las Bambas subsequent to the Xstrata acquisition, which was classified as an asset held for sale on acquisition, we considered the executed sales agreement as evidence to support the fair value.

### Impairments

The carrying value of the Group’s non-current assets, which includes intangible assets, property, plant and equipment, investments in associates and joint ventures, amounted to \$98,986 million at 31 December 2014.

Recoverability of these non-current assets is dependent on macro-economic assumptions about future commodity prices, discount and exchange rates as well as internal assumptions related to future production levels and operating costs.

These estimates are particularly significant due to commodity price volatility (e.g. iron ore, coal and oil), assumed future production and uncertain economic outlook. The outcome of impairment assessments could vary significantly were different assumptions applied.

In total impairments amounting to \$1,101 million were recognised in the year ended 31 December 2014.

Refer to “Key estimates and assumptions” within note 1 and additionally note 5.

We reviewed management’s assessment of the indicators of impairment and challenged the significant assumptions used in this initial review. Where significant indicators of impairment were identified, we utilised Deloitte mining valuation specialists to assess the appropriateness of management’s recoverable value models.

We challenged the significant assumptions used in impairment testing for intangible assets, property, plant and equipment, associates and joint ventures, specifically the commodity price, foreign exchange, assumed production levels and discount rate assumptions, including consideration of the risk of management bias.

Our challenge included comparing input assumptions to third party forecasts and production to life of mine plans and reserves and resources estimates and confirming the adequacy of disclosures in the financial statements.

### Revenue recognition

Revenue recognition has been identified as a risk, particularly in respect of the completeness and accuracy of capture of trades within the trade book and the timing of revenue recognition for commodity sales with deliveries occurring on or around year-end. Due to the significant volume of transactions and the complexity of the supporting IT systems, minor errors could, in aggregate, have a material impact on the financial statements.

Refer to note 1.

We carried out testing relating to internal controls, including IT general controls surrounding major IT applications and critical interfaces over revenue recognition and completeness and accuracy of trade capture. On a sample basis, we agreed deliveries occurring near 31 December 2014 to supporting documentation to assess that the IFRS revenue recognition criteria were met for recognised sales and obtained third party confirmations where relevant to check completeness and accuracy of trade books. We also performed testing on journal entries using computer assisted profiling techniques to test for any management override of internal controls related to revenue recognition.

### Fair value measurements within the marketing operations

Determination of fair values of marketing inventories, financial assets and liabilities is a complex and subjective area often requiring significant estimates, particularly where valuations utilise unobservable inputs. As the Group’s marketing inventories and other financial assets and liabilities are measured at fair value at each reporting date, these fair value measurements significantly impact the Group’s results.

Refer to “Key estimates and assumptions” within note 1 and additionally notes 27 and 28.

We carried out internal control testing and performed detailed substantive testing on a sample basis the related fair value measurements specifically testing the evidence supporting unobservable inputs utilised in Level 2 and 3 measurements in the fair value hierarchy as outlined in note 28 to the financial statements.

# Independent Auditor's Report to the members of Glencore plc

## Risk

## How the scope of our audit responded to the risk

### Classification of financial instruments

Further to the above, classification of contracts relating to the Group's marketing operations is a judgemental area, particularly sales contracts where the Group physically delivers its own production to a third party ("own use"), rather than those which form part of the Group's marketing operations. Differences in classification affect recognition of associated gains and losses as contracts which are "own use" are exempt from mark-to-market accounting.

Refer to notes 27 and 28.

We obtained an understanding of the trading strategies and associated product flows within the Group's marketing departments. We analysed the trade books to identify incidents where contracts were not physically delivered ("net settled"), which may indicate tainting of the "own use" criteria. Where a contract had been net settled, we checked that the contract was appropriately ring-fenced from the "own use" trade book and marked to market reflecting the underlying facts and circumstances.

### Credit and performance risk

The Group is exposed to credit and performance risk arising from the Group's global marketing operations and trade advances, particularly in markets demonstrating significant price volatility with limited liquidity and terminal markets. This risk is heightened in times of increased price volatility, where suppliers may be incentivised to default on delivery and customers are unable to make payments.

Refer to note 26.

We undertook internal control testing of the Group's centralised and local credit and performance risk monitoring procedures. We challenged management's assessment of the recoverability of aged and overdue receivables, loans and advance payments with delayed or overdue deliveries, considering historical patterns of trading and settlement as well as recent communications with the counterparties.

In addition, we made specific inquiries to understand positions in commodities with high price volatility during the year, particularly with respect to oil, coal, nickel, iron ore and certain agricultural products, as there were periods of significant price volatility with respect to these commodities.

### Taxation

There is significant judgement around accounting for income taxes particularly in light of the number of jurisdictions in which the Group operates, which give rise to complexity and uncertainty in the calculation of income taxes and deferred tax assets and consideration of contingent liabilities associated with tax years open to audit.

Refer to "Key judgements" within note 1 and additionally note 6.

We considered the appropriateness of management's assumptions and estimates in relation to the likelihood of generating future taxable profits to support the recognition of deferred tax assets with reference to forecast taxable profits and consistency of these forecasts with the Group's budgets.

We reviewed and challenged management's assessment of uncertain tax positions through discussions with the Group taxation department, reviewing correspondence with local tax authorities and utilising Deloitte tax specialists, where appropriate, to assess the adequacy of associated provisions and disclosures.

The risks described above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 95.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

## Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be \$300 million (2013: \$250 million), which, as in 2013, is approximately 6.4% of normalised pre-tax profit, and below 1% of equity. Pre-tax profit has been normalised in determining materiality to exclude items which, due to their nature and/or expected infrequency of the underlying events, are not considered indicative of continuing operations of the Group and so do not form part of the Group's internally or externally monitored primary KPIs, and which if included, would distort the materiality calculation year on year. These normalising items are outlined in notes 3 and 4 to the financial statements.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of \$10 million (2013: \$10 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

## An overview of the scope of our audit

In assessing our Group audit scope we continued to build upon our understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on our continuing assessment, we focused our Group audit scope primarily on the audit work at 51 Group components (2013: 69 Group components) utilising 20 component audit teams (2013: 29 component audit teams) in 18 countries (2013: 22 countries):

- 36 of these components were subject to a full audit (2013: 54 components); and
- 15 were subject to audit procedures on specified account balances where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's business operations at those locations (2013: 15 components).

These 51 components account for 95% of the Group's net assets (2013: 84%), 89% of the Group's revenue (2013: 93%) and 93% of the Group's adjusted EBITDA (2013: 85%). During the year a number of Group components were aggregated for reporting purposes in line with the Group's strategy to streamline its global reporting structure. This has resulted in the number of Group components scoped into our audit reducing; this aggregation has not impacted our overall audit coverage.

Our audit work at these 51 Group components was performed to materiality levels set by, or agreed with, the Group audit team and which were applicable to each individual entity. These materiality levels were lower than Group materiality and ranged from \$2 million to \$100 million (2013: \$3 million to \$100 million).

At the parent entity level we also tested the consolidation process and carried out analytical procedures and other procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

The Group audit team follows a programme of regular physical meetings with components that has been designed so that the Group Audit Partner or another senior member of the Group audit team meet with local management and the component audit team of the most significant components (being those components we consider to be the most complex, with the highest risk of material misstatement), at least once every two years, with the remaining components subject to full scope audits being conducted at least once every three years.

For all components, whether physical meetings with the component audit team take place during the year or not, we include the component audit team in our team briefings and communications, discuss and direct their risk assessment, review and challenge the findings from their work including the audit procedures to respond to significant risks and hold meetings throughout the audit to discuss significant matters arising.

# Independent Auditor's Report to the members of Glencore plc

## Matters on which we are required to report by exception

### *Adequacy of explanations received and accounting records*

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- proper accounting records have not been kept by the parent company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

### *Corporate Governance Statement*

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the Company's compliance with ten provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

### *Our duty to read other information in the Annual Report*

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

## Other matters

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the provisions of the UK Companies Act 2006 as if that Act had applied to the Company.

## Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and/or those further matters we have expressly agreed to report to them on in our engagement letter and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Matthew Sheerin, ACA CA (AUS)

for and on behalf of Deloitte LLP  
Chartered Accountants and Recognised Auditor  
London, UK

17 March 2015

# Consolidated statement of income/(loss)

For the year ended 31 December 2014

| US\$m                                              | Notes | 2014         | 2013<br>Restated <sup>1</sup> |
|----------------------------------------------------|-------|--------------|-------------------------------|
| Revenue                                            |       | 221,073      | 232,694                       |
| Cost of goods sold                                 |       | (214,344)    | (227,145)                     |
| Selling and administrative expenses                |       | (1,304)      | (1,206)                       |
| Share of income from associates and joint ventures | 10    | 638          | 846                           |
| Gain/(loss) on sale of investments                 | 3     | 715          | (40)                          |
| Other expense – net                                | 4     | (1,073)      | (11,488)                      |
| Dividend income                                    |       | 19           | 39                            |
| Interest income                                    |       | 253          | 393                           |
| Interest expense                                   |       | (1,724)      | (1,781)                       |
| <b>Income/(loss) before income taxes</b>           |       | <b>4,253</b> | <b>(7,688)</b>                |
| Income tax expense                                 | 6     | (1,809)      | (254)                         |
| <b>Income/(loss) for the year</b>                  |       | <b>2,444</b> | <b>(7,942)</b>                |
| <b>Attributable to:</b>                            |       |              |                               |
| Non-controlling interests                          |       | 136          | 104                           |
| Equity holders                                     |       | 2,308        | (8,046)                       |
| <b>Earnings/(loss) per share:</b>                  |       |              |                               |
| Basic (US\$)                                       | 17    | 0.18         | (0.73)                        |
| Diluted (US\$)                                     | 17    | 0.18         | (0.73)                        |

<sup>1</sup> Certain amounts shown here reflect the revised previously reported fair values associated with the Xstrata acquisition made in 2013 (see note 25), and therefore do not correspond to the consolidated statement of income/(loss) for the year ended 31 December 2013.

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

# Consolidated statement of comprehensive income/(loss)

For the year ended 31 December 2014

| US\$m                                                                                              | Notes | 2014         | 2013<br>Restated <sup>1</sup> |
|----------------------------------------------------------------------------------------------------|-------|--------------|-------------------------------|
| Income/(loss) for the year                                                                         |       | 2,444        | (7,942)                       |
| <b>Other comprehensive income/(loss)</b>                                                           |       |              |                               |
| Items not to be reclassified to the statement of income in subsequent periods:                     |       |              |                               |
| Defined benefit plan actuarial (losses)/gains, net of tax of \$58 million (2013: \$137 million)    | 23    | (196)        | 326                           |
| <b>Net items not to be reclassified to the statement of income in subsequent periods:</b>          |       | <b>(196)</b> | <b>326</b>                    |
| Items that are or may be reclassified to the statement of income in subsequent periods:            |       |              |                               |
| Exchange loss on translation of foreign operations                                                 |       | (852)        | (1,168)                       |
| Gains/(losses) on cash flow hedges, net of tax of \$3 million (2013: \$48 million)                 |       | 415          | (287)                         |
| Share of comprehensive (loss)/income from associates and joint ventures                            | 10    | (23)         | 26                            |
| Gain on available for sale financial instruments                                                   |       | 501          | —                             |
| Cash flow hedges transferred to the statement of income, net of tax of \$nil (2013: \$nil)         |       | (1)          | 1                             |
| <b>Net items that are or may be reclassified to the statement of income in subsequent periods:</b> |       | <b>40</b>    | <b>(1,428)</b>                |
| <b>Other comprehensive loss</b>                                                                    |       | <b>(156)</b> | <b>(1,102)</b>                |
| <b>Total comprehensive income/(loss)</b>                                                           |       | <b>2,288</b> | <b>(9,044)</b>                |
| <b>Attributable to:</b>                                                                            |       |              |                               |
| Non-controlling interests                                                                          |       | 130          | 62                            |
| Equity holders                                                                                     |       | 2,158        | (9,106)                       |

<sup>1</sup> Certain amounts shown here reflect the revised previously reported fair values associated with the Xstrata acquisition made in 2013 (see note 25), and therefore do not correspond to the consolidated statement of comprehensive income/(loss) for the year ended 31 December 2013.

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

# Consolidated statement of financial position

As at 31 December 2014

| US\$m                                                        | Notes | 2014           | 2013<br>Restated <sup>1</sup> |
|--------------------------------------------------------------|-------|----------------|-------------------------------|
| <b>Assets</b>                                                |       |                |                               |
| <b>Non-current assets</b>                                    |       |                |                               |
| Property, plant and equipment                                | 7     | 70,110         | 67,233                        |
| Intangible assets                                            | 8     | 8,866          | 9,158                         |
| Investments in associates and joint ventures                 | 10    | 12,274         | 12,156                        |
| Other investments                                            | 10    | 1,472          | 923                           |
| Advances and loans                                           | 11    | 4,597          | 3,995                         |
| Deferred tax assets                                          | 6     | 1,667          | 2,105                         |
|                                                              |       | <b>98,986</b>  | <b>95,570</b>                 |
| <b>Current assets</b>                                        |       |                |                               |
| Inventories                                                  | 12    | 24,436         | 22,753                        |
| Accounts receivable                                          | 13    | 21,456         | 24,536                        |
| Other financial assets                                       | 28    | 4,036          | 2,904                         |
| Prepaid expenses and other assets                            |       | 436            | 578                           |
| Marketable securities                                        |       | 31             | 36                            |
| Cash and cash equivalents                                    | 14    | 2,824          | 2,849                         |
|                                                              |       | <b>53,219</b>  | <b>53,656</b>                 |
| Asset held for sale                                          | 15    | –              | 5,636                         |
|                                                              |       | <b>53,219</b>  | <b>59,292</b>                 |
| <b>Total assets</b>                                          |       | <b>152,205</b> | <b>154,862</b>                |
| <b>Equity and liabilities</b>                                |       |                |                               |
| <b>Capital and reserves – attributable to equity holders</b> |       |                |                               |
| Share capital                                                | 16    | 133            | 133                           |
| Reserves and retained earnings                               |       | 48,409         | 49,180                        |
|                                                              |       | <b>48,542</b>  | <b>49,313</b>                 |
| Non-controlling interests                                    | 33    | 2,938          | 3,368                         |
| <b>Total equity</b>                                          |       | <b>51,480</b>  | <b>52,681</b>                 |
| <b>Non-current liabilities</b>                               |       |                |                               |
| Borrowings                                                   | 20    | 40,688         | 38,712                        |
| Deferred income                                              | 21    | 1,120          | 1,337                         |
| Deferred tax liabilities                                     | 6     | 6,435          | 6,698                         |
| Other financial liabilities                                  | 28    | 980            | 1,044                         |
| Provisions                                                   | 22    | 7,555          | 8,064                         |
|                                                              |       | <b>56,778</b>  | <b>55,855</b>                 |
| <b>Current liabilities</b>                                   |       |                |                               |
| Borrowings                                                   | 20    | 12,005         | 16,461                        |
| Accounts payable                                             | 24    | 26,881         | 26,041                        |
| Deferred income                                              | 21    | 153            | 145                           |
| Provisions                                                   | 22    | 576            | 323                           |
| Other financial liabilities                                  | 28    | 3,956          | 2,366                         |
| Income tax payable                                           |       | 376            | 489                           |
|                                                              |       | <b>43,947</b>  | <b>45,825</b>                 |
| Liabilities held for sale                                    | 15    | –              | 501                           |
|                                                              |       | <b>43,947</b>  | <b>46,326</b>                 |
| <b>Total equity and liabilities</b>                          |       | <b>152,205</b> | <b>154,862</b>                |

<sup>1</sup> Certain amounts shown here reflect the revised previously reported fair values associated with the Xstrata acquisition made in 2013 (see note 25), and therefore do not correspond to the consolidated statement of financial position for the year ended 31 December 2013.

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

# Consolidated statement of cash flows

For the year ended 31 December 2014

| US\$m                                                                 | Notes | 2014           | 2013<br>Restated <sup>1</sup> |
|-----------------------------------------------------------------------|-------|----------------|-------------------------------|
| <b>Operating activities</b>                                           |       |                |                               |
| Income/(loss) before income taxes                                     |       | 4,253          | (7,688)                       |
| <b>Adjustments for:</b>                                               |       |                |                               |
| Depreciation and amortisation                                         |       | 5,448          | 4,049                         |
| Share of income from associates and joint ventures                    |       | (638)          | (846)                         |
| Decrease in other long-term liabilities                               |       | (173)          | (72)                          |
| (Gain)/loss on sale of investments                                    | 3     | (715)          | 40                            |
| Impairments                                                           | 5     | 1,101          | 9,730                         |
| Other non-cash items – net <sup>2</sup>                               |       | 231            | 2,075                         |
| Interest expense – net                                                |       | 1,471          | 1,388                         |
| Cash generated by operating activities before working capital changes |       | <b>10,978</b>  | <b>8,676</b>                  |
| <b>Working capital changes</b>                                        |       |                |                               |
| Decrease in accounts receivable <sup>3</sup>                          |       | 1,727          | 4,188                         |
| (Increase)/decrease in inventories                                    |       | (1,978)        | 3,972                         |
| Decrease in accounts payable <sup>4</sup>                             |       | (452)          | (5,561)                       |
| Total working capital changes                                         |       | <b>(703)</b>   | <b>2,599</b>                  |
| Income taxes paid                                                     |       | (928)          | (593)                         |
| Interest received                                                     |       | 49             | 91                            |
| Interest paid                                                         |       | (1,260)        | (1,589)                       |
| <b>Net cash generated by operating activities</b>                     |       | <b>8,136</b>   | <b>9,184</b>                  |
| <b>Investing activities</b>                                           |       |                |                               |
| (Increase)/decrease in long-term advances and loans                   |       | (686)          | 274                           |
| Net cash (used in)/received from acquisition of subsidiaries          | 25    | (1,792)        | 1,209                         |
| Net cash received from disposal of subsidiaries                       | 25    | 6,482          | 744                           |
| Purchase of investments                                               | 10    | (374)          | (198)                         |
| Proceeds from sale of investments                                     |       | 64             | 54                            |
| Purchase of property, plant and equipment                             |       | (7,854)        | (8,390)                       |
| Capital expenditures related to assets held for sale                  |       | (961)          | (1,169)                       |
| Payments for exploration and evaluation                               | 7     | (245)          | (28)                          |
| Proceeds from sale of property, plant and equipment                   |       | 206            | 258                           |
| Dividends received from associates and joint ventures                 | 10    | 1,129          | 551                           |
| <b>Net cash used by investing activities</b>                          |       | <b>(4,031)</b> | <b>(6,695)</b>                |

<sup>1</sup> Certain amounts shown here reflect the revised previously reported fair values associated with the Xstrata acquisition made in 2013 (see note 25), and therefore do not correspond to the consolidated statement of cash flow for the year ended 31 December 2013.

<sup>2</sup> Includes certain non-cash items as disclosed in note 4.

<sup>3</sup> Includes movements in other financial assets, prepaid expenses and other assets.

<sup>4</sup> Includes movements in other financial liabilities, provisions and deferred income.

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

# Consolidated statement of cash flows

For the year ended 31 December 2014

| US\$m                                                              | Notes | 2014           | 2013<br>Restated <sup>1</sup> |
|--------------------------------------------------------------------|-------|----------------|-------------------------------|
| <b>Financing activities<sup>2</sup></b>                            |       |                |                               |
| Proceeds from issuance of capital market notes                     | 20    | 5,535          | 5,722                         |
| Repayment of capital market notes                                  |       | (1,751)        | –                             |
| Repayment of convertible bonds                                     | 20    | (2,365)        | –                             |
| Proceeds from/(repayment of) other non-current borrowings          |       | 1,804          | (4,225)                       |
| Margin receipts in respect of financing related hedging activities |       | 10             | 167                           |
| Repayment of current borrowings                                    |       | (3,782)        | (939)                         |
| Acquisition of additional interest in subsidiaries                 |       | (101)          | (489)                         |
| Return of capital/distributions to non-controlling interests       |       | (245)          | (184)                         |
| Repurchase of own shares                                           |       | (786)          | –                             |
| Proceeds from own shares                                           |       | 19             | 10                            |
| Payment of profit participation certificates                       |       | (224)          | (422)                         |
| Distributions paid to equity holders of the parent                 | 18    | (2,244)        | (2,062)                       |
| <b>Net cash used by financing activities</b>                       |       | <b>(4,130)</b> | <b>(2,422)</b>                |
| (Decrease)/increase in cash and cash equivalents                   |       | (25)           | 67                            |
| Cash and cash equivalents, beginning of year                       |       | 2,849          | 2,782                         |
| <b>Cash and cash equivalents, end of year</b>                      |       | <b>2,824</b>   | <b>2,849</b>                  |

<sup>1</sup> Certain amounts shown here reflect the revised previously reported fair values associated with the Xstrata acquisition made in 2013 (see note 25), and therefore do not correspond to the consolidated statement of cash flows for the year ended 31 December 2013.

<sup>2</sup> Presented net of directly attributable issuance costs where applicable.

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

# Consolidated statement of changes of equity

For the year ended 31 December 2014

| US\$m                                                              | (Deficit)/<br>retained<br>earnings | Share<br>premium | Other<br>reserves<br>(note 16) | Own<br>shares  | Total<br>reserves and<br>(deficit)/<br>retained<br>earnings | Share<br>capital | Total equity<br>attributable<br>to equity<br>holders | Non-<br>controlling<br>interests<br>(note 33) | Total<br>equity |
|--------------------------------------------------------------------|------------------------------------|------------------|--------------------------------|----------------|-------------------------------------------------------------|------------------|------------------------------------------------------|-----------------------------------------------|-----------------|
| <b>1 January 2013</b>                                              | <b>5,248</b>                       | <b>26,688</b>    | <b>(868)</b>                   | <b>–</b>       | <b>31,068</b>                                               | <b>71</b>        | <b>31,139</b>                                        | <b>3,034</b>                                  | <b>34,173</b>   |
| Loss for the year – restated <sup>1</sup>                          | (8,046)                            | –                | –                              | –              | (8,046)                                                     | –                | (8,046)                                              | 104                                           | (7,942)         |
| Other comprehensive<br>income/(loss)                               | 352                                | –                | (1,412)                        | –              | (1,060)                                                     | –                | (1,060)                                              | (42)                                          | (1,102)         |
| <b>Total comprehensive<br/>(loss)/income</b>                       | <b>(7,694)</b>                     | <b>–</b>         | <b>(1,412)</b>                 | <b>–</b>       | <b>(9,106)</b>                                              | <b>–</b>         | <b>(9,106)</b>                                       | <b>62</b>                                     | <b>(9,044)</b>  |
| Issue of share capital                                             | 383                                | 30,073           | –                              | (1,041)        | 29,415                                                      | 62               | 29,477                                               | –                                             | 29,477          |
| Issue of share capital related to<br>employee incentive programmes | (78)                               | 78               | –                              | –              | –                                                           | –                | –                                                    | –                                             | –               |
| Own share purchases                                                | –                                  | –                | –                              | (13)           | (13)                                                        | –                | (13)                                                 | –                                             | (13)            |
| Own share disposal                                                 | (284)                              | –                | –                              | 287            | 3                                                           | –                | 3                                                    | –                                             | 3               |
| Equity settled share-based<br>payments <sup>2</sup>                | 13                                 | –                | –                              | –              | 13                                                          | –                | 13                                                   | –                                             | 13              |
| Change in ownership<br>interest in subsidiaries                    | –                                  | –                | (138)                          | –              | (138)                                                       | –                | (138)                                                | (653)                                         | (791)           |
| Acquisition of subsidiaries <sup>3</sup>                           | –                                  | –                | –                              | –              | –                                                           | –                | –                                                    | 1,109                                         | 1,109           |
| Distributions paid (note 18)                                       | –                                  | (2,062)          | –                              | –              | (2,062)                                                     | –                | (2,062)                                              | (184)                                         | (2,246)         |
| <b>31 December 2013 (Restated<sup>1</sup>)</b>                     | <b>(2,412)</b>                     | <b>54,777</b>    | <b>(2,418)</b>                 | <b>(767)</b>   | <b>49,180</b>                                               | <b>133</b>       | <b>49,313</b>                                        | <b>3,368</b>                                  | <b>52,681</b>   |
| <b>1 January 2014</b>                                              | <b>(2,412)</b>                     | <b>54,777</b>    | <b>(2,418)</b>                 | <b>(767)</b>   | <b>49,180</b>                                               | <b>133</b>       | <b>49,313</b>                                        | <b>3,368</b>                                  | <b>52,681</b>   |
| Income for the year                                                | 2,308                              | –                | –                              | –              | 2,308                                                       | –                | 2,308                                                | 136                                           | 2,444           |
| Other comprehensive<br>(loss)/income                               | (219)                              | –                | 69                             | –              | (150)                                                       | –                | (150)                                                | (6)                                           | (156)           |
| <b>Total comprehensive income</b>                                  | <b>2,089</b>                       | <b>–</b>         | <b>69</b>                      | <b>–</b>       | <b>2,158</b>                                                | <b>–</b>         | <b>2,158</b>                                         | <b>130</b>                                    | <b>2,288</b>    |
| Own share purchases                                                | –                                  | –                | –                              | (795)          | (795)                                                       | –                | (795)                                                | –                                             | (795)           |
| Own share disposal                                                 | (38)                               | –                | –                              | 69             | 31                                                          | –                | 31                                                   | –                                             | 31              |
| Equity-settled share-based<br>expenses <sup>2</sup>                | 50                                 | –                | –                              | –              | 50                                                          | –                | 50                                                   | –                                             | 50              |
| Equity portion of<br>convertible bonds                             | 89                                 | –                | (89)                           | –              | –                                                           | –                | –                                                    | –                                             | –               |
| Change in ownership interest<br>in subsidiaries                    | –                                  | –                | 29                             | –              | 29                                                          | –                | 29                                                   | (300)                                         | (271)           |
| Disposal of business                                               | –                                  | –                | –                              | –              | –                                                           | –                | –                                                    | (15)                                          | (15)            |
| Distributions paid (note 18)                                       | –                                  | (2,244)          | –                              | –              | (2,244)                                                     | –                | (2,244)                                              | (245)                                         | (2,489)         |
| <b>31 December 2014</b>                                            | <b>(222)</b>                       | <b>52,533</b>    | <b>(2,409)</b>                 | <b>(1,493)</b> | <b>48,409</b>                                               | <b>133</b>       | <b>48,542</b>                                        | <b>2,938</b>                                  | <b>51,480</b>   |

<sup>1</sup> Certain amounts shown here reflect the revised previously reported fair values associated with the Xstrata acquisition made in 2013 (see note 25), and therefore do not correspond to the consolidated statement of changes in equity for the year ended 31 December 2013.

<sup>2</sup> See note 19.

<sup>3</sup> See note 25.

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

# Notes to the financial statements

## 1. ACCOUNTING POLICIES

### *Corporate information*

Glencore plc (formerly Glencore Xstrata 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, energy products and agricultural 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 automotive, steel, power generation, oil and food processing 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 plc is a publicly traded limited company incorporated in Jersey and domiciled in Switzerland. Its ordinary shares are traded on the London, Hong Kong and Johannesburg stock exchanges.

These consolidated financial statements were authorised for issue in accordance with a Directors’ resolution on 17 March 2015.

### *Statement of compliance*

The accounting policies adopted are prepared in accordance with:

- International Financial Reporting Standards (“IFRS”) and interpretations as adopted by the European Union (“EU”) effective as of 31 December 2014; and
- IFRS and interpretations as issued by the International Accounting Standards Board (“IASB”) effective as of 31 December 2014.

### *Critical accounting judgements and key sources of estimation*

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:

### *Key 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.

#### *Allocation of acquisition goodwill to cash generating units (“CGUs”) (notes 8, 9 and 25)*

The allocation of goodwill created as a result of a business combination is a significant judgement which is, in part, impacted by the identification of synergies expected to be realised as a result of a business combination and allocating those synergies to the CGUs which are expected to benefit from the synergies. The allocation of goodwill impacts the carrying value of CGUs and the associated assessment of impairment in connection with those CGUs. The most significant judgements in respect of goodwill allocation relate to the acquisition of Xstrata, which was completed in 2013. No goodwill was recognised in conjunction with any of the business combinations occurring in 2014.

#### *Determination of control of subsidiaries and joint arrangements (note 35)*

Judgement is required to determine when Glencore has control of subsidiaries or joint control of joint 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.

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.

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 proportionate consolidation method.

#### *Exploration and evaluation expenditure (notes 7 and 30)*

The application of Glencore’s accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves/resource.

#### *Credit and performance risk (note 26)*

The Group's global marketing operations expose it to credit and performance (the risk that counterparties fail to sell or purchase physical commodities on agreed terms) risks; these arise particularly in markets demonstrating significant price volatility with limited liquidity and terminal markets and when global and/or regional macroeconomic conditions are weak.

Continuously, but particularly during such times, judgement is required to determine whether receivables, loans and advances are recoverable and if contracted product deliveries will be received. Judgements about recoverability and contractual performance may materially impact both non-current and current assets as recognised in the statement of financial position.

#### *Recognition of deferred tax assets (note 6)*

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 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 income in the period in which the change occurs. The recoverability of deferred tax assets including the estimates and assumptions contained therein are reviewed regularly by management.

#### *Key estimates and assumptions*

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 impact on the financial position and the results of operations, 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.

#### *Valuation of derivative instruments (note 28)*

Derivative instruments are carried at fair value and Glencore evaluates the quality and reliability of the assumptions and data used to measure fair value in the three hierarchy levels, Level 1, 2 and 3, as prescribed by IFRS 13 Fair Value Measurement. Fair values are determined in the following ways: externally verified via comparison to quoted market prices in active markets (Level 1); by using models with externally verifiable inputs (Level 2); or by using alternative procedures such as comparison to comparable instruments and/or using models with unobservable market inputs requiring Glencore to make market based assumptions (Level 3). Level 3 inputs therefore include the highest level of estimation uncertainty.

#### *Depreciation and amortisation of mineral and petroleum rights, deferred mining costs and plant and equipment (note 7)*

Mineral and petroleum rights, deferred mining costs and certain plant and equipment are depreciated/amortised using the Units of Production basis ("UOP"). The calculation of the UOP rate of depreciation/amortisation, and therefore the annual charge

to operations, can fluctuate from initial estimates. This could generally result when there are significant changes in any of the factors or assumptions used in estimating mineral or petroleum reserves and resources, notably changes in the geology of the reserves and resources and assumptions used in determining the economic feasibility of the reserves. Such changes in reserves and resources could similarly impact the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of the project, which in turn is limited to the life of the underlying reserves and resources. Estimates of proven and probable reserves and resources are prepared by experts in extraction, geology and reserve determination. Assessments of UOP rates against the estimated reserve and resource base and the operating and development plan are performed regularly.

#### *Impairments (notes 5, 7, 8, 9 and 10)*

Investments in associates and joint ventures, other investments, 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 may not be fully recoverable or at least annually for goodwill and other indefinite life intangible assets. If an asset's recoverable amount is less than the asset's carrying amount, an impairment loss is recognised in the consolidated statement of income. Future cash flow estimates which are used to calculate the asset's fair value are discounted using asset specific discount rates and are based on expectations about future operations, primarily comprising estimates about production and sales volumes, commodity prices, reserves and resources, operating, rehabilitation and restoration costs and capital expenditures. Changes in such estimates could impact recoverable values of these assets. Estimates are reviewed regularly by management.

#### *Provisions (note 22)*

The amount recognised as a provision, including tax, legal, contractual and other exposures or obligations, is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. The Group assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements. These provisions may require settlement in future periods and as such may be materially impacted by the time value of money. The determination of the appropriate risk adjusted discount rate to reflect time value of money is a source of estimation uncertainty which could impact the carrying value of these provisions at the balance sheet date.

#### *Restoration, rehabilitation and decommissioning costs (note 22)*

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, the timing, extent and costs of the required closure and rehabilitation activities and of the risk adjusted discount rates used to determine the present value of the future cash outflows. To the extent that the actual future costs differ from these estimates, adjustments will be recorded and the consolidated statement of income could be impacted. The provisions including the estimates and assumptions contained therein are reviewed regularly by management.

## Notes to the financial statements

### 1. ACCOUNTING POLICIES (continued)

#### *Fair value measurements (notes 9, 12, 25, 26, 27 and 28)*

In addition to recognising derivative instruments at fair value, as discussed above, an assessment of the fair value of assets and liabilities is also required in accounting for other transactions, most notably, business combinations and marketing inventories and disclosures related to fair values of financial assets and liabilities. In such instances, fair value measurements are estimated based on the amounts for which the assets and liabilities could be exchanged at the relevant transaction date or reporting period end, and are therefore not necessarily reflective of the likely cash flow upon actual settlements. Where fair value measurements cannot be derived from publicly available information, they are estimated using models and other valuation methods. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty, particularly where comparable market-based transactions rarely exist.

#### *Adoption of new and revised Standards*

In the current year, Glencore has applied a number of new and revised IFRS standards and interpretations which were adopted as of 1 January 2014:

#### *Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities*

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss.

#### *Amendments to IFRS 11 – Acquisitions of Interests in Joint Operations*

The amendments, effective for year-ends beginning on or after 1 January 2016, but with early adoption permitted, were early adopted in conjunction with the acquisition of Caracal Energy Inc. These amendments address how a joint operator should account for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business. IFRS 11 Joint Arrangements, as amended now requires that such transactions shall be accounted for using the principles related to business combinations according to IFRS 3 Business Combinations and other standards and that any previously held interests in the existing joint operation is not to be remeasured to fair value.

#### *Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities*

The amendments to IAS 32 Financial Instruments: Presentation clarify the requirements relating to the offset of financial assets and liabilities. Specifically, the amendments clarify the meaning of “currently has a legally enforceable right to set-off” and “simultaneous realisation and settlement”.

#### *Amendments to IAS 36 – Recoverable Amount Disclosure for Non-Financial Assets*

The amendments to IAS 36 Impairments of Assets: Presentation clarify the disclosure required in relation to the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

#### *Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting*

The amendments to IAS 39 Financial Instruments: Recognition and Measurement clarify the criteria required to be met such that there would be no need to discontinue hedge accounting if a hedging derivative was novated.

#### *IFRIC 21 – Levies*

The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognised before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements. IFRIC 21 is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g. IAS 12 Income Taxes) and fines or other penalties for breaches of legislation.

The adoption of these new amendments and interpretations has had no material impact on the Group.

#### *New and revised Standards not yet effective*

At the date of authorisation of these consolidated financial statements, the following new and revised IFRS standards, which are applicable to Glencore, were issued but are not yet effective:

#### *Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation – effective for year-ends beginning on or after 1 January 2016*

The amendments to IAS 16 Property, Plant and Equipment prohibits entities from using a revenue-based depreciation method for items of property, plant and equipment and the amendments to IAS 38 Intangible Assets introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of intangible assets.

#### *IFRS 15 – Revenue from Contracts with Customers – effective for year-ends beginning on or after 1 January 2017*

IFRS 15 applies to revenue from contracts with customers and replaces all of the revenue standards and interpretations in IFRS. The standard outlines the principles an entity must apply to measure and recognise revenue and the related cash flows.

#### *IFRS 9 – Financial Instruments – effective for year-ends beginning on or after 1 January 2018*

IFRS 9 modifies the classification and measurement of certain classes of financial assets and liabilities. The most significant change is to rationalise from 4 to 2 primary categories of financial assets.

The Directors are currently evaluating the impact these new and revised standards may have on the financial statements of Glencore.

### *Basis of preparation*

The financial statements are prepared under the historical cost convention except for the revaluation of certain financial assets, liabilities and marketing inventories 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 generally based on the fair value of the consideration given in exchange for goods and services. The principal accounting policies adopted are set out below.

The Directors have assessed that the financial statements be prepared on a going concern basis after their consideration of the Group's budgeted cash flows and related assumptions, including appropriate stress testing thereof, key risks and uncertainties, undrawn debt facilities, debt maturity review and in accordance with the Going Concern and Liquidity Guidance for Directors of UK Companies 2009 published by the Financial Reporting Council. Further information on Glencore's objectives, policies and processes for managing its capital and financial risks are detailed in note 26.

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

### *Principles of consolidation*

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured 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.

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 IAS 39, when applicable, or the cost on 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.

## Notes to the financial statements

### 1. ACCOUNTING POLICIES (continued)

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 applies the proportionate consolidation method and recognises:

- 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.

#### *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.

Where the fair value of consideration transferred for a business combination exceeds the fair values attributable to Glencore's share of the identifiable net assets, the difference is treated as purchased goodwill.

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 for goodwill 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 and assets and liabilities 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 held for sale are measured at the lower of their carrying amount or fair value less costs of disposal.

*Revenue recognition*

Revenue is recognised when Glencore has transferred to the buyer all significant risks and rewards of ownership of the assets sold. Revenue excludes any applicable sales taxes and is recognised at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to Glencore and the revenues and costs can be reliably measured. In most instances sales revenue 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.

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. 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.

Royalty, interest and dividend income is recognised when the right to receive payment has been established, it is probable that the economic benefits will flow to Glencore and the amount of income can be measured reliably. Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement. Interest income is accrued on a time basis, by reference to the principal outstanding and the applicable effective interest rate.

*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.

*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. The resulting exchange differences are recorded in the consolidated statement of income.

*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.

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. 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.

*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.

*Retirement benefits*

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.

Glencore uses the Projected Unit Credit Actuarial method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The cost of providing pensions is charged to the consolidated statement of income so as to recognise current and past service costs, interest cost on defined benefit obligations, and the effect of any curtailments or settlements, net of expected returns on plan assets. Actuarial gains and losses are recognised directly in other comprehensive income and will not be reclassified to the consolidated statement of income. The retirement benefit obligation/asset recognised in the consolidated statement of financial position represents the actual deficit or surplus in Glencore'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**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.

# Notes to the financial statements

## 1. ACCOUNTING POLICIES (continued)

### *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.

### *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 but which 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.

### *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 UOP and/or straight-line basis as follows:

|                              |                  |
|------------------------------|------------------|
| Buildings                    | 10 – 45 years    |
| Freehold land                | not depreciated  |
| Plant and equipment          | 3 – 30 years/UOP |
| Mineral and petroleum rights | UOP              |
| Deferred mining costs        | UOP              |

Assets under finance leases, where substantially all the risks and rewards of ownership transfer to the Group as lessee, are capitalised and amortised over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. All other leases are classified as operating leases, the expenditures for which are charged against income over the accounting periods covered by the lease term.

### *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.

### *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 licenses, 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. Purchased exploration and evaluation assets are

recognised at their fair value at acquisition. As the intangible component (i.e. licenses) 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 is recorded as a component of property, plant and equipment.

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 income statement. 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 netted against development expenditure. 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 of 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 related to accessing 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.

#### Biological assets

Biological assets are carried at their fair value less estimated selling costs. Any changes in fair value less estimated selling costs are included in the consolidated statement of income in the period in which they arise.

#### Restoration, rehabilitation and decommissioning

Restoration, rehabilitation and decommissioning costs arising from the installation of plant and other site preparation work, discounted using a risk adjusted discount rate to their net present value, are provided for and capitalised at the time such an obligation arises. The costs are charged to the consolidated statement of income over the life of the operation through depreciation of the asset and 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 the reduction 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.

Internally generated intangibles are not capitalised. Instead, the related expenditure is recognised in the consolidated statement of income and other comprehensive income in the period in which the expenditure is incurred.

# Notes to the financial statements

## 1. ACCOUNTING POLICIES (continued)

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 depreciated, Glencore has no identifiable intangible assets with an indefinite life.

The major categories of intangibles are amortised on a straight-line basis as follows:

|                                   |               |
|-----------------------------------|---------------|
| Port allocation rights            | 30 - 40 years |
| Licences, trademarks and software | 3 - 20 years  |
| Royalty arrangements              | 30 - 40 years |
| Acquired offtake arrangements     | 5 - 10 years  |

### *Other investments*

Equity investments, other than investments in Associates, are recorded at fair value unless such fair value is not reliably determinable in which case they are carried at cost. Changes in fair value are recorded in the consolidated statement of income unless they are classified as available for sale, in which case fair value movements are recognised in other comprehensive income and are subsequently recognised in the consolidated statement of income when realised by sale or redemption, or when a reduction in fair value is judged to be a significant or prolonged decline.

### *Impairment*

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. 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 test involves determining whether the carrying amounts are in excess of their recoverable amounts. An asset's recoverable amount is determined as the higher of its fair value less costs of disposal and its value in use. 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.

An impairment loss is reversed in the consolidated statement of income if there is a change in the estimates used to determine the recoverable amount since the prior impairment loss was recognised. The carrying amount is increased to the recoverable amount but not beyond the carrying amount net of depreciation or amortisation which would have arisen if the prior impairment loss had not been recognised. Goodwill impairments and impairments of available for sale equity investments 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. 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 products or purchase 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 income over the term of the contract.

### *Inventories*

The vast majority of marketing inventories are valued at fair value less costs of disposal with the remainder valued at the lower of cost or net realisable value. Unrealised gains and losses from changes in fair value are reported in cost of goods sold.

Production inventories are valued at the lower of cost or net realisable value. Cost is determined using the first-in-first-out ("FIFO") or the weighted average method and comprises material costs, labour costs and allocated production related overhead costs. Financing and storage costs related to inventory are expensed as incurred.

*Cash and cash equivalents*

Cash and cash equivalents comprise cash held at bank, cash in hand and short-term bank deposits with an original maturity of 3 months or less. The carrying amount of these assets approximates their fair value.

*Financial instruments*

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available for sale financial assets depending upon the purpose for which the financial assets were acquired. Financial assets are initially recognised at fair value on the trade date, including, in the case of instruments not recorded at fair value through profit or loss, directly attributable transaction costs. Subsequently, financial assets are carried at fair value (other investments, derivatives and marketable securities) or amortised cost less impairment (accounts receivable and advances and loans). Financial liabilities other than derivatives are initially recognised at fair value of consideration received net of transaction costs as appropriate and subsequently carried at amortised cost.

*Convertible bonds*

At the date of issue, the fair value of the liability component is determined by discounting the contractual future cash flows using a market rate for a similar non-convertible instrument. The liability component is recorded as a liability on an amortised cost basis using the effective interest method. The equity component is recognised as the difference between the fair value of the proceeds as a whole and the fair value of the liability component and it is not subsequently remeasured. On conversion, the liability is reclassified to equity and no gain or loss is recognised in the consolidated statement of income and upon expiry of the conversion rights, any remaining equity portion will be transferred to retained earnings.

*Own shares*

The cost of purchases of own shares are 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, 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.

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.

A change in the fair value of derivatives designated as a Cash Flow Hedge is initially recognised as a 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 "host contract". Such combinations are known as hybrid instruments and at the date of issuance, the embedded derivative is separated from the host contract and accounted for as a standalone derivative if the criteria for separation are met. The host contract is accounted for in accordance with its relevant accounting policy.

## Notes to the financial statements

### 2. SEGMENT INFORMATION

Glencore is organised and operates on a worldwide basis in 3 core business segments – metals and minerals, energy products and agricultural products, with each business segment responsible for the marketing, sourcing, hedging, logistics and industrial investment activities of their respective products and reflecting the structure used by Glencore's management to assess the performance of Glencore.

The business segments' contributions to the Group are primarily derived from the net margin or premium earned from physical marketing activities (net sale and purchase of physical commodities), provision of marketing and related value-add services and the margin earned from industrial asset activities (net resulting from the sale of physical commodities over the cost of production and/or cost of sales) and comprise the following underlying key commodities:

- Metals and minerals: Zinc, copper, lead, alumina, aluminium, ferroalloys, nickel, cobalt and iron ore, including smelting, refining, mining, processing and storage related operations of the relevant commodities;
- Energy products: Crude oil, oil products, steam coal and metallurgical coal, including investments in coal mining and oil production operations, ports, vessels and storage facilities; and
- Agriculture products: Wheat, corn, canola, barley, rice, oil seeds, meals, edible oils, biofuels, cotton and sugar supported by investments in farming, storage, handling, processing and port facilities.

Corporate and other: consolidated statement of income amounts represent Glencore's share of income related to Xstrata (prior to the date of acquisition in May 2013) and other unallocated Group related expenses (including variable pool bonus charges). Statement of financial position amounts represent Group related balances.

The financial performance of the segments is principally evaluated with reference to Adjusted EBIT/EBITDA which is the net result of revenue less cost of goods sold and selling and administrative expenses plus share of income from other associates and joint ventures, dividend income and the attributable share of underlying Adjusted EBIT/EBITDA of certain associates and joint ventures which are accounted for internally by means of proportionate consolidation.

The accounting policies of the operating segments are the same as those described in note 1 with the exception of certain associates and joint ventures. Under IFRS 11, Glencore's investments in the Antamina copper/zinc mine (34% owned) and the Cerrejón coal mine (33% owned) are considered to be associates as they are not subject to joint control and the Collahuasi copper mine (44% owned) is considered to be a joint venture. Associates and joint ventures are required to be accounted for in Glencore's financial statements under the equity method. For internal reporting and analysis, Glencore evaluates the performance of these investments under the proportionate consolidation method reflecting Glencore's proportionate share of the revenues, expenses, assets and liabilities of the investments. The balances as presented for internal reporting purposes are reconciled to Glencore's statutory disclosures as outlined in the following tables.

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.

| 2014<br>US\$ million                       | Metals and<br>minerals | Energy<br>products | Agricultural<br>products | Corporate<br>and other | Total          |
|--------------------------------------------|------------------------|--------------------|--------------------------|------------------------|----------------|
| <b>Revenue</b>                             | <b>66,050</b>          | <b>131,980</b>     | <b>25,821</b>            | <b>132</b>             | <b>223,983</b> |
| <b>Marketing activities</b>                |                        |                    |                          |                        |                |
| Adjusted EBIT                              | 1,515                  | 524                | 856                      | (105)                  | <b>2,790</b>   |
| Depreciation and amortisation              | 30                     | 41                 | 140                      | –                      | <b>211</b>     |
| <b>Adjusted EBITDA</b>                     | <b>1,545</b>           | <b>565</b>         | <b>996</b>               | <b>(105)</b>           | <b>3,001</b>   |
| <b>Industrial activities</b>               |                        |                    |                          |                        |                |
| Adjusted EBIT                              | 3,674                  | 486                | 136                      | (380)                  | <b>3,916</b>   |
| Depreciation and amortisation <sup>1</sup> | 3,403                  | 2,355              | 77                       | 12                     | <b>5,847</b>   |
| <b>Adjusted EBITDA</b>                     | <b>7,077</b>           | <b>2,841</b>       | <b>213</b>               | <b>(368)</b>           | <b>9,763</b>   |
| <b>Total adjusted EBITDA</b>               | <b>8,622</b>           | <b>3,406</b>       | <b>1,209</b>             | <b>(473)</b>           | <b>12,764</b>  |
| <b>Depreciation and amortisation</b>       | <b>(3,433)</b>         | <b>(2,396)</b>     | <b>(217)</b>             | <b>(12)</b>            | <b>(6,058)</b> |
| <b>Total adjusted EBIT</b>                 | <b>5,189</b>           | <b>1,010</b>       | <b>992</b>               | <b>(485)</b>           | <b>6,706</b>   |

Significant items<sup>2</sup>

Other expense – net<sup>3</sup> (1,073)

Share of associates' exceptional items<sup>4</sup> (74)

Unrealised intergroup profit elimination adjustments and other<sup>5</sup> (221)

Interest expense – net<sup>6</sup> (1,457)

Gain on sale of investments<sup>7</sup> 715

Income tax expense<sup>8</sup> (2,152)

**Income for the year** **2,444**

<sup>1</sup> Includes an adjustment of \$610 million (2013: \$447 million) to depreciation and amortisation expenses related to presenting certain associates and joint ventures on a proportionate consolidation basis. Metals and minerals segment: \$430 million (2013: \$271 million) and Energy products segment \$180 million (2013: \$176 million), see table below, page 138.

<sup>2</sup> Significant items of income and expense which, due to their financial impacts, nature or the expected infrequency of the events giving rise to them, have been separated for internal reporting and analysis of Glencore's results.

<sup>3</sup> See note 4.

<sup>4</sup> Share of associates' exceptional items comprise Glencore's share of exceptional charges booked directly by various associates, predominantly Lonmin, relating mainly to various costs incurred in connection with the prolonged platinum strikes in South Africa.

<sup>5</sup> Comprises the required adjustment to eliminate unrealised profit or losses arising on intergroup transactions of \$187 million (2013: \$261 million). For Glencore, such adjustments arise on the sale of product, in the ordinary course of business, from its Industrial operations to its Marketing arm and management assesses segment performance prior to any such adjustments, as if the sales were to third parties. The balance comprises an adjustment of \$34 million (2013: \$nil) arising from losses incurred as a result of typhoon Haiyan in the Philippines.

<sup>6</sup> Includes an adjustment of \$14 million (2013: \$6 million) to interest income related to presenting certain associates and joint ventures on a proportionate consolidation basis. Metals and minerals segment: interest income of \$18 million and Energy products segment interest expense of \$4 million, see table below, page 138.

<sup>7</sup> See note 3.

<sup>8</sup> Includes an adjustment of \$343 million (2013: \$329 million) to income tax expenses related to presenting certain associates and joint ventures on a proportionate consolidation basis. Metals and minerals segment: \$266 million and Energy products segment \$77 million, see table below, page 138.

# Notes to the financial statements

## 2. SEGMENT INFORMATION (continued)

| 2013<br>US\$ million                       | Metals and<br>minerals | Energy<br>products | Agricultural<br>products | Corporate<br>and other | Total<br>Restated <sup>1</sup> |
|--------------------------------------------|------------------------|--------------------|--------------------------|------------------------|--------------------------------|
| <b>Revenue</b>                             | <b>65,321</b>          | <b>139,768</b>     | <b>30,039</b>            | <b>138</b>             | <b>235,266</b>                 |
| <b>Marketing activities</b>                |                        |                    |                          |                        |                                |
| Adjusted EBIT                              | 1,622                  | 629                | 198                      | (93)                   | 2,356                          |
| Depreciation and amortisation              | 21                     | 37                 | 185                      | –                      | 243                            |
| <b>Adjusted EBITDA</b>                     | <b>1,643</b>           | <b>666</b>         | <b>383</b>               | <b>(93)</b>            | <b>2,599</b>                   |
| <b>Industrial activities</b>               |                        |                    |                          |                        |                                |
| Adjusted EBIT                              | 2,742                  | 907                | (6)                      | (29)                   | 3,614                          |
| Depreciation and amortisation <sup>2</sup> | 2,554                  | 1,623              | 67                       | 9                      | 4,253                          |
| <b>Adjusted EBITDA</b>                     | <b>5,296</b>           | <b>2,530</b>       | <b>61</b>                | <b>(20)</b>            | <b>7,867</b>                   |
| <b>Total adjusted EBITDA</b>               | <b>6,939</b>           | <b>3,196</b>       | <b>444</b>               | <b>(113)</b>           | <b>10,466</b>                  |
| <b>Depreciation and amortisation</b>       | <b>(2,575)</b>         | <b>(1,660)</b>     | <b>(252)</b>             | <b>(9)</b>             | <b>(4,496)</b>                 |
| <b>Total adjusted EBIT</b>                 | <b>4,364</b>           | <b>1,536</b>       | <b>192</b>               | <b>(122)</b>           | <b>5,970</b>                   |

### Significant items<sup>3</sup>

|                                                                   |                |
|-------------------------------------------------------------------|----------------|
| Other expense – net <sup>4</sup>                                  | (11,488)       |
| Share of associates' exceptional items <sup>5</sup>               | (51)           |
| Mark-to-market loss on certain natural gas contracts <sup>6</sup> | (95)           |
| Unrealised intergroup profit elimination adjustments <sup>7</sup> | (261)          |
| Interest expense – net <sup>8</sup>                               | (1,394)        |
| Loss on sale of investments <sup>9</sup>                          | (40)           |
| Income tax expense <sup>10</sup>                                  | (583)          |
| <b>Loss for the year</b>                                          | <b>(7,942)</b> |

<sup>1</sup> Other expense – net adjusted for the final fair value adjustments in relation to the acquisition of Xstrata (see note 4 and 25).

<sup>2</sup> Includes an adjustment of \$447 million to depreciation and amortisation expenses related to presenting certain associates and joint ventures on a proportionate consolidation basis. Metals and minerals segment: \$271 million and Energy products segment \$176 million, see table below, page 138.

<sup>3</sup> Significant items of income and expense which, due to their financial impacts, nature or the expected infrequency of the events giving rise to them, have been separated for internal reporting and analysis of Glencore's results.

<sup>4</sup> See note 4.

<sup>5</sup> Share of associates' exceptional items comprise Glencore's share of exceptional charges booked directly by Xstrata relating mainly to various costs incurred by Xstrata in connection with its acquisition by Glencore.

<sup>6</sup> Represents an accounting measurement mismatch between spot and forward prices in respect of certain aluminium commercial hedging activities where such amounts will reverse in future periods. Due to the hedging being done on a portfolio basis, hedge treatment for IFRS accounting purposes (where such amounts would not impact the consolidated statement of income) is not achievable.

<sup>7</sup> Represents the required adjustment to eliminate unrealised profit or losses arising on intergroup transactions. For Glencore, such adjustments arise on the sale of product, in the ordinary course of business, from its Industrial operations to its Marketing arm and management assesses segment performance prior to any such adjustments, as if the sales were to third parties.

<sup>8</sup> Includes an adjustment of \$6 million to interest expenses related to presenting certain associates and joint ventures on a proportionate consolidation basis. Metals and minerals segment: interest income of \$1 million and Energy products segment interest expense of \$7 million, see table below, page 138.

<sup>9</sup> See note 3.

<sup>10</sup> Includes an adjustment of \$329 million to income tax expenses related to presenting certain associates and joint ventures on a proportionate consolidation basis. Metals and minerals segment: \$299 million and Energy products segment \$30 million, see table below, page 138.

| 2014<br>US\$ million                            | Metals and<br>minerals | Energy<br>products | Agricultural<br>products | Corporate<br>and other | Total         |
|-------------------------------------------------|------------------------|--------------------|--------------------------|------------------------|---------------|
| Current assets                                  | 29,620                 | 14,433             | 6,758                    | (447)                  | 50,364        |
| Current liabilities                             | (11,334)               | (17,264)           | (2,870)                  | (474)                  | (31,942)      |
| <b>Allocatable current capital employed</b>     | <b>18,286</b>          | <b>(2,831)</b>     | <b>3,888</b>             | <b>(921)</b>           | <b>18,422</b> |
| Property, plant and equipment                   | 38,663                 | 28,039             | 2,899                    | 509                    | 70,110        |
| Intangible assets                               | 3,728                  | 4,097              | 902                      | 139                    | 8,866         |
| Investments in associates and other investments | 9,660                  | 3,561              | 525                      | –                      | 13,746        |
| Non-current advances and loans                  | 1,834                  | 2,518              | 138                      | 107                    | 4,597         |
| <b>Allocatable non-current capital employed</b> | <b>53,885</b>          | <b>38,215</b>      | <b>4,464</b>             | <b>755</b>             | <b>97,319</b> |
| Other assets <sup>1</sup>                       |                        |                    |                          | 4,522                  | 4,522         |
| Other liabilities <sup>2</sup>                  |                        |                    |                          | (68,783)               | (68,783)      |
| <b>Total net assets</b>                         | <b>72,171</b>          | <b>35,384</b>      | <b>8,352</b>             | <b>(64,427)</b>        | <b>51,480</b> |

|                            |              |              |            |          |              |
|----------------------------|--------------|--------------|------------|----------|--------------|
| <b>Capital expenditure</b> | <b>6,982</b> | <b>2,294</b> | <b>249</b> | <b>2</b> | <b>9,527</b> |
|----------------------------|--------------|--------------|------------|----------|--------------|

1 Other assets include deferred tax assets, marketable securities and cash and cash equivalents.

2 Other liabilities include borrowings, non-current deferred income, deferred tax liabilities, non-current provisions and non-current financial liabilities.

| 2013<br>US\$ million                            | Metals and<br>minerals | Energy<br>products | Agricultural<br>products | Corporate<br>and other | Total<br>Restated <sup>1</sup> |
|-------------------------------------------------|------------------------|--------------------|--------------------------|------------------------|--------------------------------|
| Current assets                                  | 26,737                 | 17,164             | 6,554                    | 316                    | 50,771                         |
| Current liabilities                             | (10,456)               | (15,671)           | (2,708)                  | (529)                  | (29,364)                       |
| <b>Allocatable current capital employed</b>     | <b>16,281</b>          | <b>1,493</b>       | <b>3,846</b>             | <b>(213)</b>           | <b>21,407</b>                  |
| Property, plant and equipment                   | 36,533                 | 27,173             | 3,195                    | 332                    | 67,233                         |
| Intangible assets                               | 3,755                  | 4,374              | 883                      | 146                    | 9,158                          |
| Investments in associates and other investments | 9,439                  | 3,191              | 430                      | 19                     | 13,079                         |
| Non-current advances and loans                  | 987                    | 2,461              | 141                      | 406                    | 3,995                          |
| <b>Allocatable non-current capital employed</b> | <b>50,714</b>          | <b>37,199</b>      | <b>4,649</b>             | <b>903</b>             | <b>93,465</b>                  |
| Other assets <sup>2</sup>                       |                        |                    |                          | 10,626                 | 10,626                         |
| Other liabilities <sup>3</sup>                  |                        |                    |                          | (72,817)               | (72,817)                       |
| <b>Total net assets</b>                         | <b>66,995</b>          | <b>38,692</b>      | <b>8,495</b>             | <b>(61,501)</b>        | <b>52,681</b>                  |
| <b>Capital expenditure</b>                      | <b>7,114</b>           | <b>2,696</b>       | <b>293</b>               | <b>4</b>               | <b>10,107</b>                  |

1 Adjusted for final fair value adjustments in relation to the acquisition of Xstrata (see note 25).

2 Other assets include deferred tax assets, marketable securities, cash and cash equivalents and assets held for sale.

3 Other liabilities include borrowings, non-current deferred income, deferred tax liabilities, non-current provisions, non-current financial liabilities and liabilities held for sale.

## Notes to the financial statements

### 2. SEGMENT INFORMATION (continued)

The reconciliation of certain associates' and joint venture's Adjusted EBIT to 'Share of net income from associates and joint ventures' for the years ended 31 December 2014 and 2013 is as follows:

| 2014<br>US\$ million                                                                              | Metals and<br>minerals | Energy<br>products | Agricultural<br>products | Corporate<br>and other | Total          |
|---------------------------------------------------------------------------------------------------|------------------------|--------------------|--------------------------|------------------------|----------------|
| <b>Revenue</b>                                                                                    |                        |                    |                          |                        |                |
| Revenue                                                                                           | 66,050                 | 131,980            | 25,821                   | 132                    | 223,983        |
| Impact of presenting certain associates and joint ventures on a proportionate consolidation basis | (2,156)                | (754)              | –                        | –                      | (2,910)        |
| <b>Revenue – reported measure</b>                                                                 | <b>63,894</b>          | <b>131,226</b>     | <b>25,821</b>            | <b>132</b>             | <b>221,073</b> |
| <b>Share of income from certain associates and joint ventures</b>                                 |                        |                    |                          |                        |                |
| Associates' and joint ventures' Adjusted EBITDA                                                   | 1,292                  | 260                | –                        | –                      | 1,552          |
| Depreciation and amortisation                                                                     | (430)                  | (180)              | –                        | –                      | (610)          |
| Associates' and joint ventures' Adjusted EBIT                                                     | 862                    | 80                 | –                        | –                      | 942            |
| Net finance costs                                                                                 | 18                     | (4)                | –                        | –                      | 14             |
| Income tax expense                                                                                | (266)                  | (77)               | –                        | –                      | (343)          |
| Net finance costs and income tax expense                                                          | (248)                  | (81)               | –                        | –                      | (329)          |
| <b>Share of income from certain associates and joint ventures</b>                                 | <b>614</b>             | <b>(1)</b>         | <b>–</b>                 | <b>–</b>               | <b>613</b>     |
| Share of income from other associates                                                             | (36)                   | 3                  | 58                       | –                      | 25             |
| <b>Share of income from associates and joint ventures</b>                                         | <b>578</b>             | <b>2</b>           | <b>58</b>                | <b>–</b>               | <b>638</b>     |
| <b>Capital expenditure</b>                                                                        |                        |                    |                          |                        |                |
| Capital expenditure                                                                               | 6,982                  | 2,294              | 249                      | 2                      | 9,527          |
| Impact of presenting certain associates and joint ventures on a proportionate consolidation basis | (368)                  | (99)               | –                        | –                      | (467)          |
| <b>Capital expenditure – reported measure</b>                                                     | <b>6,614</b>           | <b>2,195</b>       | <b>249</b>               | <b>2</b>               | <b>9,060</b>   |
| <b>2013</b>                                                                                       |                        |                    |                          |                        |                |
| US\$ million                                                                                      | Metals and<br>minerals | Energy<br>products | Agricultural<br>products | Corporate<br>and other | Total          |
| <b>Revenue</b>                                                                                    |                        |                    |                          |                        |                |
| Revenue                                                                                           | 65,321                 | 139,768            | 30,039                   | 138                    | 235,266        |
| Impact of presenting certain associates and joint ventures on a proportionate consolidation basis | (1,973)                | (599)              | –                        | –                      | (2,572)        |
| <b>Revenue – reported measure</b>                                                                 | <b>63,348</b>          | <b>139,169</b>     | <b>30,039</b>            | <b>138</b>             | <b>232,694</b> |
| <b>Share of income from certain associates and joint ventures</b>                                 |                        |                    |                          |                        |                |
| Associates' and joint ventures' Adjusted EBITDA                                                   | 1,249                  | 238                | –                        | –                      | 1,487          |
| Depreciation and amortisation                                                                     | (271)                  | (176)              | –                        | –                      | (447)          |
| Associates' and joint ventures' Adjusted EBIT                                                     | 978                    | 62                 | –                        | –                      | 1,040          |
| Net finance costs                                                                                 | 1                      | (7)                | –                        | –                      | (6)            |
| Income tax expense                                                                                | (299)                  | (30)               | –                        | –                      | (329)          |
| Net finance costs and income tax expense                                                          | (298)                  | (37)               | –                        | –                      | (335)          |
| <b>Share of income from certain associates and joint ventures</b>                                 | <b>680</b>             | <b>25</b>          | <b>–</b>                 | <b>–</b>               | <b>705</b>     |
| Share of income from other associates                                                             | (37)                   | 45                 | 7                        | 126                    | 141            |
| <b>Share of income from associates and joint ventures</b>                                         | <b>643</b>             | <b>70</b>          | <b>7</b>                 | <b>126</b>             | <b>846</b>     |
| <b>Capital expenditure</b>                                                                        |                        |                    |                          |                        |                |
| Capital expenditure                                                                               | 7,114                  | 2,696              | 293                      | 4                      | 10,107         |
| Impact of presenting certain associates and joint ventures on a proportionate consolidation basis | (376)                  | (144)              | –                        | –                      | (520)          |
| <b>Capital expenditure – reported measure</b>                                                     | <b>6,738</b>           | <b>2,552</b>       | <b>293</b>               | <b>4</b>               | <b>9,587</b>   |

Adjusted EBIT is revenue less cost of goods sold and selling and administrative expenses plus share of income from associates and joint ventures, dividend income and the attributable share of underlying Adjusted EBIT of certain associates and joint ventures. Adjusted EBITDA consists of Adjusted EBIT plus depreciation and amortisation. The reconciliation of Adjusted EBIT/EBITDA to the reported measures is as follows:

| US\$ million                                                                                                                         | 2014          | 2013          |
|--------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| <b>Reported measures</b>                                                                                                             |               |               |
| Revenue                                                                                                                              | 221,073       | 232,694       |
| Cost of goods sold                                                                                                                   | (214,344)     | (227,145)     |
| Selling and administrative expenses                                                                                                  | (1,304)       | (1,206)       |
| Share of associates and joint ventures                                                                                               | 638           | 846           |
| Dividend income                                                                                                                      | 19            | 39            |
|                                                                                                                                      | <b>6,082</b>  | <b>5,228</b>  |
| <b>Adjustments to reported measures</b>                                                                                              |               |               |
| Share of associates exceptional items                                                                                                | 74            | 51            |
| Mark-to-market valuation on certain contracts                                                                                        | –             | 95            |
| Unrealised intergroup profit elimination                                                                                             | 221           | 261           |
|                                                                                                                                      | <b>295</b>    | <b>407</b>    |
| Net finance and income tax expense impact of presenting certain associates and joint ventures on a proportionate consolidation basis | 329           | 335           |
| <b>Adjusted EBIT</b>                                                                                                                 | <b>6,706</b>  | <b>5,970</b>  |
| Depreciation and amortisation                                                                                                        | 5,448         | 4,049         |
| Depreciation impact of presenting certain associates and joint ventures on a proportionate consolidation basis                       | 610           | 447           |
| <b>Adjusted EBITDA</b>                                                                                                               | <b>12,764</b> | <b>10,466</b> |

#### Geographical information

| US\$ million                                  | 2014           | 2013<br>Restated <sup>1</sup> |
|-----------------------------------------------|----------------|-------------------------------|
| <b>Revenue from third parties<sup>2</sup></b> |                |                               |
| The Americas                                  | 47,274         | 54,675                        |
| Europe                                        | 70,595         | 78,782                        |
| Asia                                          | 86,619         | 84,835                        |
| Africa                                        | 8,206          | 8,688                         |
| Oceania                                       | 8,379          | 5,714                         |
|                                               | <b>221,073</b> | <b>232,694</b>                |
| <b>Non-current assets<sup>3</sup></b>         |                |                               |
| The Americas                                  | 23,471         | 23,817                        |
| Europe                                        | 9,316          | 9,331                         |
| Asia                                          | 5,922          | 5,692                         |
| Africa                                        | 23,642         | 21,524                        |
| Oceania                                       | 28,899         | 28,183                        |
|                                               | <b>91,250</b>  | <b>88,547</b>                 |

<sup>1</sup> Adjusted for final fair value adjustments in relation to the acquisition of Xstrata (see note 25).

<sup>2</sup> 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 counterpart's ultimate parent and/or final destination of product.

<sup>3</sup> Non-current assets are non-current assets excluding other investments, advances and loans and deferred tax assets.

## Notes to the financial statements

### 3. GAIN/(LOSS) ON SALE OF INVESTMENTS

| US\$ million                             | 2014       | 2013        |
|------------------------------------------|------------|-------------|
| Gain on sale of Las Bambas               | 715        | –           |
| Loss on sale in investment in associates | –          | (40)        |
| <b>Total</b>                             | <b>715</b> | <b>(40)</b> |

On 31 July 2014, the Las Bambas sale transaction was completed, resulting in a gain of \$715 million. Tax of \$531 million was paid upon completion, resulting in a net gain of \$184 million (see note 15).

The net loss on sale of investments in associates in 2013 comprised primarily an accounting dilution loss following an Xstrata share issuance in April 2013, which saw Glencore's ownership reduce.

### 4. OTHER EXPENSE – NET

| US\$ million                                                                       | Notes | 2014           | 2013<br>Restated <sup>1</sup> |
|------------------------------------------------------------------------------------|-------|----------------|-------------------------------|
| Impairments                                                                        | 5     | (1,101)        | (9,730)                       |
| Changes in mark-to-market valuations on investments held for trading – net         |       | 134            | (308)                         |
| Foreign exchange loss                                                              |       | (76)           | (126)                         |
| Acquisition related expenses                                                       |       | (10)           | (330)                         |
| Premium on bond buybacks                                                           |       | (95)           | –                             |
| Revaluation of previously held interest in newly acquired businesses – net         |       | –              | (1,160)                       |
| Changes in mark-to-market valuation of certain coal forward contracts <sup>2</sup> |       | –              | 87                            |
| Other expense – net <sup>3</sup>                                                   |       | 75             | 79                            |
| <b>Total</b>                                                                       |       | <b>(1,073)</b> | <b>(11,488)</b>               |

<sup>1</sup> Adjusted for final fair value adjustments in relation to the acquisition of Xstrata (see note 25).

<sup>2</sup> This item, if classified by function of expense would be recognised in cost of goods sold. All other amounts in Other expense – net are classified by function.

<sup>3</sup> 'Other expense – net' for the year ended 31 December 2014 comprises a \$75 million gain on disposal of property, plant and equipment. 'Other expense – net' for the year ended 31 December 2013 includes a \$15 million gain on disposal of property, plant and equipment and \$37 million of income relating to the Agrium and Richardson assets which were acquired and subsequently sold as part of the Viterro acquisition.

Together with foreign exchange movements and mark-to-market movements on investments held for trading, other expenses – net includes other significant items of income and expense which due to their non-operational nature or expected infrequency of the events giving rise to them are reported separately from operating segment results. Other expenses – net includes, but is not limited to, impairment charges, revaluation of previously held interests in business combinations and acquisitions, restructuring and closure costs.

#### *Changes in mark-to-market valuations on investments held for trading – net*

Primarily relates to movements on interests in investments classified as held for trading and carried at fair value, with Glencore's interest in Volcan Compania Minera S.A.A. and Century Aluminum Company cash settled swaps accounting for the majority of the movement (see note 10).

#### *Acquisition related expenses*

2014 acquisition related expenses were incurred in connection with current year acquisitions (see note 25).

2013 acquisition related expenses occurred in connection with the acquisition of Xstrata (see note 25) and comprise \$59 million of costs incurred with the required cancellation of the Nyrstar offtake agreement, \$98 million of professional/advisers' fees related to the acquisition and \$137 million of stamp duty and restructuring costs. In addition, there was \$36 million of Viterro acquisition related expenses in 2013.

#### *Premium on bond buybacks*

In June, Glencore tendered for and cancelled 25% of its outstanding convertible bonds and Canadian dollar bonds originally issued by the Viterro Group (acquired by Glencore in 2012), booking the 'premium' over book carrying value as an expense of \$70 million (see note 20) and \$25 million respectively.

#### *Revaluation of previously held interest in newly acquired businesses – net*

In May 2013, Glencore completed the acquisition of the additional 66% interest in Xstrata it did not previously own (see note 25). At the date of acquisition, the previously owned interest was revalued to its fair value based on the share price at 2 May 2013 (the "Acquisition Date") as prescribed by IFRS 13 *Fair Value Measurement* and as a result, a \$1,160 million loss was recognised.

### Changes in mark-to-market valuation of certain coal forward contracts

This previously represented movements in the fair value of certain fixed price forward coal sales contracts relating to Prodeco's future production, into which it planned to physically deliver. Following the legal re-acquisition of Prodeco in March 2010, from an accounting perspective, these forward sales contracts could not technically be classified as "own use" or as cash flow hedges, which would have deferred the income statement effect until performance of the underlying future sale transactions. As at year-end 2013, all tonnes of such coal had been physically delivered.

## 5. IMPAIRMENTS

| US\$ million                                        | Notes | 2014           | 2013<br>Restated <sup>1</sup> |
|-----------------------------------------------------|-------|----------------|-------------------------------|
| Xstrata acquisition goodwill impairment             |       | –              | (8,124)                       |
| Available for sale instruments                      | 10    | –              | (446)                         |
| Non-current advances and loans                      | 11    | –              | (300)                         |
| Property, plant and equipment and intangible assets | 7/8   | (886)          | (779)                         |
| Investments                                         | 10    | (135)          | –                             |
| Non-current inventory and other <sup>2</sup>        |       | (80)           | (81)                          |
| <b>Total impairments<sup>3</sup></b>                |       | <b>(1,101)</b> | <b>(9,730)</b>                |

<sup>1</sup> The Xstrata acquisition goodwill impairment has been adjusted by \$(466) million as a result of the finalisation of the fair value adjustments relating to the acquisition of Xstrata (see note 25).

<sup>2</sup> These items, if classified by function of expense would be recognised in cost of goods sold.

<sup>3</sup> Impairments recognised during the year are allocated to Glencore's operating segments as follows: Metals and minerals \$791 million (2013: \$8,933 million), Energy products \$247 million (2013: \$797 million) and Agricultural products \$63 million (2013: \$nil).

### Property, plant and equipment and intangible assets

During the regular assessment of whether there is an indication of asset impairment or whether a previously recorded impairment may no longer be required (as part of our regular portfolio review), the following impairment charges resulted:

#### 2014

- Following the steep decline in iron ore prices and the decision to slow down development at our Mauritanian and Congo iron ore operations (Metals and minerals segment) their carrying values were impaired by \$431 million, to their estimated recoverable value of \$50 million.
- Upon further review and evaluation of our exploration activities at the Matanda Oil field in Cameroon (Energy product segment), it was determined that the technical risk of continuing to evaluate/develop the field was unacceptably high and as a result, the full carrying value of \$212 million was impaired.
- The continued challenging platinum market conditions resulted in the carrying value of our South African platinum operations (Metals and minerals segment) being written down to their estimated recoverable value, resulting in an impairment charge of \$146 million being recognised.
- The balance of the property, plant and equipment related impairment charges (none of which were individually material) arose due to changes in production and development plans and resulted in impairments of \$53 million, \$26 million and \$18 million being recognised in our Agricultural products, Energy products and Metals and minerals segments respectively.

#### 2013

- Following the continuing low nickel price forecasts, the carrying value of our Murrin Murrin operation (Metals and minerals segment) was impaired by \$454 million, to its estimated recoverable amount of \$434 million.
- Further to the decision to suspend the mine shaft expansion project, the carrying value of our Cobar copper operations (Metals and minerals segment) was impaired by \$137 million, to its estimated recoverable value of \$329 million.
- Resulting primarily from an evaluation of below expectation exploration programmes (none of which were individually material), further impairment charges of \$124 million and \$64 million were recognised in our Metals and minerals and Energy product segments respectively.

The recoverable amounts of the property, plant and equipment and intangible assets were measured based on fair value less costs of disposal ("FVLCD"), determined by discounted cash flow techniques based on the most recent approved financial budgets and 3 year business plans both of which are underpinned and supported by life of mine plans of the respective operations. The valuation models use the most recent reserve and resource estimates, relevant cost assumptions generally based on past experience and where possible, market forecasts of commodity price and foreign exchange rate assumptions discounted using operation specific discount rates ranging from 5.5% – 13% (2013: 7.5% – 12%). The valuations remain sensitive to price and further deterioration/improvements in the pricing outlook may result in additional impairments/reversals. The determination of FVLCD uses Level 3 valuation techniques for both years.

## Notes to the financial statements

### 5. IMPAIRMENTS (continued)

#### *Investments*

As noted above, in relation to iron ore prices and the associated development activity, our investment in the El Aouj Joint Venture, Mauritania was impaired by \$58 million. In addition, an impairment charge of \$77 million was recognised related to a copper minority investment, Mineracao Caraiba S.A., in Brazil, due to operational challenges. Post these charges, the estimated recoverable values of these investments amounted to \$51 million and \$28 million respectively. The recoverable amounts of the investments were determined using similar valuation techniques and inputs as described above.

#### *Xstrata acquisition goodwill impairment*

In accordance with IFRS 3, following a comprehensive process to identify and determine the fair value of all acquired assets and liabilities in connection with the Xstrata acquisition (see note 25), Glencore recognised goodwill of \$13.1 billion of which \$5.0 billion was allocated to the metals and coal marketing cash-generating units ("CGUs") (see notes 8 and 9) and \$8,124 million was allocated to the Xstrata mining operations' CGUs.

The goodwill allocated to the metals and minerals and coal marketing businesses was based on the value of expected margin synergies to be realised by the Group's existing marketing operations as a result of increased product flows from Xstrata, while the residual balance of \$8,124 million was allocated to the Xstrata mining operations.

IAS 36 *Impairment of assets* requires that CGUs containing goodwill be tested for impairment whenever there are indications that goodwill may be impaired. As at the Acquisition Date the assets and liabilities of the Xstrata mining operations were then recorded at fair value (including reserves and resources and expected operational synergies) following the finalisation of the extensive valuation process as at the Acquisition Date, there was an indicator that the goodwill allocated to these operations was impaired.

Accordingly, Glencore completed an impairment test of the Xstrata mining operations based on the results of the final purchase price allocation process (see note 25) and determined that the allocated goodwill was impaired and therefore recorded an impairment charge at acquisition of \$8,124 million.

The key circumstances that led to the impairment were:

- The IFRS 3 requirement to measure the consideration paid by reference to Glencore's share price at the Acquisition Date and the significant time lag between pricing the acquisition in September 2012 and the Acquisition Date; and
- The negative broader macro-economic environment facing the extractive industry, particularly around the actual and perceived heightened risks associated with greenfield and large scale expansion projects during the first half of 2013.

The recoverable amount of the Xstrata mining operations was measured based on fair value less cost of disposal determined in accordance with IFRS 13 and was primarily based on discounted cash flow techniques using, where possible, market based forecasts and assumptions and discounted using operation specific discount rates ranging from 8 – 13%. The determination of FVLCD uses Level 3 valuation techniques.

#### *Available for sale instruments*

Glencore accounts for its interest in United Company Rusal plc ("UC Rusal") as an available for sale investment at fair value with mark-to-market movements recognised in other comprehensive income ("OCI"). At 31 December 2013 it was determined that previously recognised negative fair value adjustments were of a prolonged nature and thus were reclassified from OCI to the consolidated statement of income as required under IAS 39 (see note 10). During the year ended 31 December 2014, there was a recovery in UC Rusal's share price and as such a positive mark-to-market movement of \$501 million was recognised in OCI.

## 6. INCOME TAXES

Income taxes consist of the following:

| US\$ million                         | 2014           | 2013         |
|--------------------------------------|----------------|--------------|
| Current income tax expense           | (1,447)        | (737)        |
| Deferred income tax (expense)/credit | (362)          | 483          |
| <b>Total tax expense</b>             | <b>(1,809)</b> | <b>(254)</b> |

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

| US\$ million                                                                                | 2014           | 2013<br>Restated <sup>1</sup> |
|---------------------------------------------------------------------------------------------|----------------|-------------------------------|
| <b>Income/(Loss) before income taxes and attribution</b>                                    | <b>4,253</b>   | <b>(7,688)</b>                |
| Less: Share of income from associates and joint ventures                                    | (638)          | (846)                         |
| <b>Parent Company's and subsidiaries' income/(loss) before income tax and attribution</b>   | <b>3,615</b>   | <b>(8,534)</b>                |
| Income tax (expense)/credit calculated at the Swiss income tax rate                         | (542)          | 1,280                         |
| Tax effects of:                                                                             |                |                               |
| Different tax rates from the standard Swiss income tax rate                                 | (971)          | (605)                         |
| Non-deductible Xstrata related revaluation and goodwill impairment charges                  | –              | (1,218)                       |
| Tax exempt income                                                                           | 150            | 192                           |
| Items not tax deductible                                                                    | (488)          | (19)                          |
| Foreign exchange fluctuations                                                               | (851)          | 240                           |
| Changes in tax rates                                                                        | (20)           | –                             |
| Utilisation and changes in recognition of tax losses and temporary differences <sup>2</sup> | 915            | (122)                         |
| Other                                                                                       | (2)            | (2)                           |
| <b>Income tax expense</b>                                                                   | <b>(1,809)</b> | <b>(254)</b>                  |

<sup>1</sup> Adjusted for the final fair value adjustments in relation to the acquisition of Xstrata (see note 25).

<sup>2</sup> 2014 includes \$636 million of available capital deductions not previously recognised.

## Notes to the financial statements

### 6. INCOME TAXES (continued)

Deferred taxes as at 31 December 2014 and 2013 are attributable to the items detailed in the table below:

| US\$ million                                  | Notes | 2014           | 2013<br>Restated <sup>1</sup> |
|-----------------------------------------------|-------|----------------|-------------------------------|
| <b>Deferred tax assets<sup>2</sup></b>        |       |                |                               |
| Tax losses carried forward                    |       | 1,417          | 1,861                         |
| Other                                         |       | 250            | 244                           |
| <b>Total</b>                                  |       | <b>1,667</b>   | <b>2,105</b>                  |
| <b>Deferred tax liabilities<sup>2</sup></b>   |       |                |                               |
| Depreciation and amortisation                 |       | (5,894)        | (5,784)                       |
| Mark-to-market valuations                     |       | (87)           | (11)                          |
| Other                                         |       | (454)          | (903)                         |
| <b>Total</b>                                  |       | <b>(6,435)</b> | <b>(6,698)</b>                |
| <b>Total Deferred tax – net</b>               |       | <b>(4,768)</b> | <b>(4,593)</b>                |
| <b>Reconciliation of deferred tax – net</b>   |       |                |                               |
| 1 January                                     |       | (4,593)        | (1,395)                       |
| Recognised in income for the year             |       | (362)          | 483                           |
| Recognised in other comprehensive income      |       | 86             | (89)                          |
| Disposal of business                          | 25    | –              | 40                            |
| Business combination                          | 25    | (52)           | (4,134)                       |
| Effect of foreign currency exchange movements |       | 156            | 310                           |
| Other                                         |       | (3)            | 192                           |
| <b>31 December</b>                            |       | <b>(4,768)</b> | <b>(4,593)</b>                |

<sup>1</sup> Adjusted for the final fair value adjustments in relation to the acquisition of Xstrata (see note 25).

<sup>2</sup> 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 recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable. As at 31 December 2014, \$3,355 million (2013: \$2,520 million) of deferred tax assets related to available loss carry forwards that have been brought to account, of which \$1,417 million (2013: \$1,861 million) are disclosed as deferred tax assets with the remaining balance being offset against deferred tax liabilities arising in the same respective entity. \$528 million (2013: \$725 million) of net deferred tax assets arise in entities that have been loss making for tax purposes in either 2014 or 2013. 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 and that 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.

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 | 2014         | 2013         |
|--------------|--------------|--------------|
| 1 year       | 204          | 200          |
| 2 years      | 49           | 215          |
| 3 years      | 38           | 70           |
| Thereafter   | 2,543        | 1,449        |
| Unlimited    | 1,022        | 1,778        |
| <b>Total</b> | <b>3,856</b> | <b>3,712</b> |

As at 31 December 2014, unremitted earnings of \$63,245 million (2013: \$43,407 million) have been retained by subsidiaries and associates for reinvestment. No provision is made for income taxes that would be payable upon the distribution of such earnings.

## 7. PROPERTY, PLANT AND EQUIPMENT

| US\$ million                                    | Notes | Freehold land and buildings | Plant and equipment | Mineral and petroleum rights | Exploration and evaluation | Deferred mining costs | Total          |
|-------------------------------------------------|-------|-----------------------------|---------------------|------------------------------|----------------------------|-----------------------|----------------|
| <b>Gross carrying amount:</b>                   |       |                             |                     |                              |                            |                       |                |
| 1 January 2014 (Restated) <sup>1</sup>          |       | 5,301                       | 47,782              | 21,392                       | 823                        | 1,417                 | <b>76,715</b>  |
| Business combination                            | 25    | 37                          | 302                 | 1,634                        | 204                        | –                     | <b>2,177</b>   |
| Disposal of subsidiaries                        | 25    | (1)                         | (28)                | –                            | (74)                       | –                     | <b>(103)</b>   |
| Additions                                       |       | 138                         | 6,847               | 354                          | 245                        | 487                   | <b>8,071</b>   |
| Disposals                                       |       | (28)                        | (348)               | (14)                         | (60)                       | (3)                   | <b>(453)</b>   |
| Effect of foreign currency exchange movements   |       | (83)                        | (611)               | (329)                        | –                          | –                     | <b>(1,023)</b> |
| Other movements                                 |       | 204                         | (1,104)             | 379                          | 147                        | 429                   | <b>55</b>      |
| <b>31 December 2014</b>                         |       | <b>5,568</b>                | <b>52,840</b>       | <b>23,416</b>                | <b>1,285</b>               | <b>2,330</b>          | <b>85,439</b>  |
| <b>Accumulated depreciation and impairment:</b> |       |                             |                     |                              |                            |                       |                |
| 1 January 2014 (Restated) <sup>1</sup>          |       | 542                         | 6,835               | 1,866                        | 130                        | 109                   | <b>9,482</b>   |
| Disposal of subsidiaries                        | 25    | –                           | (14)                | –                            | –                          | –                     | <b>(14)</b>    |
| Depreciation                                    |       | 245                         | 3,699               | 1,144                        | –                          | 224                   | <b>5,312</b>   |
| Disposals                                       |       | (9)                         | (231)               | –                            | (58)                       | (1)                   | <b>(299)</b>   |
| Impairments                                     | 5     | 20                          | 257                 | 39                           | 555                        | –                     | <b>871</b>     |
| Effect of foreign currency exchange movements   |       | (8)                         | (83)                | (26)                         | –                          | –                     | <b>(117)</b>   |
| Other movements                                 |       | (15)                        | (58)                | (136)                        | 54                         | 249                   | <b>94</b>      |
| <b>31 December 2014</b>                         |       | <b>775</b>                  | <b>10,405</b>       | <b>2,887</b>                 | <b>681</b>                 | <b>581</b>            | <b>15,329</b>  |
| <b>Net book value 31 December 2014</b>          |       | <b>4,793</b>                | <b>42,435</b>       | <b>20,529</b>                | <b>604</b>                 | <b>1,749</b>          | <b>70,110</b>  |

<sup>1</sup> Adjusted for the final fair value adjustments in relation to the acquisition of Xstrata (see note 25).

## Notes to the financial statements

### 7. PROPERTY, PLANT AND EQUIPMENT (continued)

| US\$ million                                      | Notes | Freehold land and buildings | Plant and equipment | Mineral and petroleum rights | Exploration and evaluation | Deferred mining costs | Total         |
|---------------------------------------------------|-------|-----------------------------|---------------------|------------------------------|----------------------------|-----------------------|---------------|
| <b>Gross carrying amount:</b>                     |       |                             |                     |                              |                            |                       |               |
| 1 January 2013                                    |       | 2,609                       | 17,349              | 8,267                        | 407                        | 743                   | 29,375        |
| Business combination <sup>1</sup>                 | 25    | 1,585                       | 25,012              | 13,279                       | 559                        | 866                   | 41,301        |
| Disposal of subsidiaries                          | 25    | (131)                       | (555)               | –                            | –                          | –                     | (686)         |
| Additions                                         |       | 308                         | 8,099               | 601                          | 28                         | 452                   | 9,488         |
| Disposals                                         |       | (49)                        | (756)               | (65)                         | –                          | (3)                   | (873)         |
| Effect of foreign currency exchange movements     |       | (110)                       | (1,267)             | (588)                        | –                          | –                     | (1,965)       |
| Other movements                                   |       | 1,089                       | (100)               | (102)                        | (171)                      | (641)                 | 75            |
| <b>31 December 2013 (Restated)</b>                |       | <b>5,301</b>                | <b>47,782</b>       | <b>21,392</b>                | <b>823</b>                 | <b>1,417</b>          | <b>76,715</b> |
| <b>Accumulated depreciation and impairment:</b>   |       |                             |                     |                              |                            |                       |               |
| 1 January 2013                                    |       | 397                         | 4,030               | 1,047                        | 130                        | 148                   | 5,752         |
| Depreciation                                      |       | 200                         | 2,698               | 863                          | –                          | 165                   | 3,926         |
| Disposal of subsidiaries                          | 25    | (2)                         | (9)                 | –                            | –                          | –                     | (11)          |
| Disposals                                         |       | (25)                        | (534)               | (21)                         | –                          | (26)                  | (606)         |
| Impairments                                       | 5     | 5                           | 635                 | 49                           | –                          | 90                    | 779           |
| Effect of foreign currency exchange movements     |       | (33)                        | 15                  | (72)                         | –                          | (268)                 | (358)         |
| <b>31 December 2013</b>                           |       | <b>542</b>                  | <b>6,835</b>        | <b>1,866</b>                 | <b>130</b>                 | <b>109</b>            | <b>9,482</b>  |
| <b>Net book value 31 December 2013 (Restated)</b> |       | <b>4,759</b>                | <b>40,947</b>       | <b>19,526</b>                | <b>693</b>                 | <b>1,308</b>          | <b>67,233</b> |

<sup>1</sup> Adjusted for the final fair value adjustments in relation to the acquisition of Xstrata (see note 25).

Plant and equipment includes expenditure for construction in progress of \$9,862 million (2013: \$11,149 million) and a net book value of \$536 million (2013: \$412 million) of obligations recognised under finance lease agreements. Mineral and petroleum rights include biological assets of \$98 million (2013: \$94 million). Depreciation expenses included in cost of goods sold are \$5,287 million (2013: \$3,905 million) and in selling and administrative expenses \$25 million (2013: \$21 million).

During 2014, \$348 million (2013: \$310 million) of interest was capitalised, \$263 million (2013: \$231 million) within property, plant and equipment and \$85 million within assets held for sale (2013: \$79 million). With the exception of project specific borrowings, the rate used to determine the amount of borrowing costs eligible for capitalisation was 3.3% (2013: 3.5%).

## 8. INTANGIBLE ASSETS

| US\$ million                                    | Goodwill      | Port<br>allocation<br>rights | Licences,<br>trademarks<br>and software | Royalty and<br>acquired offtake<br>arrangements | Total         |
|-------------------------------------------------|---------------|------------------------------|-----------------------------------------|-------------------------------------------------|---------------|
| <b>Cost:</b>                                    |               |                              |                                         |                                                 |               |
| 1 January 2014 (Restated) <sup>1</sup>          | 14,122        | 2,604                        | 326                                     | 438                                             | 17,490        |
| Business combination <sup>2</sup>               | –             | –                            | 1                                       | 12                                              | 13            |
| Additions                                       | –             | –                            | 17                                      | 11                                              | 28            |
| Disposals                                       | –             | –                            | (26)                                    | (2)                                             | (28)          |
| Effect of foreign currency exchange movements   | –             | (235)                        | (5)                                     | (3)                                             | (243)         |
| Other movements                                 | –             | –                            | 52                                      | 29                                              | 81            |
| <b>31 December 2014</b>                         | <b>14,122</b> | <b>2,369</b>                 | <b>365</b>                              | <b>485</b>                                      | <b>17,341</b> |
| <b>Accumulated amortisation and impairment:</b> |               |                              |                                         |                                                 |               |
| 1 January 2014 (Restated) <sup>1</sup>          | 8,124         | 57                           | 69                                      | 82                                              | 8,332         |
| Amortisation expense <sup>3</sup>               | –             | 44                           | 35                                      | 57                                              | 136           |
| Impairment <sup>4</sup>                         | –             | –                            | 15                                      | –                                               | 15            |
| Disposals                                       | –             | –                            | (21)                                    | (2)                                             | (23)          |
| Effect of foreign currency exchange movements   | –             | (7)                          | (1)                                     | –                                               | (8)           |
| Other movements                                 | –             | –                            | 14                                      | 9                                               | 23            |
| <b>31 December 2014</b>                         | <b>8,124</b>  | <b>94</b>                    | <b>111</b>                              | <b>146</b>                                      | <b>8,475</b>  |
| <b>Net carrying amount 31 December 2014</b>     | <b>5,998</b>  | <b>2,275</b>                 | <b>254</b>                              | <b>339</b>                                      | <b>8,866</b>  |

1 Adjusted for the final fair value adjustments in relation to the acquisition of Xstrata (see note 25).

2 See note 25.

3 Recognised in cost of goods sold.

4 See note 5.

| US\$ million                                           | Goodwill <sup>2</sup> | Port<br>allocation<br>rights <sup>2</sup> | Licences,<br>trademarks<br>and software | Royalty and<br>acquired offtake<br>arrangements | Total         |
|--------------------------------------------------------|-----------------------|-------------------------------------------|-----------------------------------------|-------------------------------------------------|---------------|
| <b>Cost:</b>                                           |                       |                                           |                                         |                                                 |               |
| 1 January 2013                                         | 962                   | 1,101                                     | 151                                     | 32                                              | 2,246         |
| Business combination <sup>1</sup>                      | 13,154                | 1,998                                     | 271                                     | 156                                             | 15,579        |
| Disposal of subsidiaries <sup>2</sup>                  | –                     | –                                         | (43)                                    | –                                               | (43)          |
| Additions                                              | –                     | –                                         | 59                                      | 85                                              | 144           |
| Effect of foreign currency exchange movements          | 6                     | (473)                                     | (3)                                     | –                                               | (470)         |
| Other movements                                        | –                     | (22)                                      | (109)                                   | 165                                             | 34            |
| <b>31 December 2013 (Restated)</b>                     | <b>14,122</b>         | <b>2,604</b>                              | <b>326</b>                              | <b>438</b>                                      | <b>17,490</b> |
| <b>Accumulated amortisation and impairment:</b>        |                       |                                           |                                         |                                                 |               |
| 1 January 2013                                         | –                     | 16                                        | 12                                      | 11                                              | 39            |
| Amortisation expense <sup>3</sup>                      | –                     | 25                                        | 44                                      | 54                                              | 123           |
| Impairment <sup>4</sup>                                | 8,124                 | –                                         | –                                       | –                                               | 8,124         |
| Effect of foreign currency exchange movements          | –                     | 16                                        | 13                                      | 17                                              | 46            |
| <b>31 December 2013 (Restated)</b>                     | <b>8,124</b>          | <b>57</b>                                 | <b>69</b>                               | <b>82</b>                                       | <b>8,332</b>  |
| <b>Net carrying amount 31 December 2013 (Restated)</b> | <b>5,998</b>          | <b>2,547</b>                              | <b>257</b>                              | <b>356</b>                                      | <b>9,158</b>  |

1 Adjusted for the final fair value adjustments in relation to the acquisition of Xstrata (see note 25).

2 See note 25.

3 Recognised in cost of goods sold.

4 See note 5.

## Notes to the financial statements

### 8. 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                             | 2014         | 2013         |
|------------------------------------------|--------------|--------------|
| Grain marketing business                 | 829          | 829          |
| Metals and minerals marketing businesses | 3,326        | 3,326        |
| Coal marketing business                  | 1,674        | 1,674        |
| Metals warehousing business              | 169          | 169          |
| <b>Total</b>                             | <b>5,998</b> | <b>5,998</b> |

#### *Grain marketing business*

Goodwill of \$829 million (2013: \$829 million) was recognised as part of the acquisition of Viterro in 2012 attributable to synergies associated with the grain marketing division CGU.

#### *Metals and minerals and coal marketing businesses*

Goodwill of \$13,154 million was recognised in connection with the acquisition of Xstrata (see note 25) and allocated to the metals and minerals marketing CGU, the coal marketing CGU and the Xstrata mining operations' CGUs on a basis consistent with the expected benefits arising from the business combination. The metals and minerals marketing and coal marketing synergies were fair valued at \$5.0 billion 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. The residual balance of the goodwill (\$8.1 billion) was allocated to the acquired mining operations of Xstrata and subsequently impaired (see note 5).

#### *Metals warehousing business*

Goodwill of \$169 million (2013: \$169 million) relates to the Pacorini metals warehousing business CGU.

#### *Port allocation rights*

Port allocation rights represent contractual entitlements to export certain amounts of coal on an annual basis from Richard Bay Coal Terminal in South Africa recognised as part of previous business combinations. The rights are amortised on a straight line basis over the estimated economic life of the port of 40 years.

#### *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 10 – 15 years.

#### *Royalty and acquired offtake arrangements*

The fair value of a royalty income stream related to output from the Antamina copper mine was recognised as part of a previous business combination. This amount is amortised on a unit of production basis through to 2027, the expected mine life.

Acquired offtake arrangements represent contractual entitlements acquired from third parties to provide marketing services and receive certain products produced from a mining or processing operation over a finite period of time. These rights are amortised on a straight line basis over the contractual term which currently ranges between 10 – 15 years.

## 9. 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 will monitor and manage the goodwill as follows:

| US\$ million                             | 2014         | 2013         |
|------------------------------------------|--------------|--------------|
| Grain marketing business                 | 829          | 829          |
| Metals and minerals marketing businesses | 3,326        | 3,326        |
| Coal marketing business                  | 1,674        | 1,674        |
| Metals warehousing business              | 169          | 169          |
| <b>Total</b>                             | <b>5,998</b> | <b>5,998</b> |

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 is not reversed in subsequent periods.

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 (compared against a VIU cash flow projection) which utilises a price to earnings multiple approach based on the 2015 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 11.5 times is derived from observable market data for broadly comparable businesses;
- the recoverable amount of the metals warehousing business is determined by reference to its VIU which utilises pre-tax cash flow projections based on the approved financial budgets for 3 years which includes key assumptions, such as inventory levels, volumes and operating costs (key assumptions are based on past experience and, where available, observable market data), discounted to present value at a rate of 10%. The cash flows beyond the 3 year period have been extrapolated using a growth rate of 2.5% per annum, which is the projected inflation rate; and
- Glencore believes that no reasonably possible change in any of the above key assumptions would cause the recoverable amount to fall below the carrying value of the CGU. The determination of FVLCD for each of the marketing CGUs uses Level 3 valuation techniques in both years.

## Notes to the financial statements

### 10. INVESTMENTS IN ASSOCIATES, JOINT VENTURES AND OTHER INVESTMENTS

#### *Investments in associates and joint ventures*

| US\$ million                                                                         | Notes | 2014          | 2013<br>Restated <sup>1</sup> |
|--------------------------------------------------------------------------------------|-------|---------------|-------------------------------|
| 1 January                                                                            |       | 12,156        | 18,764                        |
| Additions                                                                            |       | 372           | 76                            |
| Disposals                                                                            |       | (38)          | (40)                          |
| Share of income from associates and joint ventures                                   |       | 638           | 846                           |
| Share of other comprehensive income from associates and joint ventures               |       | (23)          | 26                            |
| Dividends received                                                                   |       | (1,129)       | (551)                         |
| Impairments of investments                                                           | 5     | (135)         | –                             |
| Reclassification                                                                     |       | 396           | –                             |
| Loss on revaluation of previously held interest on acquisition                       | 4     | –             | (1,160)                       |
| Transfer of previous equity accounted investments to subsidiary – Xstrata            | 25    | –             | (15,142)                      |
| Transfer of previous equity accounted investments to subsidiary – Other <sup>2</sup> |       | –             | (212)                         |
| Assumed in business combination <sup>3</sup>                                         | 25    | –             | 9,689                         |
| Other movements                                                                      |       | 37            | (140)                         |
| <b>31 December</b>                                                                   |       | <b>12,274</b> | <b>12,156</b>                 |
| Of which:                                                                            |       |               |                               |
| Investments in associates                                                            |       | 9,066         | 8,675                         |
| Investments in joint ventures                                                        |       | 3,208         | 3,481                         |

<sup>1</sup> Adjusted for the final fair value adjustments in relation to the acquisition of Xstrata (see note 25).

<sup>2</sup> In July 2013, Glencore completed the planned merger of Mutanda and Kansuki, previously an associate of the Group. The transaction did not meet the definition of a business combination under IFRS 3 and therefore has been accounted for as an acquisition of assets.

<sup>3</sup> Comprises primarily investments in Cerrejón Coal mine, Antamina Copper/Zinc mine, Collahuasi Copper mine and Lonmin plc.

As at 31 December 2014, the fair value of listed associates and joint ventures, which have a carrying value of \$1,487 million (2013: \$1,487 million), using published price quotations (a Level 1 fair value measurement) was \$1,394 million (2013: \$1,212 million). In 2014 and 2013, this predominantly comprises Century Aluminum (“Century”) and Lonmin plc (“Lonmin”). The 2014 carrying value of the Group’s investment in Century and Lonmin is \$792 million (2013: \$734 million) and \$560 million (\$604 million) respectively.

In May 2014, Glencore completed the acquisition of an effective 25.05% economic interest in the Clermont thermal coal mine in Australia for \$250 million. The acquisition was affected through a jointly controlled entity owned 50:50 by Glencore and Sumitomo Corporation. Based on the contractual arrangement between Glencore and Sumitomo, the joint investment constitutes a joint arrangement subject to joint control by virtue of the shareholders’ agreement as defined under IFRS 11 as unanimous consent is required for all key decisions regarding the relevant activities of the joint investment. As the investment has been structured through a separate legal entity with both Glencore’s and Sumitomo’s risks equating to their net investment in the entity, the investment is deemed to be a joint venture and therefore accounted for using the equity method required by IFRS 11.

### Details of material associates and joint ventures

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

| US\$ million                                                              | Cerrejón     | Antamina     | Total material associates | Collahuasi   | Total material joint ventures | Total material associates and joint ventures |
|---------------------------------------------------------------------------|--------------|--------------|---------------------------|--------------|-------------------------------|----------------------------------------------|
| Non-current assets                                                        | 2,838        | 4,181        | 7,019                     | 4,918        | 4,918                         | 11,937                                       |
| Current assets                                                            | 771          | 952          | 1,723                     | 1,073        | 1,073                         | 2,796                                        |
| Non-current liabilities                                                   | (959)        | (634)        | (1,593)                   | (1,006)      | (1,006)                       | (2,599)                                      |
| Current liabilities                                                       | (217)        | (443)        | (660)                     | (451)        | (451)                         | (1,111)                                      |
| <i>The above amounts of assets and liabilities include the following:</i> |              |              |                           |              |                               |                                              |
| Cash and cash equivalents                                                 | 238          | 228          | 466                       | 124          | 124                           | 590                                          |
| Current financial liabilities <sup>1</sup>                                | (9)          | (270)        | (279)                     | (2)          | (2)                           | (281)                                        |
| Non-current financial liabilities <sup>1</sup>                            | (9)          | –            | (9)                       | (81)         | (81)                          | (90)                                         |
| <b>Net assets 31 December 2014</b>                                        | <b>2,433</b> | <b>4,056</b> | <b>6,489</b>              | <b>4,534</b> | <b>4,534</b>                  | <b>11,023</b>                                |
| Glencore's ownership interest                                             | 33.33%       | 33.75%       |                           | 44.0%        |                               |                                              |
| Acquisition fair value and other adjustments                              | 1,494        | 2,121        | 3,615                     | 1,213        | 1,213                         | 4,828                                        |
| Carrying value                                                            | 2,305        | 3,490        | 5,795                     | 3,208        | 3,208                         | 9,003                                        |

<sup>1</sup> 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 associate's and joint venture's relevant figures for the year ended 31 December 2014, is set out below.

| US\$ million                                                 | Cerrejón | Antamina | Total of material associates | Collahuasi | Total of material joint ventures | Total of material associates and joint ventures |
|--------------------------------------------------------------|----------|----------|------------------------------|------------|----------------------------------|-------------------------------------------------|
| <b>2014</b>                                                  |          |          |                              |            |                                  |                                                 |
| Revenue                                                      | 2,263    | 2,504    | 4,767                        | 2,980      | 2,980                            | 7,747                                           |
| (Loss)/income for the year                                   | (4)      | 1,319    | 1,315                        | 385        | 385                              | 1,700                                           |
| Other comprehensive income                                   | –        | –        | –                            | (8)        | (8)                              | (8)                                             |
| Total comprehensive (loss)/income                            | (4)      | 1,319    | 1,315                        | 377        | 377                              | 1,692                                           |
| Glencore's shares of dividends paid                          | 239      | 343      | 582                          | 440        | 440                              | 1,022                                           |
| <i>The above profit for the year includes the following:</i> |          |          |                              |            |                                  |                                                 |
| Depreciation and amortisation                                | (541)    | (565)    | (1,106)                      | (543)      | (543)                            | (1,649)                                         |
| Interest income                                              | –        | 1        | 1                            | 1          | 1                                | 2                                               |
| Interest expense                                             | (17)     | (2)      | (19)                         | (8)        | (8)                              | (27)                                            |
| Income tax (expense)/credit                                  | (232)    | 114      | (118)                        | (691)      | (691)                            | (809)                                           |

## Notes to the financial statements

### 10. INVESTMENTS IN ASSOCIATES, JOINT VENTURES AND OTHER INVESTMENTS (continued)

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

| US\$ million                                                              | Cerrejón     | Antamina     | Total material associates | Collahuasi   | Total material joint ventures | Total material associates and joint ventures |
|---------------------------------------------------------------------------|--------------|--------------|---------------------------|--------------|-------------------------------|----------------------------------------------|
| Non-current assets                                                        | 2,787        | 3,902        | 6,689                     | 4,929        | 4,929                         | 11,618                                       |
| Current assets                                                            | 793          | 1,419        | 2,212                     | 1,334        | 1,334                         | 3,546                                        |
| Non-current liabilities                                                   | (1,489)      | (684)        | (2,173)                   | (767)        | (767)                         | (2,940)                                      |
| Current liabilities                                                       | (273)        | (565)        | (838)                     | (640)        | (640)                         | (1,478)                                      |
| <i>The above amounts of assets and liabilities include the following:</i> |              |              |                           |              |                               |                                              |
| Cash and cash equivalents                                                 | 198          | 224          | 422                       | 92           | 92                            | 514                                          |
| Current financial liabilities <sup>1</sup>                                | –            | (196)        | (196)                     | (4)          | (4)                           | (200)                                        |
| Non-current financial liabilities <sup>1</sup>                            | –            | (100)        | (100)                     | (19)         | (19)                          | (119)                                        |
| <b>Net assets 31 December 2013</b>                                        | <b>1,818</b> | <b>4,072</b> | <b>5,890</b>              | <b>4,856</b> | <b>4,856</b>                  | <b>10,746</b>                                |
| Glencore's ownership interest                                             | 33.33%       | 33.75%       |                           | 44.0%        |                               |                                              |
| Acquisition fair value and other adjustments <sup>2</sup>                 | 1,543        | 2,012        | 3,555                     | 1,344        | 1,344                         | 4,899                                        |
| Carrying value <sup>2</sup>                                               | 2,149        | 3,386        | 5,536                     | 3,481        | 3,481                         | 9,017                                        |

<sup>1</sup> Financial liabilities exclude trade, other payables and provisions.

<sup>2</sup> Adjusted for the final fair value adjustments in relation to the acquisition of Xstrata (see note 25).

Summarised profit and loss in respect of Glencore's associates and joint ventures, reflecting 100% of the underlying associate's and joint venture's relevant figures for the period post the acquisition of Xstrata until 31 December 2013, is set out below.

| US\$ million                                                 | Cerrejón | Antamina | Total of material associates | Collahuasi | Total of material joint ventures | Total of material associates and joint ventures |
|--------------------------------------------------------------|----------|----------|------------------------------|------------|----------------------------------|-------------------------------------------------|
| <b>2013</b>                                                  |          |          |                              |            |                                  |                                                 |
| Revenue                                                      | 1,798    | 2,631    | 4,429                        | 2,466      | 2,466                            | 6,895                                           |
| Income for the year                                          | 76       | 936      | 1,012                        | 827        | 827                              | 1,839                                           |
| Other comprehensive income                                   | –        | –        | –                            | –          | –                                | –                                               |
| Total comprehensive income                                   | 76       | 936      | 1,012                        | 827        | 827                              | 1,839                                           |
| Glencore's share of dividends paid                           | 84       | 226      | 310                          | 207        | 207                              | 517                                             |
| <i>The above profit for the year includes the following:</i> |          |          |                              |            |                                  |                                                 |
| Depreciation and amortisation                                | 529      | 359      | 888                          | 341        | 341                              | 1,229                                           |
| Interest income                                              | –        | 1        | 1                            | –          | –                                | 1                                               |
| Interest expense                                             | (12)     | (7)      | (19)                         | (6)        | (6)                              | (25)                                            |
| Income tax expense                                           | (90)     | (555)    | (645)                        | (254)      | (254)                            | (899)                                           |

Aggregate information of associates that are not individually material:

| US\$ million                                           | 2014  | 2013  |
|--------------------------------------------------------|-------|-------|
| The Group's share of income                            | 26    | 141   |
| The Group's share of other comprehensive (loss)/income | (23)  | 26    |
| The Group's share of total comprehensive income        | 3     | 167   |
| Aggregate carrying value of the Group's interests      | 3,271 | 3,139 |

Glencore's share of total comprehensive income did not include joint ventures other than the material joint venture discussed above.

The amount of corporate guarantees in favour of joint ventures as at 31 December 2014 was \$354 million (2013: \$463 million). Glencore's share of joint ventures' capital commitments amounts to \$310 million (2013: \$648 million).

#### Other investments

| US\$ million                                       | 2014         | 2013       |
|----------------------------------------------------|--------------|------------|
| <b>Available for sale</b>                          |              |            |
| United Company Rusal plc                           | 895          | 394        |
| <b>Fair value through profit and loss</b>          |              |            |
| Volcan Compania Minera S.A.A.                      | 149          | 204        |
| Century Aluminum Company cash-settled equity swaps | 223          | 95         |
| Jurong Aromatics Corporation Pte Ltd               | 55           | 55         |
| Caracal Energy Inc.                                | –            | 15         |
| Other                                              | 150          | 160        |
|                                                    | 577          | 529        |
| <b>Total</b>                                       | <b>1,472</b> | <b>923</b> |

In July 2014, Glencore acquired the remaining issued and outstanding equity of Caracal Energy Inc. (see note 25).

## Notes to the financial statements

### 11. ADVANCES AND LOANS

| US\$ million                                         | 2014         | 2013<br>Restated <sup>1</sup> |
|------------------------------------------------------|--------------|-------------------------------|
| Loans to associates <sup>2</sup>                     | 548          | 909                           |
| Rehabilitation trust fund                            | 327          | 317                           |
| Other non-current receivables and loans <sup>1</sup> | 3,722        | 2,769                         |
| <b>Total</b>                                         | <b>4,597</b> | <b>3,995</b>                  |

<sup>1</sup> Adjusted for the final fair value adjustments in relation to the acquisition of Xstrata (see note 25).

<sup>2</sup> Loans to associates generally bear interest at applicable floating market rates plus a premium.

Other non-current receivables and loans comprise the following:

| US\$ million                                                  | 2014         | 2013<br>Restated <sup>1</sup> |
|---------------------------------------------------------------|--------------|-------------------------------|
| <b>Counterparty</b>                                           |              |                               |
| Russneft loan                                                 | 984          | 984                           |
| Rosneft trade advance                                         | 109          | 500                           |
| Secured marketing related financing arrangements <sup>2</sup> | 1,347        | 995                           |
| Société Nationale d'Électricité (SNEL) power advances         | 232          | 138                           |
| Chad State National Oil Company                               | 426          | –                             |
| Other                                                         | 624          | 152                           |
| <b>Total</b>                                                  | <b>3,722</b> | <b>2,769</b>                  |

<sup>1</sup> Adjusted for the final fair value adjustments in relation to the acquisition of Xstrata (see note 25).

<sup>2</sup> Various marketing related financing facilities, generally secured against certain assets and/or payable from the future sale of production of the counterparty. The weighted average interest rate of the advances and loans is 10% and on average are to be repaid over a three-year period. In December 2013, an impairment charge of \$300 million was recognised following non-performance of contractual terms and rescheduling of the timing of product supply and a recoverable value provision was recorded in respect of other advances and loans (see note 5).

#### Russneft loans

In December 2013, OAO Russneft ("Russneft") refinanced part of its debt and repaid Glencore \$1.0 billion, which followed earlier repayments of \$88 million and \$135 million respectively, amounting to a total of \$1,223 million received by Glencore in 2013. As part of the 2013 refinancing, Glencore and Russneft agreed to amend the terms of the outstanding loan balance, requiring Glencore to convert a minimum of \$900 million of the outstanding debt into an equity stake in Russneft during 2014, subject to finalisation of due diligence and valuation. Until conversion, interest and repayment terms remain materially unchanged. During 2014, no agreement was reached on the debt to equity conversion and an extension to the existing conversion term was agreed, which did not result in a material change to the existing conversion terms. Negotiations regarding a potential conversion will continue through 2015. The outstanding loan balance and/or any equity resulting from the conversion to shares in Russneft has been pledged as a guarantee for a loan between Russneft and a third party bank.

#### Rosneft trade advance

In March 2013, Glencore signed a long-term crude and oil products supply contract with Russian oil producer OJSC Neftyanaya Kompaniya Rosneft ("Rosneft") while simultaneously participating with \$500 million in a large financing facility to Rosneft. In March 2014, part of the prepayment was sold, at its carrying value, to a third party bank for \$350 million. The remaining prepayment is to be repaid through future deliveries of oil over 3 years starting March 2015. Of the amount advanced, \$109 million is receivable after 12 months and is presented within Other non-current receivables and loans and \$41 million is due within 12 months and as such is included within Accounts receivable.

#### SNEL power advances

In early 2012, a joint agreement with Société Nationale d'Électricité ("SNEL"), the Democratic Republic of the Congo's ("DRC") national electricity utility, was signed whereby Glencore's operations will contribute \$306 million to a major electricity infrastructure refurbishment programme, including transmission and distribution systems. This is expected to facilitate a progressive increase in power availability to 450 megawatts by the end of 2017. Funding commenced in the second quarter of 2012 and will continue until the end of 2017. The loans will be repaid via discounts on future electricity purchases by Katanga and Mutanda upon completion of the refurbishment programme.

#### Chad State National Oil Company

At 31 December 2014, Glencore had advanced a net \$512 million to the Chad State National Oil Company ("SHT") to be repaid through future oil deliveries over 4 years. The advance is net of \$1,023 million provided by a syndicate of banks, the repayment terms of which are contingent upon and connected to the receipt of oil due from SHT under the prepayment. Of the net amount advanced, \$426 million is receivable after 12 months and is presented within Other non-current receivables and loans and \$86 million is due within 12 months and as such is included within Accounts receivable.

## 12. INVENTORIES

| US\$ million           | 2014          | 2013          |
|------------------------|---------------|---------------|
| Production inventories | 4,938         | 6,108         |
| Marketing inventories  | 19,498        | 16,645        |
| <b>Total</b>           | <b>24,436</b> | <b>22,753</b> |

Production inventories consist of materials, spare parts and work in process. Marketing inventories are saleable commodities held primarily by the marketing entities as well as finished goods and certain other readily saleable materials held by the industrial assets. Marketing inventories of \$16,297 million (2013: \$12,997 million) are carried at fair value less costs of disposal.

Fair value of inventories is a Level 2 fair value measurement (see note 28) 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 marketing inventories.

Glencore has a number of dedicated financing facilities, which finance a portion of its marketing inventories. In each case, the inventory has not been derecognised as the Group retains the principal risks and rewards of ownership. The proceeds received are recognised as current borrowings (see note 20). As at 31 December 2014, the total amount of inventory secured under such facilities was \$1,707 million (2013: \$2,246 million). The proceeds received and recognised as current borrowings were \$1,558 million (2013: \$1,829 million).

## 13. ACCOUNTS RECEIVABLE

| US\$ million                             | 2014          | 2013          |
|------------------------------------------|---------------|---------------|
| Trade receivables <sup>1</sup>           | 14,466        | 18,029        |
| Trade advances and deposits <sup>1</sup> | 4,596         | 3,516         |
| Associated companies <sup>1</sup>        | 359           | 452           |
| Other receivables                        | 2,035         | 2,539         |
| <b>Total</b>                             | <b>21,456</b> | <b>24,536</b> |

<sup>1</sup> Collectively referred to as receivables presented net of allowance for doubtful debts.

The average credit period on sales of goods is 27 days (2013: 29 days).

As at 31 December 2014, 8% (2013: 8%) of receivables were between 1 to 60 days overdue, and 6% (2013: 5%) were greater than 60 days overdue. Such receivables, although contractually past their due dates, are not considered impaired as there has not been a significant change in credit quality of the relevant counterparty, and the amounts are still considered recoverable taking into account customary payment patterns and in many cases, offsetting accounts payable balances.

The movement in allowance for doubtful accounts is detailed in the table below:

| US\$ million             | 2014       | 2013       |
|--------------------------|------------|------------|
| 1 January                | 252        | 212        |
| Released during the year | (62)       | (46)       |
| Charged during the year  | 168        | 125        |
| Utilised during the year | (65)       | (39)       |
| <b>31 December</b>       | <b>293</b> | <b>252</b> |

Glencore has a number of dedicated financing facilities, which finance a portion of its receivables. In each case, 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 20). As at 31 December 2014, the total amount of trade receivables secured was \$1,733 million (2013: \$4,034 million) and proceeds received and classified as current borrowings amounted to \$1,283 million (2013: \$3,200 million).

## Notes to the financial statements

### 14. CASH AND CASH EQUIVALENTS

| US\$ million                | 2014         | 2013         |
|-----------------------------|--------------|--------------|
| Bank and cash on hand       | 2,093        | 2,341        |
| Deposits and treasury bills | 731          | 508          |
| <b>Total</b>                | <b>2,824</b> | <b>2,849</b> |

As at 31 December 2014, \$17 million (2013: \$18 million) was restricted.

### 15. ASSETS AND LIABILITIES HELD FOR SALE

In accordance with the Merger Remedy Commitments made to the Ministry of Commerce of the Peoples' Republic of China ("MOFCOM") in respect of the Xstrata acquisition, Glencore commenced a process to sell its entire interest in the Las Bambas copper mine project in Peru.

As a result, assets of \$4,366 million (restated) and liabilities of \$539 million (restated) acquired in the Xstrata acquisition (see note 25) were classified as held for sale within the metals and minerals segment. Subsequent to the acquisition date, further capital expenditure was incurred and liabilities settled as they fell due, such that the assets held for sale decreased to \$5,636 million and liabilities held for sale increased to \$501 million as at 31 December 2013 and were classified as non-recurring Level 2 fair value measurements in accordance with IFRS 13.

In April 2014, Glencore reached an agreement to sell its entire interest in Las Bambas for cash consideration of \$5.85 billion, plus reimbursement for all capital expenditure and other costs incurred in developing the mine in the period from 1 January 2014 to completion of the sale. On 31 July 2014, the sale completed with Glencore receiving proceeds, net of tax, of approximately \$6.5 billion, which resulted in a net gain of \$184 million (see note 3).

### 16. SHARE CAPITAL AND RESERVES

|                                                                                          | Number of shares (thousand) | Share capital (US\$ million) | Share premium (US\$ million) |
|------------------------------------------------------------------------------------------|-----------------------------|------------------------------|------------------------------|
| Authorised:                                                                              |                             |                              |                              |
| 31 December 2014 and 2013 Ordinary shares with a par value of \$0.01 each                | 50,000,000                  | –                            |                              |
| Issued and fully paid up:                                                                |                             |                              |                              |
| 1 January 2013 – Ordinary shares                                                         | 7,099,456                   | 71                           | 26,688                       |
| 2 May 2013 – Ordinary shares issued on acquisition of Xstrata                            | 6,163,949                   | 62                           | 30,073                       |
| 27 December 2013 – Ordinary shares issued to satisfy employee share awards (see note 19) | 15,000                      | –                            | 78                           |
| Distributions paid (see note 18)                                                         | –                           | –                            | (2,062)                      |
| <b>31 December 2013 – Ordinary shares</b>                                                | <b>13,278,405</b>           | <b>133</b>                   | <b>54,777</b>                |
| 1 January 2014                                                                           | 13,278,405                  | 133                          | 54,777                       |
| Distributions paid (see note 18)                                                         | –                           | –                            | (2,244)                      |
| <b>31 December 2014 – Ordinary shares</b>                                                | <b>13,278,405</b>           | <b>133</b>                   | <b>52,533</b>                |

#### *Ordinary shares issued on acquisition of Xstrata*

On 2 May 2013, Glencore completed its acquisition of the remaining 66% of the issued and outstanding equity of Xstrata (see note 25) that the Group did not previously own, through the issuance of 6,163,949,435 new ordinary shares of the Company, of which 212,743,594 shares were issued to the Orbis Trust to satisfy the potential future settlement of certain stock and option awards held by Xstrata employees.

#### *Own shares*

Own shares comprise shares acquired under the Company's share buyback programme and shares of Glencore plc held by Orbis Trust (the Trust) to satisfy the potential future settlement of the Group's employee stock plans, primarily assumed as part of the Xstrata acquisition (see note 19).

The Trust also coordinates the funding and manages the delivery of ordinary shares and free share awards under certain of Glencore's share plans. The shares are acquired by either stock market purchases or share issues from the Company. The Trustee is permitted to sell the shares and may hold up to 5% of the issued share capital of the Company at any one time. The Trust has waived the right to receive distributions from the shares that it holds. Costs relating to the administration of the Trust are expensed in the period in which they are incurred.

As at 31 December 2014, 293,740,462 shares (2013: 156,789,593 shares), equivalent to 2.2% (2013: 1.2%) of the issued share capital were held at a cost of \$1,493 million (2013: \$767 million) and market value of \$1,368 million (2013: \$813 million).

|                                              | Treasury Shares             |                              | Trust Shares                |                              | Total                       |                              |
|----------------------------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|-----------------------------|------------------------------|
|                                              | Number of shares (thousand) | Share premium (US\$ million) | Number of shares (thousand) | Share premium (US\$ million) | Number of shares (thousand) | Share premium (US\$ million) |
| Own shares:                                  |                             |                              |                             |                              |                             |                              |
| 1 January 2013                               | –                           | –                            | –                           | –                            | –                           | –                            |
| Own shares assumed on acquisition of Xstrata | –                           | –                            | 212,744                     | (1,041)                      | 212,744                     | (1,041)                      |
| Own shares purchased during the year         | –                           | –                            | 3,087                       | (13)                         | 3,087                       | (13)                         |
| Own shares disposed during the year          | –                           | –                            | (59,041)                    | 287                          | (59,041)                    | 287                          |
| <b>31 December 2013</b>                      | <b>–</b>                    | <b>–</b>                     | <b>156,790</b>              | <b>(767)</b>                 | <b>156,790</b>              | <b>(767)</b>                 |
| 1 January 2014                               |                             | –                            | 156,790                     | (767)                        | 156,790                     | (767)                        |
| Own shares purchased during the year         | 143,278                     | (758)                        | 7,000                       | (37)                         | 150,278                     | (795)                        |
| Own shares disposed during the year          | –                           | –                            | (13,328)                    | 69                           | (13,328)                    | 69                           |
| <b>31 December 2014</b>                      | <b>143,278</b>              | <b>(758)</b>                 | <b>150,462</b>              | <b>(735)</b>                 | <b>293,740</b>              | <b>(1,493)</b>               |

*Other reserves*

| US\$ million                                                        | Translation adjustment | Equity portion of Convertible bonds | Cash flow hedge reserve | Net unrealised gain/(loss) | Net ownership changes in subsidiaries | Other reserves | Total          |
|---------------------------------------------------------------------|------------------------|-------------------------------------|-------------------------|----------------------------|---------------------------------------|----------------|----------------|
| 1 January 2013                                                      | (191)                  | 89                                  | (70)                    | –                          | (706)                                 | 10             | (868)          |
| Exchange loss on translation of foreign operations                  | (1,126)                | –                                   | –                       | –                          | –                                     | –              | (1,126)        |
| Loss on cash flow hedges, net of tax                                | –                      | –                                   | (287)                   | –                          | –                                     | –              | (287)          |
| Cash flow hedges transferred to the statement of income, net of tax | –                      | –                                   | 1                       | –                          | –                                     | –              | 1              |
| Change in ownership interest in subsidiaries                        | –                      | –                                   | –                       | –                          | (138)                                 | –              | (138)          |
| <b>31 December 2013</b>                                             | <b>(1,317)</b>         | <b>89</b>                           | <b>(356)</b>            | <b>–</b>                   | <b>(844)</b>                          | <b>10</b>      | <b>(2,418)</b> |
| 1 January 2014                                                      | (1,317)                | 89                                  | (356)                   | –                          | (844)                                 | 10             | (2,418)        |
| Exchange loss on translation of foreign operations                  | (846)                  | –                                   | –                       | –                          | –                                     | –              | (846)          |
| Gain on cash flow hedges, net of tax                                | –                      | –                                   | 415                     | –                          | –                                     | –              | 415            |
| Cash flow hedges transferred to the statement of income, net of tax | –                      | –                                   | (1)                     | –                          | –                                     | –              | (1)            |
| Gain on available for sale financial instruments                    | –                      | –                                   | –                       | 501                        | –                                     | –              | 501            |
| Equity portion of repaid convertible bond                           | –                      | (89)                                | –                       | –                          | –                                     | –              | (89)           |
| Change in ownership interest in subsidiaries                        | –                      | –                                   | –                       | –                          | 29                                    | –              | 29             |
| <b>31 December 2014</b>                                             | <b>(2,163)</b>         | <b>–</b>                            | <b>58</b>               | <b>501</b>                 | <b>(815)</b>                          | <b>10</b>      | <b>(2,409)</b> |

## Notes to the financial statements

### 17. EARNINGS PER SHARE

| US\$ million                                                                                | Notes | 2014       | 2013<br>Restated <sup>1</sup> |
|---------------------------------------------------------------------------------------------|-------|------------|-------------------------------|
| Profit/(loss) attributable to equity holders for basic earnings per share                   |       | 2,308      | (8,046)                       |
| Interest in respect of convertible bonds <sup>2</sup>                                       |       | –          | –                             |
| Profit/(loss) attributable to equity holders for diluted earnings per share                 |       | 2,308      | (8,046)                       |
| Weighted average number of shares for the purposes of basic earnings per share (thousand)   |       | 13,098,766 | 11,093,184                    |
| <b>Effect of dilution:</b>                                                                  |       |            |                               |
| Equity-settled share-based payments (thousand)                                              |       | 52,579     | –                             |
| Convertible bonds <sup>2</sup> (thousand)                                                   | 20    | –          | –                             |
| Weighted average number of shares for the purposes of diluted earnings per share (thousand) |       | 13,151,345 | 11,093,184                    |
| Basic earnings/(loss) per share (US\$)                                                      |       | 0.18       | (0.73)                        |
| Diluted earnings/(loss) per share (US\$)                                                    |       | 0.18       | (0.73)                        |

<sup>1</sup> Adjusted for the final fair value adjustments in relation to the acquisition of Xstrata (see note 25).

<sup>2</sup> In 2014, the convertible bonds were repaid upon maturity and/or repurchased. In 2013 the convertible bonds were anti-dilutive and therefore excluded from the diluted earnings per share calculation.

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 2/2013 as issued by the South African Institute of Chartered Accountants (“SAICA”), is reconciled using the following data:

#### Headline earnings:

| US\$ million                                                              | Notes | 2014         | 2013<br>Restated <sup>1</sup> |
|---------------------------------------------------------------------------|-------|--------------|-------------------------------|
| Profit/(loss) attributable to equity holders for basic earnings per share |       | 2,308        | (8,046)                       |
| Loss on acquisitions (no tax and non-controlling interest impact)         | 10    | –            | 1,160                         |
| Net (gain)/loss on disposals (no non-controlling interest impact)         |       | (790)        | 25                            |
| Net loss/(gain) on disposals – tax                                        |       | 550          | (6)                           |
| Impairments                                                               | 5     | 1,101        | 9,730                         |
| Impairments – non-controlling interest                                    |       | (99)         | (17)                          |
| Impairments – tax                                                         |       | (270)        | (245)                         |
| <b>Headline earnings for the year</b>                                     |       | <b>2,800</b> | <b>2,601</b>                  |
| Headline earnings per share (US\$)                                        |       | 0.21         | 0.23                          |
| Diluted headline earnings per share (US\$)                                |       | 0.21         | 0.23                          |

<sup>1</sup> Adjusted for the final fair value adjustments in relation to the acquisition of Xstrata (see note 25).

### 18. DISTRIBUTIONS

| US\$ million                                                                                 | 2014         | 2013         |
|----------------------------------------------------------------------------------------------|--------------|--------------|
| <b>Paid during the year:</b>                                                                 |              |              |
| Final distribution for 2013 – \$0.111 per ordinary share (2012: \$0.1035 per ordinary share) | 1,457        | 1,355        |
| Interim distribution for 2014 – \$0.06 per ordinary share (2013: \$0.054 per ordinary share) | 787          | 707          |
| <b>Total</b>                                                                                 | <b>2,244</b> | <b>2,062</b> |

The proposed final distribution of \$12 cents per ordinary share amounting to \$1,558 million, excluding any distribution on own shares, and the proposed distribution in specie of the Group's 23.9% stake in Lonmin are subject to approval by shareholders at the Annual General Meeting and have not been included as a liability in these financial statements. Distributions declared in respect of the year ended 31 December 2014 will be paid in May 2015. The 2014 interim distribution was paid on 19 September 2014.

## 19. SHARE-BASED PAYMENTS

|                               | Number of awards granted (thousand) | Fair value at grant date (US\$ million) | Number of awards outstanding 2014 (thousand) | Number of awards outstanding 2013 (thousand) | Expense recognised 2014 (US\$ million) | Expense recognised 2013 (US\$ million) |
|-------------------------------|-------------------------------------|-----------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------|----------------------------------------|
| <b>Deferred Bonus Plan</b>    |                                     |                                         |                                              |                                              |                                        |                                        |
| 2012 Series                   | 3,442                               | 20                                      | –                                            | 1,680                                        | –                                      | –                                      |
| 2013 Series                   | 4,958                               | 24                                      | 3,717                                        | 4,958                                        | –                                      | 24                                     |
| 2014 Series                   | 3,633                               | 20                                      | 3,633                                        | –                                            | 20                                     | –                                      |
| <b>Performance Share Plan</b> |                                     |                                         |                                              |                                              |                                        |                                        |
| 2012 Series                   | 3,375                               | 18                                      | 1,049                                        | 2,235                                        | 4                                      | 10                                     |
| 2013 Series                   | 11,065                              | 60                                      | 7,472                                        | 5,295                                        | 36                                     | 3                                      |
| 2014 Series                   | 15,611                              | 86                                      | 15,611                                       | –                                            | 10                                     | –                                      |
| <b>Total</b>                  |                                     |                                         | <b>31,482</b>                                | <b>14,168</b>                                | <b>70</b>                              | <b>37</b>                              |

*Deferred Bonus Plan*

Under the Glencore Deferred Bonus Plan (“DBP”), the payment of a portion of a participant’s annual bonus is deferred for a period of 1 to 2 years as an award of either ordinary shares (a “Bonus Share Award”) or cash (a “Bonus Cash Award”). The awards are vested at grant date with no further service conditions however they are subject to 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 these awards in shares. The associated expense is recorded in the statement of income as part of the regular expense for performance bonuses.

*Performance share plan*

Under the Glencore Performance Share Plan (“PSP”), participants are awarded PSP awards which vest in annual tranches over a specified period, subject to continued employment and forfeiture for malus events. At grant date, each PSP award is equivalent to 1 ordinary share of Glencore. The awards vest in 3 or 5 equal tranches on 30 June or 31 December of the years following the year of grant. The fair value of the awards is determined by reference to the market price of Glencore’s ordinary shares at grant date. The PSP 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.

*Share-based awards assumed upon acquisition of Xstrata*

|                                 | Total options outstanding (thousands) | Weighted average exercise price (GBP) |
|---------------------------------|---------------------------------------|---------------------------------------|
| 1 January 2013                  | –                                     | –                                     |
| Assumed in business combination | 212,744                               | 2.83                                  |
| Forfeited                       | (3,807)                               | 3.76                                  |
| Exercised <sup>1</sup>          | (53,776)                              | 0.13                                  |
| <b>31 December 2013</b>         | <b>155,161</b>                        |                                       |
| 1 January 2014                  | 155,161                               | 3.74                                  |
| Forfeited                       | –                                     | –                                     |
| Lapsed                          | (42)                                  | 4.93                                  |
| Exercised <sup>1</sup>          | (6,557)                               | 1.71                                  |
| <b>31 December 2014</b>         | <b>148,562</b>                        |                                       |

<sup>1</sup> The weighted average share price at date of exercise of the share-based awards was GBP3.42 (2013: GBP3.34).

The completion of the acquisition of Xstrata by Glencore triggered the change in control vesting criteria for all options and free shares of the former Xstrata award plans, comprising a total of 212,743,594 underlying shares, which, in accordance with the acquisition agreement, were replaced with equivalent Glencore instruments. These instruments had a fair value of \$383 million and were included in the consideration paid for the acquisition (see note 25).

## Notes to the financial statements

### 19. SHARE-BASED PAYMENTS (continued)

The options were valued at a weighted average of \$1.53 per option determined using a Black-Scholes option pricing model using the following assumptions on a weighted average basis: share price of \$4.89, exercise price of \$5.72, option life of 6.9 years, dividend yield of 4%, risk free interest rate of 1.65% and an expected volatility of 32% based on the historical volatility of Glencore and Xstrata shares prior to the acquisition. Free share units were valued at \$4.89 per unit based on Glencore's share price at the date of acquisition.

As at December 31, 2014, a total of 148,561,546 options (2013: 155,161,370 options) were outstanding and exercisable, having a range of exercise prices from GBP1.098 to GBP6.880 (2013: GBPnil to GBP3.914) and a weighted average exercise price of GBP3.825 (2013: GBP3.741). These outstanding awards have expiry dates ranging from March 2015 to February 2022 (2013: March 2014 to March 2022) and a weighted average contractual life of 3.4 years (2013: 6.2 years). The awards may be satisfied at Glencore's option, 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. Glencore currently intends to settle these awards by the transfer of ordinary shares held in treasury.

### 20. BORROWINGS

| US\$ million                                         | Notes | 2014          | 2013<br>Restated <sup>1</sup> |
|------------------------------------------------------|-------|---------------|-------------------------------|
| <b>Non-current borrowings</b>                        |       |               |                               |
| Capital market notes                                 |       | 30,877        | 30,900                        |
| Committed syndicated revolving credit facilities     |       | 7,933         | 5,702                         |
| Finance lease obligations                            | 30    | 425           | 344                           |
| Other bank loans                                     |       | 1,453         | 1,766                         |
| <b>Total non-current borrowings</b>                  |       | <b>40,688</b> | <b>38,712</b>                 |
| <b>Current borrowings</b>                            |       |               |                               |
| Committed secured inventory/receivables facilities   | 12/13 | 435           | 1,353                         |
| Uncommitted secured inventory/receivables facilities | 12/13 | 2,406         | 3,676                         |
| Other committed and uncommitted secured facilities   |       | 890           | 590                           |
| Convertible bonds                                    |       | –             | 2,236                         |
| U.S. commercial paper                                |       | 813           | 1,645                         |
| Capital market notes                                 |       | 3,504         | 1,750                         |
| Finance lease obligations                            | 30    | 51            | 49                            |
| Other bank loans <sup>2</sup>                        |       | 3,906         | 5,162                         |
| <b>Total current borrowings</b>                      |       | <b>12,005</b> | <b>16,461</b>                 |

<sup>1</sup> Adjusted for the final fair value adjustments in relation to the acquisition of Xstrata (see note 25).

<sup>2</sup> Comprises various uncommitted bilateral bank credit facilities and other financings.

#### Committed syndicated revolving credit facility

In June 2014, Glencore signed new revolving credit facilities for a total amount of \$15.3 billion. These facilities refinanced earlier \$12,990 million of one-year and three-year revolving credit facilities (with the three-year tranche repaid and cancelled) and amended/extended the \$4,350 million five-year revolving credit facility signed in June 2013. Funds drawn under the facilities bear interest at US\$ LIBOR plus a margin ranging from 50 to 90 basis points per annum.

The new and amended facilities comprise:

- an \$8.7 billion 12 month revolving credit facility with a 12 month term-out option and 12-month extension option; and
- a \$6.6 billion 5 year revolving credit facility with two 12 month extension options.

#### Convertible bonds

In 2014, Glencore repaid and/or purchased and subsequently cancelled convertible bonds with a nominal value of \$2,295 million for consideration of \$2,365 million, resulting in a premium cost of \$70 million, which is recognised within other expenses (see note 4).

#### U.S. commercial paper

Glencore has in place a standalone U.S. commercial paper programme for \$4,000 million rated A2 and P2 respectively by S&P's and Moody's rating agencies. The notes issued under this programme carry interest at floating market rates and mature not more than 397 days from the date of issue. Funds drawn under the facilities bear interest at US\$ LIBOR plus a margin ranging from 35 to 70 basis points per annum.

*Capital Market Notes*

| US\$ million                                    | Maturity   | 2014          | 2013          |
|-------------------------------------------------|------------|---------------|---------------|
| AUD 500 million 4.500% coupon bonds             | Sep 2019   | 424           | –             |
| Euro 750 million 7.125% coupon bonds            | Apr 2015   | –             | 1,029         |
| Euro 600 million 6.250% coupon bonds            | May 2015   | –             | 855           |
| Euro 1,250 million 1.750% coupon bonds          | May 2016   | 1,512         | 1,708         |
| Euro 1,250 million 5.250% coupon bonds          | Mar 2017   | 1,511         | 1,722         |
| Euro 500 million 5.250%, coupon bonds           | Jun 2017   | 676           | 780           |
| Euro 1,250 million 4.625% coupon bonds          | April 2018 | 1,511         | 1,713         |
| Euro 1,000 million 2.625% coupon bonds          | Nov 2018   | 1,210         | 1,396         |
| Euro 750 million 3.375% coupon bonds            | Sep 2020   | 901           | 1,026         |
| Euro 600 million 2.750% coupon bonds            | Apr 2021   | 719           | –             |
| Euro 700 million 1.625% coupon bonds            | Jan 2022   | 837           | –             |
| Euro 400 million 3.700% coupon bonds            | Oct 2023   | 479           | 548           |
| Euro 500 million 3.750% coupon bonds            | Apr 2026   | 599           | –             |
| <b>Eurobonds</b>                                |            | <b>9,955</b>  | <b>10,777</b> |
| GBP 650 million 6.500% coupon bonds             | Feb 2019   | 1,003         | 1,067         |
| GBP 500 million 7.375% coupon bonds             | May 2020   | 886           | 913           |
| GBP 500 million 6.000% coupon bonds             | April 2022 | 792           | 842           |
| <b>Sterling bonds</b>                           |            | <b>2,681</b>  | <b>2,822</b>  |
| CHF 825 million 3.625% coupon bonds             | April 2016 | 831           | 927           |
| CHF 450 million 2.625% coupon bonds             | Dec 2018   | 453           | 505           |
| CHF 175 million 2.125% coupon bonds             | Dec 2019   | 175           | 196           |
| CHF 500 million 1.250% coupon bonds             | Dec 2020   | 502           | –             |
| <b>Swiss Franc bonds</b>                        |            | <b>1,961</b>  | <b>1,628</b>  |
| CAD 200 million 6.406% coupon bonds             | Feb 2021   | –             | 188           |
| US\$ 250 million 5.375% coupon bonds            | Jun 2015   | –             | 264           |
| US\$ 1,250 million 2.050% coupon bonds          | Oct 2015   | –             | 1,261         |
| US\$ 341 million 6.000% coupon bonds            | Oct 2015   | –             | 367           |
| US\$ 500 million LIBOR plus 1.16% coupon bonds  | May 2016   | 499           | 499           |
| US\$ 1,000 million 1.700% coupon bonds          | May 2016   | 999           | 998           |
| US\$ 1,000 million 5.800% coupon bonds          | Nov 2016   | 1,076         | 1,117         |
| US\$ 700 million 3.600% coupon bonds            | Jan 2017   | 724           | 735           |
| US\$ 250 million 5.500% coupon bonds            | Jun 2017   | 270           | 278           |
| US\$ 1,750 million 2.700% coupon bonds          | Oct 2017   | 1,771         | 1,778         |
| US\$ 200 million LIBOR plus 1.200% coupon bonds | May 2018   | 200           | –             |
| US\$ 500 million LIBOR plus 1.360% coupon bonds | Jan 2019   | 499           | 498           |
| US\$ 1,500 million 2.500% coupon bonds          | Jan 2019   | 1,499         | 1,489         |
| US\$ 1,000 million 3.125% coupon bonds          | Apr 2019   | 1,001         | –             |
| US\$ 400 million 5.950% coupon bonds            | Aug 2020   | 400           | 400           |
| US\$ 1,000 million 4.950% coupon bonds          | Nov 2021   | 1,076         | 1,085         |
| US\$ 1,000 million 4.250% coupon bonds          | Oct 2022   | 1,022         | 1,025         |
| US\$ 1,500 million 4.125% coupon bonds          | May 2023   | 1,537         | 1,446         |
| US\$ 1,000 million 4.625% coupon bonds          | Apr 2024   | 1,041         | –             |
| US\$ 250 million 6.200% coupon bonds            | Jun 2035   | 275           | 275           |
| US\$ 500 million 6.900% coupon bonds            | Nov 2037   | 602           | 604           |
| US\$ 500 million 6.000% coupon bonds            | Nov 2041   | 542           | 546           |
| US\$ 500 million 5.550% coupon bonds            | Oct 2042   | 474           | 471           |
| US\$ 350 million 7.500% coupon bonds            | Perpetual  | 349           | 349           |
| <b>US\$ bonds</b>                               |            | <b>15,856</b> | <b>15,485</b> |
| <b>Total non-current bonds</b>                  |            | <b>30,877</b> | <b>30,900</b> |
| Euro 750 million 7.125% coupon bonds            | Apr 2015   | 907           | –             |
| Euro 600 million 6.250% coupon bonds            | May 2015   | 735           | –             |
| <b>Eurobonds</b>                                |            | <b>1,642</b>  | <b>–</b>      |
| US\$ 950 million 6.000% coupon bonds            | Apr 2014   | –             | 950           |
| US\$ 800 million 2.850% coupon bonds            | Nov 2014   | –             | 800           |
| US\$ 250 million 5.375% coupon bonds            | Jun 2015   | 254           | –             |
| US\$ 1,250 million 2.050% coupon bonds          | Oct 2015   | 1,255         | –             |
| US\$ 341 million 6.000% coupon bonds            | Oct 2015   | 353           | –             |
| <b>US\$ bonds</b>                               |            | <b>1,862</b>  | <b>1,750</b>  |
| <b>Total current bonds</b>                      |            | <b>3,504</b>  | <b>1,750</b>  |

## Notes to the financial statements

### 20. BORROWINGS (continued)

#### 2014 Bond issuances

##### AUD bonds

- In September 2014, Glencore issued 5 year AUD 500 million, 4.50% fixed coupon bonds.

##### Euro bonds

- In April 2014, Glencore issued in two tranches EUR 1.1 billion of interest bearing notes as follows:
  - 7 year EUR 600 million, 2.750% fixed coupon bonds; and
  - 12 year EUR 500 million, 3.750% fixed coupon bonds.
- In September 2014, Glencore issued EUR 700 million, 1.625% fixed coupon bonds due January 2022.

##### Swiss Franc bonds

- In December 2014, Glencore issued 6 year CHF 500 million, 1.25% fixed coupon bonds.

##### US\$ bonds

- In April 2014, Glencore issued in 2 tranches \$2 billion of interest bearing notes as follows:
  - 5 year \$1,000 million, 3.125% fixed coupon bonds; and
  - 10 year \$1,000 million, 4.625% fixed coupon bonds.
- In May 2014, Glencore issued 4 year \$200 million, Libor plus 1.20% coupon notes.

#### Committed secured facilities

| US\$ million                                     | Maturity     | Borrowing base | Interest                    | 2014       | 2013         |
|--------------------------------------------------|--------------|----------------|-----------------------------|------------|--------------|
| Syndicated metals inventory/receivables facility | Jan/Mar 2015 | 503            | US\$ LIBOR + 120 bps        | 435        | –            |
| Oil receivables facility                         | May/Aug 2014 | 1,250          | US\$ LIBOR + 120 bps        | –          | 1,250        |
| Secured facilities on various equity stakes      | July 2015    | 750            | US\$ LIBOR + 80 bps         | –          | 540          |
| Equipment financing                              | April 2016   | 150            | US\$ LIBOR + 2.25% margin   | –          | 50           |
| Metals receivables facilities                    | Jan 2014     | 197            | US\$/JPY LIBOR + 80/200 bps | –          | 103          |
| <b>Total</b>                                     |              |                |                             | <b>435</b> | <b>1,943</b> |

### 21. DEFERRED INCOME

| US\$ million                                   | Notes | Unfavourable contracts | Prepayment | Total Restated <sup>1</sup> |
|------------------------------------------------|-------|------------------------|------------|-----------------------------|
| 1 January 2013                                 |       | 554                    | 163        | 717                         |
| Assumed in business combination <sup>1</sup>   | 25    | 1,099                  | 7          | 1,106                       |
| Utilised in the year                           |       | (156)                  | (8)        | (164)                       |
| Effect of foreign currency exchange difference |       | (177)                  | –          | (177)                       |
| <b>31 December 2013</b>                        |       | <b>1,320</b>           | <b>162</b> | <b>1,482</b>                |
| Current                                        |       | 121                    | 24         | 145                         |
| Non-current                                    |       | 1,199                  | 138        | 1,337                       |
| 1 January 2014                                 |       | 1,320                  | 162        | 1,482                       |
| Utilised in the year                           |       | (122)                  | (27)       | (149)                       |
| Effect of foreign currency exchange difference |       | (60)                   | –          | (60)                        |
| <b>31 December 2014</b>                        |       | <b>1,138</b>           | <b>135</b> | <b>1,273</b>                |
| Current                                        |       | 129                    | 24         | 153                         |
| Non-current                                    |       | 1,009                  | 111        | 1,120                       |

<sup>1</sup> Adjusted for the final fair value adjustments in relation to the acquisition of Xstrata (see note 25).

### Unfavourable contracts

In previous business combinations, Glencore recognised liabilities related to various assumed contractual agreements to deliver tonnes of coal and zinc concentrates over periods ending between 2017 and 2045 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 implied forward price curves at the time of the acquisitions.

### Prepayment

In 2006, Glencore entered into an agreement to deliver, dependant on mine production, up to 4.75 million ounces per year of silver, a by-product from its mining operations, for a period of 15 years at a fixed price for which Glencore received an upfront payment of \$285 million. The outstanding balance represents the remaining portion of the upfront payment, which is released to revenue at a rate consistent with the implied forward price curve at the time of the transaction and the actual quantities delivered. As at 31 December 2014, 22.7 million ounces (2013: 19.3 million ounces) have been delivered.

## 22. PROVISIONS

| US\$ million                                   | Notes | Post retirement benefits (note 23) | Employee entitlements | Rehabilitation costs | Onerous contracts | Other <sup>1</sup> | Total        |
|------------------------------------------------|-------|------------------------------------|-----------------------|----------------------|-------------------|--------------------|--------------|
| 1 January 2013                                 |       | 284                                | 147                   | 951                  | –                 | 400                | 1,782        |
| Provision utilised in the year                 |       | (528)                              | (108)                 | (116)                | (94)              | (286)              | (1,132)      |
| Accretion in the year                          |       | –                                  | 2                     | 37                   | 14                | –                  | 53           |
| Assumed in business combination <sup>2</sup>   | 25    | 1,271                              | 266                   | 3,065                | 2,007             | 972                | 7,581        |
| Additional provision in the year               |       | –                                  | 60                    | 156                  | 3                 | 57                 | 276          |
| Effect of foreign currency exchange difference |       | (47)                               | (4)                   | (130)                | –                 | 8                  | (173)        |
| <b>31 December 2013 (Restated)</b>             |       | <b>980</b>                         | <b>363</b>            | <b>3,963</b>         | <b>1,930</b>      | <b>1,151</b>       | <b>8,387</b> |
| Current                                        |       | –                                  | –                     | 25                   | 105               | 193                | 323          |
| Non-current                                    |       | 980                                | 363                   | 3,938                | 1,825             | 958                | 8,064        |
| 1 January 2014                                 |       | 980                                | 363                   | 3,963                | 1,930             | 1,151              | 8,387        |
| Provision utilised in the year                 |       | (285)                              | (125)                 | (369)                | (229)             | (243)              | (1,251)      |
| Accretion in the year                          |       | –                                  | –                     | 181                  | 9                 | –                  | 190          |
| Assumed in business combination                | 25    | –                                  | –                     | 10                   | 4                 | –                  | 14           |
| Additional provision in the year               |       | 455                                | 72                    | 102                  | 36                | 283                | 948          |
| Effect of foreign currency exchange difference |       | (80)                               | (2)                   | (51)                 | (20)              | (4)                | (157)        |
| <b>31 December 2014</b>                        |       | <b>1,070</b>                       | <b>308</b>            | <b>3,836</b>         | <b>1,730</b>      | <b>1,187</b>       | <b>8,131</b> |
| Current                                        |       | –                                  | –                     | 86                   | 129               | 361                | 576          |
| Non-current                                    |       | 1,070                              | 308                   | 3,750                | 1,601             | 826                | 7,555        |

<sup>1</sup> Other comprises provisions for possible demurrage, mine concession, tax and construction related claims.

<sup>2</sup> Adjusted for the final fair value adjustments in relation to the acquisition of Xstrata (see note 25).

### Employee entitlements

The employee entitlement provision represents the value of governed 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.

### Rehabilitation costs

Rehabilitation provision represents the accrued cost 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 2 to in excess of 50 years with the majority of the costs expected to be incurred in the final years of the underlying operations.

### Onerous contracts

Upon the acquisition of Xstrata (see note 25), Glencore recognised a liability related to assumed contractual take or pay commitments for securing coal logistics capacity at fixed prices and quantities higher than the acquisition date forecasted usage and prevailing market price. The provision will be released to costs of goods sold as the underlying commitments are incurred.

## Notes to the financial statements

### 23. PERSONNEL COSTS AND EMPLOYEE BENEFITS

Total personnel costs, which include salaries, wages, social security, other personnel costs and share-based payments, incurred for the years ended 31 December 2014 and 2013, were \$6,011 million and \$5,012 million, respectively. Personnel costs related to consolidated industrial subsidiaries of \$5,083 million (2013: \$4,157 million) are included in cost of goods sold. Other personnel costs, including the 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. The plans provide for certain employee and employer contributions, ranging from 5% to 16% of annual salaries, depending on the employee's years of service. Among these schemes are defined contribution plans as well as defined benefit plans.

#### *Defined contribution plans*

Glencore's contributions under these plans amounted to \$235 million in 2014 (2013: \$145 million).

#### *Defined benefit plans*

The Company operates defined benefit plans in various countries, the main locations being Canada, Switzerland, UK and the US. Approximately 80% of the present value of obligations accrued to date 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. Glencore also operates post-employment medical benefit plans, principally in Canada, which provide coverage for prescription drugs, medical, dental, hospital and life insurance to eligible retirees.

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 obligation and fair value of plan assets of pension plans over the year is as follows:

| US\$ million                                                                                 | Present value of defined benefit obligation | Fair value of plan assets | Post retirement benefits |
|----------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------|--------------------------|
| <b>1 January 2014</b>                                                                        | <b>4,643</b>                                | <b>(3,663)</b>            | <b>980</b>               |
| Current service cost                                                                         | 81                                          | –                         | 81                       |
| Past service cost – plan amendments                                                          | (1)                                         | –                         | (1)                      |
| Settlement                                                                                   | (40)                                        | 26                        | (14)                     |
| Interest expense/(income)                                                                    | 200                                         | (160)                     | 40                       |
| <b>Total expense/(income) recognised in consolidated statement of income</b>                 | <b>240</b>                                  | <b>(134)</b>              | <b>106</b>               |
| (Gain) on plan assets, excluding amounts included in interest expense – net                  | –                                           | (254)                     | (254)                    |
| Loss from change in demographic assumptions                                                  | 89                                          | –                         | 89                       |
| Loss from change in financial assumptions                                                    | 448                                         | –                         | 448                      |
| Loss from actuarial experience                                                               | 2                                           | –                         | 2                        |
| Change in asset ceiling, excluding amounts included in interest expenses                     | (31)                                        | –                         | (31)                     |
| <b>Actuarial losses/(gains) recognised in consolidated statement of comprehensive income</b> | <b>508</b>                                  | <b>(254)</b>              | <b>254</b>               |
| Employer contributions                                                                       | –                                           | (190)                     | (190)                    |
| Employee contributions                                                                       | 2                                           | (2)                       | –                        |
| Benefits paid directly by the Company                                                        | (39)                                        | 39                        | –                        |
| Benefits paid from plan assets                                                               | (248)                                       | 248                       | –                        |
| <b>Net cash (outflow)/inflow</b>                                                             | <b>(285)</b>                                | <b>95</b>                 | <b>(190)</b>             |
| Exchange differences                                                                         | (382)                                       | 302                       | (80)                     |
| <b>Other</b>                                                                                 | <b>(382)</b>                                | <b>302</b>                | <b>(80)</b>              |
| <b>31 December 2014</b>                                                                      | <b>4,724</b>                                | <b>(3,654)</b>            | <b>1,070</b>             |

| US\$ million                                                                          | Note | Present value of defined benefit obligation | Fair value of plan assets | Post retirement benefits |
|---------------------------------------------------------------------------------------|------|---------------------------------------------|---------------------------|--------------------------|
| <b>1 January 2013</b>                                                                 |      | <b>631</b>                                  | <b>(347)</b>              | <b>284</b>               |
| Current service cost                                                                  |      | 75                                          | –                         | 75                       |
| Past service cost – plan amendments                                                   |      | (1)                                         | –                         | (1)                      |
| Past service cost – curtailment                                                       |      | (4)                                         | –                         | (4)                      |
| Interest expense/(income)                                                             |      | 142                                         | (101)                     | 41                       |
| <b>Total expense/(income) recognised in consolidated statement of income</b>          |      | <b>212</b>                                  | <b>(101)</b>              | <b>111</b>               |
| (Gain) on plan assets, excluding amounts included in interest expense – net           |      | –                                           | (100)                     | (100)                    |
| Loss from change in demographic assumptions                                           |      | 20                                          | –                         | 20                       |
| (Gain) from change in financial assumptions                                           |      | (441)                                       | –                         | (441)                    |
| Loss from actuarial experience                                                        |      | 10                                          | –                         | 10                       |
| Change in asset ceiling, excluding amounts included in interest expenses              |      | 48                                          | –                         | 48                       |
| <b>Actuarial (gains) recognised in consolidated statement of comprehensive income</b> |      | <b>(363)</b>                                | <b>(100)</b>              | <b>(463)</b>             |
| Employer contributions                                                                |      | –                                           | (176)                     | (176)                    |
| Employee contributions                                                                |      | 2                                           | (2)                       | –                        |
| Benefits paid directly by the Company                                                 |      | (26)                                        | 26                        | –                        |
| Benefits paid from plan assets                                                        |      | (176)                                       | 176                       | –                        |
| <b>Net cash (outflow)/inflow</b>                                                      |      | <b>(200)</b>                                | <b>24</b>                 | <b>(176)</b>             |
| Assumed in business combinations                                                      | 22   | 4,562                                       | (3,291)                   | 1,271                    |
| Exchange differences                                                                  |      | (199)                                       | 152                       | (47)                     |
| <b>Other</b>                                                                          |      | <b>4,363</b>                                | <b>(3,139)</b>            | <b>1,224</b>             |
| <b>31 December 2013</b>                                                               |      | <b>4,643</b>                                | <b>(3,663)</b>            | <b>980</b>               |

The Group expects to make a contribution of \$153 million to the defined benefit plans during the next financial year.

The present value of defined benefit obligations accrued to date in Canada represents the majority for the Company. The breakdown below provides details of the Canadian plans for both the balance sheet and the weighted average duration of the defined benefit obligation as at 31 December 2014 and 2013. The defined benefit obligation of any other of the Group's defined benefit plans as at 31 December 2014 does not exceed \$205 million (2013: \$189 million).

2014

| US\$ million                                                    | Canada     | Other      | Total        |
|-----------------------------------------------------------------|------------|------------|--------------|
| Present value of defined benefit obligation                     | 3,739      | 985        | 4,724        |
| of which: amounts owing to active members                       | 889        | 494        | 1,383        |
| of which: amounts owing to not active members                   | 142        | 217        | 359          |
| of which: amounts owing to pensioners                           | 2,708      | 274        | 2,982        |
| Fair value of plan assets                                       | (3,026)    | (628)      | (3,654)      |
| <b>Net defined benefit liability at 31 December 2014</b>        | <b>713</b> | <b>357</b> | <b>1,070</b> |
| Weighted average duration of defined benefit obligation – years | 12         | 17         | 13           |

## Notes to the financial statements

### 23. PERSONNEL COSTS AND EMPLOYEE BENEFITS (continued)

|                                                                 |            |            |            |
|-----------------------------------------------------------------|------------|------------|------------|
| 2013                                                            |            |            |            |
| US\$ million                                                    | Canada     | Other      | Total      |
| Present value of defined benefit obligation                     | 3,749      | 894        | 4,643      |
| of which: amounts owing to active members                       | 1,028      | 500        | 1,528      |
| of which: amounts owing to not active members                   | 100        | 186        | 286        |
| of which: amounts owing to pensioners                           | 2,621      | 208        | 2,829      |
| Fair value of plan assets                                       | (3,034)    | (629)      | (3,663)    |
| <b>Net defined benefit liability at 31 December 2013</b>        | <b>715</b> | <b>265</b> | <b>980</b> |
| Weighted average duration of defined benefit obligation – years | 12         | 18         | 13         |

The actual return on plan assets amounted to \$112 million (2013: \$50 million).

The plan assets consist of the following:

|                                              |              |              |
|----------------------------------------------|--------------|--------------|
| US\$ million                                 | 2014         | 2013         |
| <b>Securities quoted in an active market</b> |              |              |
| Cash and short-term investments              | 80           | 91           |
| Fixed income                                 | 2,056        | 1,900        |
| Equities                                     | 1,379        | 1,496        |
| Other <sup>1</sup>                           | 139          | 176          |
| <b>Total</b>                                 | <b>3,654</b> | <b>3,663</b> |

<sup>1</sup> Includes securities in non-active markets in the amount of \$60 million (2013: \$50 million).

The fair value of plan assets includes negligible amounts 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.

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 corporate 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 plan's 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:

|                          | 2014 | 2013 |
|--------------------------|------|------|
| Discount rate            | 3.8% | 4.6% |
| Future salary increases  | 2.9% | 3.1% |
| Future pension increases | 0.4% | 0.4% |

Mortality assumptions are based on the latest available standard mortality tables for the individual countries concerned. As at 31 December 2014, these tables imply expected future lifetimes, for employees aged 65, 16 to 24 years for males (2013: 16 to 24) and 20 to 26 years for females (2013: 20 to 26). The assumptions for each country are reviewed each year and are adjusted where necessary to reflect changes in fund experience and actuarial recommendations.

The sensitivity of the defined benefit obligation to changes in principal assumptions as at 31 December 2014 is set out below.

| US\$ million                                   | Increase/(decrease)<br>in pension obligation<br>Canada | Increase/(decrease)<br>in pension obligation<br>Other | Increase/(decrease)<br>in pension obligation<br>Total |
|------------------------------------------------|--------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| <b>Discount rate</b>                           |                                                        |                                                       |                                                       |
| Increase by 100 basis points                   | (399)                                                  | (150)                                                 | (549)                                                 |
| Decrease by 100 basis points                   | 458                                                    | 188                                                   | 646                                                   |
| <b>Rate of future salary increase</b>          |                                                        |                                                       |                                                       |
| Increase by 100 basis points                   | 16                                                     | 31                                                    | 47                                                    |
| Decrease by 100 basis points                   | (17)                                                   | (32)                                                  | (49)                                                  |
| <b>Rate of future pension benefit increase</b> |                                                        |                                                       |                                                       |
| Increase by 100 basis points                   | 7                                                      | 33                                                    | 40                                                    |
| Decrease by 100 basis points                   | (6)                                                    | (32)                                                  | (38)                                                  |
| <b>Life expectancy</b>                         |                                                        |                                                       |                                                       |
| Increase in longevity by 1 year                | 82                                                     | 18                                                    | 100                                                   |

## 24. ACCOUNTS PAYABLE

| US\$ million                           | 2014          | 2013          |
|----------------------------------------|---------------|---------------|
| Trade payables                         | 22,896        | 21,815        |
| Trade advances from buyers             | 1,479         | 640           |
| Associated companies                   | 473           | 648           |
| Other payables and accrued liabilities | 2,033         | 2,938         |
| <b>Total</b>                           | <b>26,881</b> | <b>26,041</b> |

## Notes to the financial statements

### 25. ACQUISITION AND DISPOSAL OF SUBSIDIARIES

#### 2014 Acquisitions

In 2014, Glencore acquired controlling interests in Caracal Energy Inc ("Caracal"), Zhairemsky GOK JSC ("Zhairemsky") and other immaterial entities. The net cash used in the acquisition of subsidiaries and the provisional fair value of the assets acquired and liabilities assumed on the acquisition dates detailed below:

| US\$ million                                                      | Caracal      | Zhairemsky | Other    | Total        |
|-------------------------------------------------------------------|--------------|------------|----------|--------------|
| <b>Non-current assets</b>                                         |              |            |          |              |
| Property, plant and equipment                                     | 1,799        | 351        | 27       | 2,177        |
| Intangible assets                                                 | 1            | –          | 12       | 13           |
| Advances and loans <sup>1</sup>                                   | –            | –          | 1        | 1            |
| Deferred tax assets                                               | 1            | –          | –        | 1            |
|                                                                   | 1,801        | 351        | 40       | 2,192        |
| <b>Current assets</b>                                             |              |            |          |              |
| Inventories                                                       | –            | 9          | 8        | 17           |
| Accounts receivable <sup>1</sup>                                  | 86           | 8          | 20       | 114          |
| Cash and cash equivalents                                         | 31           | 17         | –        | 48           |
|                                                                   | 117          | 34         | 28       | 179          |
| <b>Non-controlling interest<sup>2</sup></b>                       | –            | –          | (8)      | (8)          |
| <b>Non-current liabilities</b>                                    |              |            |          |              |
| Deferred tax liabilities                                          | –            | (52)       | –        | (52)         |
| Other financial liabilities                                       | –            | (3)        | (5)      | (8)          |
| Provisions                                                        | (1)          | (13)       | –        | (14)         |
|                                                                   | (1)          | (68)       | (5)      | (74)         |
| <b>Current liabilities</b>                                        |              |            |          |              |
| Borrowings                                                        | (161)        | –          | –        | (161)        |
| Accounts payable                                                  | (149)        | (9)        | (53)     | (211)        |
|                                                                   | (310)        | (9)        | (53)     | (372)        |
| <b>Total fair value of net assets acquired</b>                    | <b>1,607</b> | <b>308</b> | <b>2</b> | <b>1,917</b> |
| Less: amounts previously recognised through investments and loans | (77)         | –          | –        | (77)         |
| Less: cash and cash equivalents acquired                          | (31)         | (17)       | –        | (48)         |
| <b>Net cash used in acquisition of subsidiaries</b>               | <b>1,499</b> | <b>291</b> | <b>2</b> | <b>1,792</b> |

<sup>1</sup> There is no material difference between the gross contractual amounts for loans and advances and accounts receivable and their fair value.

<sup>2</sup> Non-controlling interest measured at its percentage of net assets acquired.

#### Caracal

On 8 July 2014, Glencore completed the acquisition of the remaining issued and outstanding equity of Caracal, an oil and gas exploration and development company with operations in the Republic of Chad, Africa, for a total consideration of \$1,607 million. This increased Glencore's ownership from 13.2% to 100% and provides Glencore the ability to exercise control over Caracal.

If the acquisition had taken place effective 1 January 2014, the operation would have contributed additional revenue of \$56 million and additional attributable loss of \$25 million. From the date of acquisition, the operation contributed \$101 million and \$80 million of revenue and attributable loss, respectively.

The acquisition of Caracal adds further value and expertise to Glencore's growing oil business in Africa, with the enlarged portfolio allowing Glencore to take further advantage of opportunities across the African oil sector, as they arise.

#### Zhaimsky

On 11 December 2014, Glencore completed the acquisition of a 100% interest in Zhaimsky GOK JSC, located in Kazakhstan, for cash consideration of \$308 million. The acquisition enhances and complements Glencore's existing operations in Kazakhstan, including an expectation that the additional zinc/lead resources will significantly increase Kazzinc's weighted average own-source life of mine.

If the acquisition had taken place effective 1 January 2014, the operation would have contributed additional revenue of \$78 million and additional attributable loss of \$2 million. From the date of acquisition the operation contributed \$6 million and \$1 million of revenue and attributable loss, respectively.

#### Other

Other comprises primarily the acquisition of an additional 16.99% interest in Energia Austral, increasing Glencore's ultimate ownership to 65.99%. From the date of acquisition, 1 January 2014, the operations contributed \$25 million and \$15 million to Glencore's revenue and attributable income, respectively.

#### 2014 Disposals

In 2014, Glencore disposed of its controlling interest in Las Bambas that was acquired as part of the Xstrata business combination in May 2013. Other consists primarily of the disposal of Frieda River, a copper project in Papua New Guinea. The carrying value of the assets and liabilities over which control was lost and net cash received from these disposals are detailed below:

| US\$ million                                       | Las Bambas   | Other       | Total        |
|----------------------------------------------------|--------------|-------------|--------------|
| Property, plant and equipment                      | –            | 89          | 89           |
| Accounts receivable                                | –            | 9           | 9            |
| Assets held for sale                               | 6,884        | –           | 6,884        |
| Accounts payable                                   | –            | (2)         | (2)          |
| Liabilities held for sale                          | (604)        | –           | (604)        |
| Non-controlling interest                           | –            | (16)        | (16)         |
| <b>Total carrying value of net assets disposed</b> | <b>6,280</b> | <b>80</b>   | <b>6,360</b> |
| Cash and cash equivalents received                 | 6,449        | 33          | 6,482        |
| Future consideration/receivable                    | 15           | 34          | 49           |
| <b>Total consideration</b>                         | <b>6,464</b> | <b>67</b>   | <b>6,531</b> |
| <b>Net gain/(loss) on disposal</b>                 | <b>184</b>   | <b>(13)</b> | <b>171</b>   |

## Notes to the financial statements

### 25. ACQUISITION AND DISPOSAL OF SUBSIDIARIES (continued)

#### 2013 Acquisitions

In 2013, Glencore acquired controlling interests in Xstrata and other immaterial entities. The net cash used in the acquisition of subsidiaries and the fair value of the assets acquired and liabilities assumed at the date of acquisition are detailed below:

| US\$ million                                                        | Xstrata<br>provisional<br>fair values<br>as reported at<br>31 December 2013 | Fair value<br>adjustments to<br>the provisional<br>allocation | Total<br>Xstrata<br>fair values | Other<br>fair values | Total<br>fair values |
|---------------------------------------------------------------------|-----------------------------------------------------------------------------|---------------------------------------------------------------|---------------------------------|----------------------|----------------------|
| <b>Non-current assets</b>                                           |                                                                             |                                                               |                                 |                      |                      |
| Property, plant and equipment                                       | 41,381                                                                      | (274)                                                         | 41,107                          | 194                  | 41,301               |
| Intangible assets                                                   | 2,314                                                                       | 105                                                           | 2,419                           | 6                    | 2,425                |
| Investments in associates and joint ventures                        | 10,240                                                                      | (551)                                                         | 9,689                           | –                    | 9,689                |
| Advances and loans <sup>1</sup>                                     | 1,163                                                                       | (100)                                                         | 1,063                           | –                    | 1,063                |
| Deferred tax asset                                                  | 253                                                                         | –                                                             | 253                             | –                    | 253                  |
|                                                                     | 55,351                                                                      | (820)                                                         | 54,531                          | 200                  | 54,731               |
| <b>Current assets</b>                                               |                                                                             |                                                               |                                 |                      |                      |
| Inventories                                                         | 6,068                                                                       | –                                                             | 6,068                           | 47                   | 6,115                |
| Accounts receivable <sup>1</sup>                                    | 3,693                                                                       | –                                                             | 3,693                           | 38                   | 3,731                |
| Other financial assets                                              | 518                                                                         | –                                                             | 518                             | –                    | 518                  |
| Cash and cash equivalents                                           | 1,684                                                                       | –                                                             | 1,684                           | 1                    | 1,685                |
| Assets held for sale                                                | 3,616                                                                       | 750                                                           | 4,366                           | –                    | 4,366                |
|                                                                     | 15,579                                                                      | 750                                                           | 16,329                          | 86                   | 16,415               |
| <b>Non-controlling interest<sup>2</sup></b>                         | (924)                                                                       | (176)                                                         | (1,100)                         | (9)                  | (1,109)              |
| <b>Non-current liabilities</b>                                      |                                                                             |                                                               |                                 |                      |                      |
| Borrowings                                                          | (17,587)                                                                    | 12                                                            | (17,575)                        | (4)                  | (17,579)             |
| Deferred income                                                     | (973)                                                                       | (60)                                                          | (1,033)                         | –                    | (1,033)              |
| Deferred tax liabilities                                            | (4,270)                                                                     | (85)                                                          | (4,355)                         | (32)                 | (4,387)              |
| Other financial liabilities                                         | (325)                                                                       | –                                                             | (325)                           | (9)                  | (334)                |
| Provisions                                                          | (7,312)                                                                     | 19                                                            | (7,293)                         | (14)                 | (7,307)              |
|                                                                     | (30,467)                                                                    | (114)                                                         | (30,581)                        | (59)                 | (30,640)             |
| <b>Current liabilities</b>                                          |                                                                             |                                                               |                                 |                      |                      |
| Borrowings                                                          | (1,726)                                                                     | –                                                             | (1,726)                         | (17)                 | (1,743)              |
| Accounts payable                                                    | (4,981)                                                                     | –                                                             | (4,981)                         | (30)                 | (5,011)              |
| Deferred income                                                     | (73)                                                                        | –                                                             | (73)                            | –                    | (73)                 |
| Provisions                                                          | (215)                                                                       | (59)                                                          | (274)                           | –                    | (274)                |
| Other financial liabilities                                         | (91)                                                                        | –                                                             | (91)                            | –                    | (91)                 |
| <b>Liabilities held for sale</b>                                    | (314)                                                                       | (225)                                                         | (539)                           | –                    | (539)                |
|                                                                     | (7,400)                                                                     | (284)                                                         | (7,684)                         | (47)                 | (7,731)              |
| <b>Total fair value of net assets acquired</b>                      | 32,139                                                                      | (644)                                                         | 31,495                          | 171                  | 31,666               |
| Goodwill arising on acquisition <sup>3</sup>                        | 12,480                                                                      | 644                                                           | 13,124                          | 30                   | 13,154               |
| Less: amounts previously recognised through investments and loans   | (15,142)                                                                    | –                                                             | (15,142)                        | –                    | (15,142)             |
| Less: Fair value of ordinary shares issued                          | (29,094)                                                                    | –                                                             | (29,094)                        | –                    | (29,094)             |
| Less: Fair value of share-based awards                              | (383)                                                                       | –                                                             | (383)                           | –                    | (383)                |
| Less: cash and cash equivalents acquired                            | (1,684)                                                                     | –                                                             | (1,684)                         | (1)                  | (1,685)              |
| Acquisition related costs                                           | 275                                                                         | –                                                             | 275                             | –                    | 275                  |
| <b>Net cash (received from)/used in acquisition of subsidiaries</b> | (1,409)                                                                     | –                                                             | (1,409)                         | 200                  | (1,209)              |

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

2 Non-controlling interest measured at its percentage of net assets acquired.

3 The goodwill arising on acquisition is not deductible for tax purposes.

### Xstrata

On 2 May 2013, Glencore completed its acquisition of the remaining 66% (which it did not previously own) of the issued and outstanding equity of Xstrata, a leading global diversified mining group, for consideration of \$29.5 billion. The acquisition was completed through an all share exchange which gave Xstrata shareholders 3.05 Glencore shares for every Xstrata share, valuing Xstrata's equity at approximately \$44.6 billion.

The acquisition accounting has now been finalised. The final fair value adjustments to the provisionally reported values primarily relate to adjustments to property, plant and equipment and investments in associates and joint ventures resulting from revisions to assumptions that existed at the acquisition date regarding mine plans, ramp-up schedules, expected processing capacity and classification of acquired joint arrangements. Additionally, the Las Bambas assets and liabilities held for sale were reassessed to reflect the fair value less cost of disposal, resulting from finalisation of the sales process.

The acquisition of Xstrata creates a unique global natural resources group, well positioned to seize opportunities in a world where trends continue to evolve towards a new global map, reflecting the degree to which changes are unfolding relating to where natural resources are consumed and supplied, especially as a result of demand from and emerging supply growth in developing economies.

If the acquisition had been effective 1 January 2013, the operations would have contributed additional revenue of \$9,443 million and an increase in attributable income of \$259 million. From the date of acquisition, the operations contributed \$16,769 million and \$1,485 million of revenue and attributable income, respectively.

### Other

Other acquisitions primarily consist of the acquisition of an 89.5% controlling interest in Orion Minerals LLC, an entity holding 2 operations in northern Kazakhstan, for cash consideration of \$175 million. If the other acquisitions had taken place effective 1 January 2013, the operations would have contributed additional revenue of \$4 million and additional attributable income of \$1 million. From the date of acquisition, the other acquisitions contributed \$51 million and \$7 million to Glencore's revenue and attributable income, respectively.

### 2013 Disposals

In 2013, Glencore disposed of controlling interests in various businesses that were acquired as part of the Viterra business combination in December 2012. The carrying value of the assets and liabilities over which control was lost and net cash received from these disposals are detailed below:

| US\$ million                                       | Dakota Growers<br>Pasta Company | Joe White<br>Maltings | Total      |
|----------------------------------------------------|---------------------------------|-----------------------|------------|
| Property, plant and equipment                      | 320                             | 355                   | 675        |
| Intangible assets                                  | 42                              | 1                     | 43         |
| Inventories                                        | 35                              | 23                    | 58         |
| Accounts receivable                                | 24                              | 38                    | 62         |
| Cash and cash equivalents                          | 3                               | –                     | 3          |
| Deferred tax liabilities                           | (40)                            | –                     | (40)       |
| Accounts payable                                   | (21)                            | (33)                  | (54)       |
| Financial liabilities                              | –                               | (3)                   | (3)        |
| <b>Total carrying value of net assets disposed</b> | <b>363</b>                      | <b>381</b>            | <b>744</b> |
| Cash and cash equivalents received                 | 366                             | 381                   | 747        |
| Less: cash and cash equivalent disposed            | (3)                             | –                     | (3)        |
| <b>Total consideration received</b>                | <b>363</b>                      | <b>381</b>            | <b>744</b> |
| <b>Gain/(loss) on disposal</b>                     | <b>–</b>                        | <b>–</b>              | <b>–</b>   |

## 26. 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 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.

## Notes to the financial statements

### 26. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

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. Paramount in meeting these objectives is maintaining an investment grade credit rating status. Glencore's current credit ratings are Baa2 (stable) from Moody's and BBB (stable) from S&P.

#### *Distribution policy and other capital management initiatives*

The Company intends to return excess capital to its shareholders by pursuing a progressive distribution policy with the intention of maintaining or increasing its total ordinary distribution each year, supplemented through other capital management initiatives, including share buy-backs, as and when appropriate. Distributions are expected to be declared by the Board semi-annually (with the half-year results and the preliminary full-year results). Interim distributions are expected to represent approximately one-third of the total distribution for any year. Distributions will be declared and paid in US dollars, although 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 Hong Kong branch register will receive their distributions in Hong Kong dollars, while 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 the use of 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's Board has set a consolidated VaR limit (one day 95% confidence level) of \$100 million representing less than 0.5% of total equity, which the Board reviews annually. The consolidated VaR limit of \$100 million was not exceeded during the year.

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.

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            | 2014 | 2013 |
|-------------------------|------|------|
| Year-end position       | 39   | 35   |
| Average during the year | 36   | 32   |
| High during the year    | 65   | 63   |
| Low during the year     | 16   | 20   |

VaR does not purport to represent actual gains or losses in fair value on 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 (including aluminium, nickel, zinc, copper, lead), coal, iron ore, oil-/natural gas and main risks in the agricultural products business segment (grain, oil seeds, sugar and cotton) 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, cobalt, freight and some risk associated with 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 energy, metals and minerals and agricultural 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. 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 primarily based on US\$ LIBOR 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 50 basis points higher/lower and all other variables held constant, Glencore's income and equity for the year ended 31 December 2014 would decrease/increase by \$95 million (2013: \$105 million).

#### *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 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 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, Sterling and Australian dollar denominated bonds (see note 20). 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 cash flow hedges of the foreign currency risks associated with the bonds. The fair value of these derivatives is as follows:

| US\$ million                          | Notional amounts |        | Recognised fair values |             | Average maturity <sup>1</sup> |
|---------------------------------------|------------------|--------|------------------------|-------------|-------------------------------|
|                                       | Buy              | Sell   | Assets                 | Liabilities |                               |
| Cross currency swap agreements – 2014 | –                | 15,289 | 15                     | 1,727       | 2019                          |
| Cross currency swap agreements – 2013 | –                | 16,658 | 167                    | –           | 2018                          |

<sup>1</sup> Refer to note 20 for details.

#### *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. 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.

## Notes to the financial statements

### 26. FINANCIAL AND CAPITAL RISK MANAGEMENT (continued)

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 2.5% (2013: 2.5%) of its trade receivables (on a gross basis taking into account credit enhancements) or accounting for more than 3.5% of its revenues over the year ended 31 December 2014 (2013: 3%).

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 27).

#### *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 prices beyond 3 months, with the main exceptions being coal, where longer-term fixed price contracts are common, 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 development of more transparent and liquid spot markets, e.g. coal and iron ore and associated derivative products and indexes.

#### *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 (2013: \$3 billion). 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 and proposed investments, as well as credit facility refinancing/extension requirements, well ahead of time.

As at 31 December 2014, Glencore had available committed undrawn credit facilities, cash and marketable securities amounting to \$9,409 million (2013: \$12,878 million). The maturity profile of Glencore's financial liabilities based on the contractual terms is as follows:

| 2014<br>US\$ million              | After 5 years | Due 3 – 5 years | Due 2 – 3 years | Due 1 – 2 years | Due 0 – 1 year | Total         |
|-----------------------------------|---------------|-----------------|-----------------|-----------------|----------------|---------------|
| Borrowings                        | 13,467        | 8,122           | 5,286           | 13,813          | 12,005         | 52,693        |
| Expected future interest payments | 4,363         | 1,686           | 906             | 992             | 1,068          | 9,015         |
| Accounts payable                  | –             | –               | –               | –               | 26,881         | 26,881        |
| Other financial liabilities       | 295           | 342             | –               | 343             | 3,956          | 4,936         |
| <b>Total</b>                      | <b>18,125</b> | <b>10,150</b>   | <b>6,192</b>    | <b>15,148</b>   | <b>43,910</b>  | <b>93,525</b> |
| Current assets                    |               |                 |                 |                 | 53,219         | 53,219        |

| 2013<br>US\$ million              | After 5 years | Due 3 – 5 years | Due 2 – 3 years | Due 1 – 2 years | Due 0 – 1 year | Total         |
|-----------------------------------|---------------|-----------------|-----------------|-----------------|----------------|---------------|
| Borrowings                        | 13,112        | 9,111           | 11,832          | 4,657           | 16,461         | 55,173        |
| Expected future interest payments | 7,907         | 1,557           | 1,175           | 1,326           | 1,722          | 13,687        |
| Accounts payable                  | –             | –               | –               | –               | 26,041         | 26,041        |
| Other financial liabilities       | 359           | 342             | 343             | –               | 2,366          | 3,410         |
| <b>Total</b>                      | <b>21,378</b> | <b>11,010</b>   | <b>13,350</b>   | <b>5,983</b>    | <b>46,590</b>  | <b>98,311</b> |
| Current assets                    |               |                 |                 |                 | 59,292         | 59,292        |

1 Adjusted for the final fair value adjustments in relation to the acquisition of Xstrata (see note 25).

## 27. 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 \$52,693 million (2013: \$55,173 million) of borrowings, the fair value of which at 31 December 2014 was \$53,285 million (31 December 2013: \$56,723 million) based on observable market prices applied to the borrowing portfolio (a Level 2 fair value measurement).

| 2014<br>US\$ million                                             | Carrying<br>value <sup>1</sup> | Available<br>for sale | FVtPL <sup>2</sup> | Total         |
|------------------------------------------------------------------|--------------------------------|-----------------------|--------------------|---------------|
| <b>Assets</b>                                                    |                                |                       |                    |               |
| Other investments <sup>3</sup>                                   | –                              | 895                   | 577                | 1,472         |
| Advances and loans                                               | 4,597                          | –                     | –                  | 4,597         |
| Accounts receivable                                              | 21,456                         | –                     | –                  | 21,456        |
| Other financial assets (see note 28)                             | –                              | –                     | 4,036              | 4,036         |
| Cash and cash equivalents and marketable securities <sup>4</sup> | –                              | –                     | 2,855              | 2,855         |
| <b>Total financial assets</b>                                    | <b>26,053</b>                  | <b>895</b>            | <b>7,468</b>       | <b>34,416</b> |
| <b>Liabilities</b>                                               |                                |                       |                    |               |
| Borrowings                                                       | 52,693                         | –                     | –                  | 52,693        |
| Non-current other financial liabilities (see note 28)            | –                              | –                     | 980                | 980           |
| Accounts payable                                                 | 26,881                         | –                     | –                  | 26,881        |
| Other financial liabilities (see note 28)                        | –                              | –                     | 3,956              | 3,956         |
| <b>Total financial liabilities</b>                               | <b>79,574</b>                  | <b>–</b>              | <b>4,936</b>       | <b>84,510</b> |

<sup>1</sup> Carrying value comprises investments, loans, accounts receivable, accounts payable and other liabilities measured at amortised cost.

<sup>2</sup> FVtPL – Fair value through profit and loss – held for trading.

<sup>3</sup> Other investments of \$1,354 million are classified as Level 1 measured using quoted market prices with the remaining balance of \$118 million being investments in private companies whose fair value cannot be reliably measured which are carried cost.

<sup>4</sup> Classified as Level 1, measured using quoted exchange rates and/or market prices.

## Notes to the financial statements

### 27. FINANCIAL INSTRUMENTS (continued)

| 2013<br>US\$ million                                             | Carrying<br>value <sup>1</sup> | Available<br>for sale | FVtPL <sup>2</sup> | Total<br>Restated <sup>3</sup> |
|------------------------------------------------------------------|--------------------------------|-----------------------|--------------------|--------------------------------|
| <b>Assets</b>                                                    |                                |                       |                    |                                |
| Other investments <sup>4</sup>                                   | –                              | 394                   | 529                | 923                            |
| Advances and loans                                               | 3,995                          | –                     | –                  | 3,995                          |
| Accounts receivable                                              | 24,536                         | –                     | –                  | 24,536                         |
| Other financial assets (see note 28)                             | –                              | –                     | 2,904              | 2,904                          |
| Cash and cash equivalents and marketable securities <sup>5</sup> | –                              | –                     | 2,885              | 2,885                          |
| <b>Total financial assets</b>                                    | <b>28,531</b>                  | <b>394</b>            | <b>6,318</b>       | <b>35,243</b>                  |
| <b>Liabilities</b>                                               |                                |                       |                    |                                |
| Borrowings                                                       | 55,173                         | –                     | –                  | 55,173                         |
| Non-current other financial liabilities (see note 28)            | –                              | –                     | 1,044              | 1,044                          |
| Accounts payable                                                 | 26,041                         | –                     | –                  | 26,041                         |
| Other financial liabilities (see note 28)                        | –                              | –                     | 2,366              | 2,366                          |
| <b>Total financial liabilities</b>                               | <b>81,214</b>                  | <b>–</b>              | <b>3,410</b>       | <b>84,624</b>                  |

<sup>1</sup> Carrying value comprises investments, loans, accounts receivable, accounts payable and other liabilities measured at amortised cost.

<sup>2</sup> FVtPL – Fair value through profit and loss – held for trading.

<sup>3</sup> Adjusted for the final fair value adjustments in relation to the acquisition of Xstrata (see note 25).

<sup>4</sup> Other investments of \$772 million are classified as Level 1 measured using quoted market prices with the remaining balance of \$151 million being investments in private companies whose fair value cannot be reliably measured which are carried cost.

<sup>5</sup> Classified as Level 1, measured using quoted exchange rates and/or market prices.

#### 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 2014 and 2013 were as follows:

| 2014<br>US\$ million                | Amounts eligible for set off<br>under netting agreements |                   |               | Related amounts not set off<br>under netting agreements |                         |               | Amounts<br>not subject<br>to netting<br>agreements | Total as<br>presented<br>in the<br>consolidated<br>statement of<br>financial<br>position |
|-------------------------------------|----------------------------------------------------------|-------------------|---------------|---------------------------------------------------------|-------------------------|---------------|----------------------------------------------------|------------------------------------------------------------------------------------------|
|                                     | Gross<br>amount                                          | Amounts<br>offset | Net<br>amount | Financial<br>instruments                                | Financial<br>collateral | Net<br>amount |                                                    |                                                                                          |
| Derivative assets <sup>1</sup>      | 19,282                                                   | (17,115)          | 2,167         | (483)                                                   | (497)                   | 1,187         | 1,869                                              | 4,036                                                                                    |
| Derivative liabilities <sup>1</sup> | (19,022)                                                 | 17,115            | (1,906)       | 483                                                     | 924                     | (499)         | (2,050)                                            | (3,956)                                                                                  |

<sup>1</sup> Presented within current other financial assets and current other financial liabilities.

| 2013<br>US\$ million                | Amounts eligible for set off<br>under netting agreements |                   |               | Related amounts not set off<br>under netting agreements |                         |               | Amounts<br>not subject<br>to netting<br>agreements | Total as<br>presented<br>in the<br>consolidated<br>statement of<br>financial<br>position |
|-------------------------------------|----------------------------------------------------------|-------------------|---------------|---------------------------------------------------------|-------------------------|---------------|----------------------------------------------------|------------------------------------------------------------------------------------------|
|                                     | Gross<br>amount                                          | Amounts<br>offset | Net<br>amount | Financial<br>instruments                                | Financial<br>collateral | Net<br>amount |                                                    |                                                                                          |
| Derivative assets <sup>1</sup>      | 4,001                                                    | (2,905)           | 1,096         | (237)                                                   | (262)                   | 597           | 1,808                                              | 2,904                                                                                    |
| Derivative liabilities <sup>1</sup> | (3,624)                                                  | 2,905             | (719)         | 237                                                     | 285                     | (197)         | (1,647)                                            | (2,366)                                                                                  |

<sup>1</sup> Presented within current other financial assets and current other financial liabilities.

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

## 28. 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 1 year and options that are exchange traded, whereas Level 2 classifications primarily include futures with a tenor greater than 1 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 predominately 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.

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 liabilities as at 31 December 2014 and 2013. Other assets and liabilities which are measured at fair value on a recurring basis are marketing inventories, other investments, cash and cash equivalents and marketable securities. Refer to notes 12 and 27 for disclosures in connection with these fair value measurements. There are no non-recurring fair value measurements.

### Other financial assets

| 2014<br>US\$ million                         | Level 1        | Level 2        | Level 3        | Total        |
|----------------------------------------------|----------------|----------------|----------------|--------------|
| <b>Commodity related contracts</b>           |                |                |                |              |
| Futures                                      | 1,008          | 183            | –              | <b>1,191</b> |
| Options                                      | 21             | 27             | 1              | <b>49</b>    |
| Swaps                                        | 133            | 771            | –              | <b>904</b>   |
| Physical forwards                            | 21             | 1,101          | 339            | <b>1,461</b> |
| <b>Financial contracts</b>                   |                |                |                |              |
| Cross currency swaps                         | –              | 158            | –              | <b>158</b>   |
| Foreign currency and interest rate contracts | 2              | 271            | –              | <b>273</b>   |
| <b>Total</b>                                 | <b>1,185</b>   | <b>2,511</b>   | <b>340</b>     | <b>4,036</b> |
| <b>2013<br/>US\$ million</b>                 | <b>Level 1</b> | <b>Level 2</b> | <b>Level 3</b> | <b>Total</b> |
| <b>Commodity related contracts</b>           |                |                |                |              |
| Futures                                      | 444            | 261            | –              | <b>705</b>   |
| Options                                      | 26             | 2              | –              | <b>28</b>    |
| Swaps                                        | 65             | 94             | –              | <b>159</b>   |
| Physical forwards                            | –              | 701            | 481            | <b>1,182</b> |
| <b>Financial contracts</b>                   |                |                |                |              |
| Cross currency swaps                         | –              | 519            | –              | <b>519</b>   |
| Foreign currency and interest rate contracts | 41             | 270            | –              | <b>311</b>   |
| <b>Total</b>                                 | <b>576</b>     | <b>1,847</b>   | <b>481</b>     | <b>2,904</b> |

## Notes to the financial statements

### 28. FAIR VALUE MEASUREMENTS (continued)

#### Other financial liabilities

| 2014<br>US\$ million                                  | Level 1    | Level 2      | Level 3      | Total        |
|-------------------------------------------------------|------------|--------------|--------------|--------------|
| <b>Commodity related contracts</b>                    |            |              |              |              |
| Futures                                               | 580        | 8            | –            | 588          |
| Options                                               | 199        | 12           | 40           | 251          |
| Swaps                                                 | 118        | 98           | –            | 216          |
| Physical forwards                                     | 4          | 893          | 264          | 1,161        |
| <b>Financial contracts</b>                            |            |              |              |              |
| Cross currency swaps                                  | –          | 1,281        | –            | 1,281        |
| Foreign currency and interest rate contracts          | –          | 459          | –            | 459          |
| <b>Current other financial liabilities</b>            | <b>901</b> | <b>2,751</b> | <b>304</b>   | <b>3,956</b> |
| Non-current other financial liabilities               |            |              |              |              |
| Non-discretionary dividend obligation <sup>1</sup>    | –          | –            | 295          | 295          |
| Put option over non-controlling interest <sup>2</sup> | –          | –            | 685          | 685          |
| <b>Non-current other financial liabilities</b>        | <b>–</b>   | <b>–</b>     | <b>980</b>   | <b>980</b>   |
| <b>Total</b>                                          | <b>901</b> | <b>2,751</b> | <b>1,284</b> | <b>4,936</b> |

<sup>1</sup> A ZAR denominated derivative liability payable to ARM Coal, 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 and has no fixed repayment date and is not cancellable within 12 months.

<sup>2</sup> A put option over the remaining 31% of Mutanda is exercisable in 2 equal tranches in July 2016 and July 2018. The exercise price of the put option is subject to the fair value of Mutanda at the date of exercise, see note 33.

| 2013<br>US\$ million                                  | Level 1    | Level 2      | Level 3      | Total        |
|-------------------------------------------------------|------------|--------------|--------------|--------------|
| <b>Commodity related contracts</b>                    |            |              |              |              |
| Futures                                               | 542        | 84           | –            | 626          |
| Options                                               | 15         | 4            | 31           | 50           |
| Swaps                                                 | 27         | 72           | –            | 99           |
| Physical forwards                                     | 9          | 572          | 266          | 847          |
| <b>Financial contracts</b>                            |            |              |              |              |
| Cross currency swaps                                  | –          | 512          | –            | 512          |
| Foreign currency and interest rate contracts          | 60         | 172          | –            | 232          |
| <b>Current other financial liabilities</b>            | <b>653</b> | <b>1,416</b> | <b>297</b>   | <b>2,366</b> |
| Non-current other financial liabilities               |            |              |              |              |
| Non-discretionary dividend obligation <sup>1</sup>    | –          | –            | 359          | 359          |
| Put option over non-controlling interest <sup>2</sup> | –          | –            | 685          | 685          |
| <b>Non-current other financial liabilities</b>        | <b>–</b>   | <b>–</b>     | <b>1,044</b> | <b>1,044</b> |
| <b>Total</b>                                          | <b>653</b> | <b>1,416</b> | <b>1,341</b> | <b>3,410</b> |

<sup>1</sup> A ZAR denominated derivative liability payable to ARM Coal, 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 and has no fixed repayment date and is not cancellable within 12 months.

<sup>2</sup> A put option over the remaining 31% of Mutanda is exercisable in 2 equal tranches in July 2016 and July 2018. The exercise price of the put option is subject to the fair value of Mutanda at the date of exercise, see note 33.

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

| US\$ million                                       | Notes | Physical forwards | Options      | Loans and other | Total Level 3 |
|----------------------------------------------------|-------|-------------------|--------------|-----------------|---------------|
| 1 January 2013                                     |       | 96                | (456)        | –               | (360)         |
| Business combination                               | 25    | (13)              | –            | (359)           | (372)         |
| Total gain/(loss) recognised in cost of goods sold |       | 220               | (30)         | –               | 190           |
| Put option over non-controlling interest           |       | –                 | (266)        | –               | (266)         |
| Realised                                           |       | (88)              | 36           | –               | (52)          |
| <b>31 December 2013</b>                            |       | <b>215</b>        | <b>(716)</b> | <b>(359)</b>    | <b>(860)</b>  |
| 1 January 2014                                     |       |                   |              |                 |               |
| Business combination                               |       | 215               | (716)        | (359)           | (860)         |
| Total loss recognised in cost of goods sold        |       | (34)              | (39)         | –               | (73)          |
| Put option over non-controlling interest           |       | –                 | –            | 64              | 64            |
| Realised                                           |       | (106)             | 31           | –               | (75)          |
| <b>31 December 2014</b>                            |       | <b>75</b>         | <b>(724)</b> | <b>(295)</b>    | <b>(944)</b>  |

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.

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

*Fair value of financial assets/financial liabilities*

| US\$ million                         |                                                                                                                                                                                                                                                                                      | 2014         | 2013         |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| <b>Futures – Level 1</b>             |                                                                                                                                                                                                                                                                                      |              |              |
|                                      | Assets                                                                                                                                                                                                                                                                               | <b>1,008</b> | <b>444</b>   |
|                                      | Liabilities                                                                                                                                                                                                                                                                          | <b>(580)</b> | <b>(542)</b> |
| Valuation techniques and key inputs: | Quoted bid prices in an active market                                                                                                                                                                                                                                                |              |              |
| Significant unobservable inputs:     | None                                                                                                                                                                                                                                                                                 |              |              |
| <b>Futures – Level 2</b>             |                                                                                                                                                                                                                                                                                      |              |              |
|                                      | Assets                                                                                                                                                                                                                                                                               | <b>183</b>   | <b>261</b>   |
|                                      | Liabilities                                                                                                                                                                                                                                                                          | <b>(8)</b>   | <b>(84)</b>  |
| Valuation techniques and key inputs: | Discounted cash flow model                                                                                                                                                                                                                                                           |              |              |
|                                      | Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required. |              |              |
| Significant unobservable inputs:     | None                                                                                                                                                                                                                                                                                 |              |              |
| <b>Options – Level 1</b>             |                                                                                                                                                                                                                                                                                      |              |              |
|                                      | Assets                                                                                                                                                                                                                                                                               | <b>21</b>    | <b>26</b>    |
|                                      | Liabilities                                                                                                                                                                                                                                                                          | <b>(199)</b> | <b>(15)</b>  |
| Valuation techniques and key inputs: | Quoted bid prices in an active market                                                                                                                                                                                                                                                |              |              |
| Significant unobservable inputs:     | None                                                                                                                                                                                                                                                                                 |              |              |
| <b>Options – Level 2</b>             |                                                                                                                                                                                                                                                                                      |              |              |
|                                      | Assets                                                                                                                                                                                                                                                                               | <b>27</b>    | <b>2</b>     |
|                                      | Liabilities                                                                                                                                                                                                                                                                          | <b>(12)</b>  | <b>(4)</b>   |
| Valuation techniques and key inputs: | Discounted cash flow model                                                                                                                                                                                                                                                           |              |              |
|                                      | Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required. |              |              |
| Significant unobservable inputs:     | None                                                                                                                                                                                                                                                                                 |              |              |

# Notes to the financial statements

## 28. FAIR VALUE MEASUREMENTS (continued)

### Fair value of financial assets/financial liabilities

US\$ million

|                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 2014         | 2013  |
|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------|
| <b>Options – Level 3</b>             | Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>1</b>     | –     |
|                                      | Liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>(40)</b>  | (31)  |
| Valuation techniques and key inputs: | Standard option pricing model                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |              |       |
| Significant unobservable inputs:     | Prices are adjusted by differentials, as required, including: <ul style="list-style-type: none"> <li>• Volatility; and</li> <li>• Credit risk.</li> </ul> These significant unobservable inputs generally represent 2% – 20% of the overall value of the instruments. These differentials move in symmetry with each other, e.g. a decrease in volatility leads to a decrease in credit risk, resulting in no material change in the underlying value.                                                                                                                                            |              |       |
| <b>Swaps – Level 1</b>               | Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>133</b>   | 65    |
|                                      | Liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>(118)</b> | (72)  |
| Valuation techniques and key inputs: | Quoted bid prices in an active market                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |              |       |
| Significant unobservable inputs:     | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |              |       |
| <b>Swaps – Level 2</b>               | Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>771</b>   | 94    |
|                                      | Liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>(98)</b>  | (72)  |
| Valuation techniques and key inputs: | Discounted cash flow model                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |              |       |
|                                      | Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.                                                                                                                                                                                                                                                                                                              |              |       |
| Significant unobservable inputs:     | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |              |       |
| <b>Physical Forwards – Level 1</b>   | Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>21</b>    | –     |
|                                      | Liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>(4)</b>   | (9)   |
| Valuation techniques and key inputs: | Quoted bid prices in an active market                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |              |       |
| Significant unobservable inputs:     | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |              |       |
| <b>Physical Forwards – Level 2</b>   | Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>1,101</b> | 701   |
|                                      | Liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>(893)</b> | (572) |
| Valuation techniques and key inputs: | Discounted cash flow model                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |              |       |
|                                      | Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, such as history of non-performance, collateral held and current market developments, as required.                                                                                                                                                                                                                         |              |       |
| Significant unobservable inputs:     | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |              |       |
| <b>Physical Forwards – Level 3</b>   | Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>339</b>   | 481   |
|                                      | Liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>(264)</b> | (266) |
| Valuation techniques and key inputs: | Discounted cash flow model                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |              |       |
| Significant unobservable inputs:     | Prices are adjusted by differentials, as required, including: <ul style="list-style-type: none"> <li>• Quality;</li> <li>• Geographic location;</li> <li>• Local supply and demand;</li> <li>• Customer requirements; and</li> <li>• Counterparty credit considerations.</li> </ul> These significant unobservable inputs generally represent 2% – 50% of the overall value of the instruments. These differentials are generally symmetrical with an increase/decrease in one input resulting in an opposite movement in another input, resulting in no material change in the underlying value. |              |       |

*Fair value of financial assets/financial liabilities*

| US\$ million                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 2014           | 2013         |
|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------|
| <b>Cross currency swaps – Level 2</b>                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                |              |
|                                                               | Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>158</b>     | <b>519</b>   |
|                                                               | Liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>(1,281)</b> | <b>(512)</b> |
| Valuation techniques and key inputs:                          | Discounted cash flow model<br>Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.                                                                                                                                                                                                                                                                                                                                                                                                              |                |              |
| Significant unobservable inputs:                              | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                |              |
| <b>Foreign currency and interest rate contracts – Level 1</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                |              |
|                                                               | Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>2</b>       | <b>297</b>   |
|                                                               | Liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>–</b>       | <b>(191)</b> |
| Valuation techniques and key inputs:                          | Quoted bid prices in an active market                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                |              |
| Significant unobservable inputs:                              | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                |              |
| <b>Foreign currency and interest rate contracts – Level 2</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                |              |
|                                                               | Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>271</b>     | <b>14</b>    |
|                                                               | Liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>(459)</b>   | <b>(41)</b>  |
| Valuation techniques and key inputs:                          | Discounted cash flow model<br>Inputs include observable quoted prices sourced from exchanges or traded reference indices in active markets for identical assets or liabilities. Prices are adjusted by a discount rate which captures the time value of money and counterparty credit considerations, as required.                                                                                                                                                                                                                                                                                                                                                                                                              |                |              |
| Significant unobservable inputs:                              | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                |              |
| <b>Non-discretionary dividend obligation – Level 3</b>        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                |              |
|                                                               | Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>–</b>       | <b>–</b>     |
|                                                               | Liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>(295)</b>   | <b>(359)</b> |
| Valuation techniques:                                         | Discounted cash flow model                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                |              |
| Significant observable inputs:                                | <ul style="list-style-type: none"> <li>• Forecast commodity prices; and</li> <li>• Discount rates using weighted average cost of capital methodology.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                |              |
| Significant unobservable inputs:                              | <ul style="list-style-type: none"> <li>• Production models;</li> <li>• Operating costs; and</li> <li>• Capital expenditures.</li> </ul> <p>The resultant liability is essentially a discounted cash flow valuation of the underlying mining operation. Increases/decreases in forecast commodity prices will result in an increase/decrease to the value of the liability though this will be partially offset by associated increases/decreases in the assumed production levels, operating costs and capital expenditures which are inherently linked to forecast commodity prices. There are no reasonable changes in assumptions which would result in a material change to the fair value of the underlying liability.</p> |                |              |
| <b>Put option over non-controlling interest – Level 3</b>     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                |              |
|                                                               | Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>–</b>       | <b>–</b>     |
|                                                               | Liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>(685)</b>   | <b>(685)</b> |
| Valuation techniques:                                         | Discounted cash flow model                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                |              |
| Significant observable inputs:                                | <ul style="list-style-type: none"> <li>• Forecast commodity prices; and</li> <li>• Discount rates using weighted average cost of capital methodology.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                |              |
| Significant unobservable inputs:                              | <ul style="list-style-type: none"> <li>• Production models;</li> <li>• Operating costs; and</li> <li>• Capital expenditures.</li> </ul> <p>The resultant liability is essentially a discounted cash flow valuation of the underlying mining operation. Increases/decreases in forecast commodity prices will result in an increase/decrease to the value of the liability though this will be partially offset by associated increases/decreases in the assumed production levels, operating costs and capital expenditures which are inherently linked to forecast commodity prices. There are no reasonable changes in assumptions which would result in a material change to the fair value of the underlying liability.</p> |                |              |

## Notes to the financial statements

### 29. AUDITORS' REMUNERATION

| US\$ million                                                                         | 2014      | 2013      |
|--------------------------------------------------------------------------------------|-----------|-----------|
| Remuneration in respect of the audit of Glencore's consolidated financial statements | 4         | 7         |
| Other audit fees, primarily in respect of audits of accounts of subsidiaries         | 20        | 24        |
| Audit-related assurance services <sup>1</sup>                                        | 5         | 5         |
| <b>Total audit and related assurance fees</b>                                        | <b>29</b> | <b>36</b> |
| Corporate finance services                                                           | 1         | 1         |
| Taxation compliance services                                                         | 2         | 2         |
| Other taxation advisory services                                                     | 2         | 6         |
| Other assurance services                                                             | 1         | 1         |
| Other services                                                                       | 2         | 3         |
| <b>Total non-audit-fees</b>                                                          | <b>8</b>  | <b>13</b> |
| <b>Total professional fees</b>                                                       | <b>37</b> | <b>49</b> |

<sup>1</sup> Audit-related assurance services primarily related to interim reviews of the Group's half year accounts and quarterly accounts of the Group's publicly listed subsidiaries.

### 30. 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 2014, \$2,497 million (2013: \$2,817 million), of which 80% (2013: 74%) 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 2014, \$255 million (2013: \$623 million) of such development expenditures are to be incurred, of which 23% (2013: 55%) are for commitments to be settled over the next year.

Glencore procures seagoing vessels/chartering services to meet its overall marketing objectives and commitments. As at 31 December 2014, Glencore has committed to future hire costs to meet future physical delivery and sale obligations and expectations of \$1,728 million (2013: \$1,433 million), of which \$540 million (2013: \$578 million) are with associated companies. 37% (2013: 55%) of the total charters are for services to be received over the next 2 years.

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. As at 31 December 2014, \$16,307 million (2013: \$13,886 million) of such commitments have been issued on behalf of Glencore, which will generally be settled simultaneously with the payment for such commodity.

Glencore has entered into various operating leases mainly as lessee for office and warehouse/storage facilities. Rental expenses for these leases totalled respectively \$279 million and \$203 million for the years ended 31 December 2014 and 2013. Future net minimum lease payments under non-cancellable operating leases are as follows:

| US\$ million          | 2014       | 2013       |
|-----------------------|------------|------------|
| Within 1 year         | 142        | 105        |
| Between 2 and 5 years | 275        | 216        |
| After 5 years         | 255        | 114        |
| <b>Total</b>          | <b>672</b> | <b>435</b> |

Glencore has entered into finance leases for various plant and equipment items, primarily vessels and machinery. Future net minimum lease payments under finance leases together with the future finance charges are as follows:

| US\$ million                                     | Undiscounted<br>minimum lease payments |            | Present value of<br>minimum lease payments |            |
|--------------------------------------------------|----------------------------------------|------------|--------------------------------------------|------------|
|                                                  | 2014                                   | 2013       | 2014                                       | 2013       |
| Within 1 year                                    | 76                                     | 70         | 51                                         | 49         |
| Between 1 and 5 years                            | 236                                    | 276        | 173                                        | 188        |
| After 5 years                                    | 280                                    | 201        | 252                                        | 156        |
| <b>Total minimum lease payments</b>              | <b>592</b>                             | <b>547</b> | <b>476</b>                                 | <b>393</b> |
| Less: amounts representing finance lease charges | 116                                    | 154        | –                                          | –          |
| <b>Present value of minimum lease payments</b>   | <b>476</b>                             | <b>393</b> | <b>476</b>                                 | <b>393</b> |

#### *Future development and related commitments*

- On 12 December 2014, Glencore agreed to acquire Prokon Pflanzenöl GmbH, a German producer of biodiesel and rapeseed oil for a consideration of \$134 million. The acquisition is subject to standard regulatory approvals and is expected to close in the first half of 2015.
- On 19 December 2014, Glencore agreed to acquire a 50% stake in the Barcarena grain export terminal in northern Brazil for a consideration of \$115 million. The acquisition is subject to standard regulatory approvals and is expected to close in the first half of 2015.

### 31. CONTINGENT LIABILITIES

The amount of corporate guarantees in favour of third parties as at 31 December 2014 was \$nil (2013: \$nil). Also see note 10.

The Group is subject to various claims which arise in the ordinary course of business as detailed below. These contingent liabilities are reviewed on a regular basis and where practical an estimate is made of the potential financial impact on the Group. As at 31 December 2014 and 2013 it was not practical to make such an assessment.

#### *Litigation*

Certain legal actions, other claims and unresolved disputes are pending against Glencore. Whilst Glencore cannot predict the results of any litigation, it believes that it has meritorious defences against those actions or claims. Glencore believes the likelihood of any material liability arising from these claims to be remote and that the liability, if any, therefore resulting from any litigation will not have a material adverse effect on its consolidated income, financial position or cash flows.

#### *Environmental contingencies*

Glencore's operations are subject to various environmental laws and regulations. Glencore is in material 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.

#### *Tax audits*

Glencore assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. 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. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. Whilst Glencore believes it has adequately provided for the outcome of these matters, future results may include favourable or unfavourable adjustments to these estimated tax liabilities in the period the assessments are made, or resolved. The final outcome of tax examinations may result in a materially different outcome than assumed in the tax liabilities.

### 32. RELATED PARTY TRANSACTIONS

In the normal course of business, Glencore enters into various arm's length transactions with related parties (including Xstrata pre-acquisition and Century), including fixed price commitments to sell and to purchase commodities, forward sale and purchase contracts, agency agreements and management service agreements. Outstanding balances at period end are unsecured and settlement occurs in cash (see notes 11, 13, and 24). There have been no guarantees provided or received for any related party receivables or payables.

All transactions between Glencore and its subsidiaries are eliminated on consolidation along with any unrealised profits and losses between its subsidiaries, associates and joint ventures. In 2014, sales and purchases with associates and joint ventures amounted to \$1,200 million (2013: \$1,924 million) and \$3,178 million (2013: \$5,008 million) respectively. Also see notes 13 and 24.

## Notes to the financial statements

### 32. RELATED PARTY TRANSACTIONS (continued)

#### Remuneration of key management personnel

Glencore's key management personnel are the members of the Board of Directors, CEO, CFO and the heads of the operating segments. The remuneration of Directors and other members of key management personnel recognised in the consolidated statement of income including salaries and other current employee benefits amounted to \$8 million (2013: \$7 million). There were no other long-term benefits or share-based payments provided to key management personnel (2013: \$nil). Further details on remuneration of Directors are set out in the Director's remuneration report on page 99.

### 33. PRINCIPAL SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Non-controlling interest is comprised of the following:

| US\$ million       | 2014         | 2013<br>Restated <sup>1</sup> |
|--------------------|--------------|-------------------------------|
| Kazzinc            | 1,404        | 1,436                         |
| Optimum            | 271          | 326                           |
| Alumbrera          | 182          | 279                           |
| Mutanda            | 2            | (105)                         |
| Other <sup>2</sup> | 1,079        | 1,432                         |
| <b>Total</b>       | <b>2,938</b> | <b>3,368</b>                  |

<sup>1</sup> Adjusted for the final fair value adjustments in relation to the acquisition of Xstrata (see note 25).

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

Summarised financial information in respect of Glencore's subsidiaries that have material non-controlling interest, reflecting 100% of the underlying subsidiary's relevant figures, is set out below.

| US\$ million                                                         | Kazzinc      | Optimum      | Alumbrera  | Mutanda      |
|----------------------------------------------------------------------|--------------|--------------|------------|--------------|
| <b>31 December 2014</b>                                              |              |              |            |              |
| Non-current assets                                                   | 5,085        | 1,755        | 458        | 4,747        |
| Current assets                                                       | 1,118        | 77           | 373        | 711          |
| <b>Total assets</b>                                                  | <b>6,203</b> | <b>1,832</b> | <b>831</b> | <b>5,458</b> |
| Non-current liabilities                                              | 1,168        | 628          | 299        | 2,247        |
| Current liabilities                                                  | 402          | 346          | 167        | 322          |
| <b>Total liabilities</b>                                             | <b>1,570</b> | <b>974</b>   | <b>466</b> | <b>2,569</b> |
| <b>Net assets</b>                                                    | <b>4,633</b> | <b>858</b>   | <b>365</b> | <b>2,889</b> |
| Equity attributable to owners of the Company                         | 3,229        | 587          | 183        | 2,887        |
| Non-controlling interests                                            | 1,404        | 271          | 182        | 2            |
| Non-controlling interests in %                                       | 30.3%        | 32.4%        | 50.0%      | 31.0%        |
| <b>2014</b>                                                          |              |              |            |              |
| Revenue                                                              | 2,517        | 592          | 1,037      | 1,604        |
| Expenses                                                             | (2,552)      | (653)        | (943)      | (1,259)      |
| <b>Profit for the year</b>                                           | <b>(35)</b>  | <b>(61)</b>  | <b>94</b>  | <b>345</b>   |
| Profit attributable to owners of the Company                         | (25)         | (41)         | 47         | 238          |
| Profit attributable to non-controlling interests                     | (10)         | (20)         | 47         | 107          |
| Other comprehensive income attributable to owners of the Company     | –            | –            | –          | –            |
| Other comprehensive income attributable to non-controlling interests | –            | –            | –          | –            |
| <b>Total comprehensive income for the year</b>                       | <b>(35)</b>  | <b>(61)</b>  | <b>94</b>  | <b>345</b>   |
| Dividends paid to non-controlling interests                          | (10)         | –            | (144)      | –            |
| Net cash inflow/(outflow) from operating activities                  | 232          | (47)         | 235        | 484          |
| Net cash (outflow) from investing activities                         | (714)        | (100)        | (59)       | (241)        |
| Net cash inflow/(outflow) from financing activities                  | 460          | 141          | (166)      | (128)        |
| <b>Total net cash (outflow)/inflow</b>                               | <b>(22)</b>  | <b>(6)</b>   | <b>10</b>  | <b>115</b>   |

| US\$ million                                                         | Kazzinc      | Optimum      | Alumbrera    | Mutanda      |
|----------------------------------------------------------------------|--------------|--------------|--------------|--------------|
| <b>31 December 2013</b>                                              |              |              |              |              |
| Non-current assets                                                   | 4,841        | 1,927        | 475          | 4,694        |
| Current assets                                                       | 1,106        | 87           | 641          | 586          |
| <b>Total assets</b>                                                  | <b>5,947</b> | <b>2,014</b> | <b>1,116</b> | <b>5,280</b> |
| Non-current liabilities                                              | 814          | 827          | 295          | 3,790        |
| Current liabilities                                                  | 408          | 180          | 263          | 977          |
| <b>Total liabilities</b>                                             | <b>1,222</b> | <b>1,007</b> | <b>558</b>   | <b>4,767</b> |
| <b>Net assets</b>                                                    | <b>4,725</b> | <b>1,007</b> | <b>558</b>   | <b>513</b>   |
| Equity attributable to owners of the Company                         | 3,289        | 681          | 279          | 618          |
| Non-controlling interests                                            | 1,436        | 326          | 279          | (105)        |
| Non-controlling interests in %                                       | 30.3%        | 32.4%        | 50.0%        | 31.0%        |
| <b>2013</b>                                                          |              |              |              |              |
| Revenue                                                              | 2,587        | 751          | 718          | 1,204        |
| Expenses                                                             | (2,437)      | (706)        | (705)        | (1,011)      |
| <b>Profit for the year</b>                                           | <b>150</b>   | <b>45</b>    | <b>13</b>    | <b>193</b>   |
| Profit attributable to owners of the Company                         | 103          | 30           | 7            | 142          |
| Profit attributable to non-controlling interests                     | 47           | 15           | 6            | 51           |
| Other comprehensive income attributable to owners of the Company     | –            | –            | –            | –            |
| Other comprehensive income attributable to non-controlling interests | –            | –            | –            | –            |
| <b>Total comprehensive income for the year</b>                       | <b>150</b>   | <b>45</b>    | <b>13</b>    | <b>193</b>   |
| Dividends paid to non-controlling interests                          | –            | –            | (142)        | –            |
| Net cash inflow from operating activities                            | 451          | 74           | 93           | 68           |
| Net cash (outflow) from investing activities                         | (425)        | (122)        | (46)         | (185)        |
| Net cash (outflow)/inflow from financing activities                  | (43)         | 46           | (441)        | 96           |
| <b>Total net cash (outflow)</b>                                      | <b>(17)</b>  | <b>(2)</b>   | <b>(394)</b> | <b>(21)</b>  |

#### Mutanda

In July 2013, Glencore completed the merger between Mutanda and Kansuki which was accounted for as an asset acquisition as the acquired assets and liabilities of Kansuki did not meet the definition of a business. In addition, Glencore concurrently entered into a put and call option arrangement, whereby Glencore has a right to acquire and the seller has the ability to force Glencore to acquire the remaining 31% interest in Mutanda at fair market value in two 15.5% tranches in July 2016 and July 2018. The present value of the put option, \$685 million at acquisition date, has been accounted for within other financial liabilities (see note 28) with the corresponding amount recognised against non-controlling interest.

#### 34. SUBSEQUENT EVENTS

- Glencore agreed to acquire Prokon Pflanzenöl GmbH, a German producer of biodiesel and rapeseed oil and a 50% stake in the Barcarena grain export terminal in Brazil, see note 30.
- On 11 February 2015, Glencore announced its intention to divest its non-core 23.9% stake in Lonmin during the first half of 2015. The divestment is currently proposed to be actioned by way of a distribution in specie to Glencore shareholders, subject to shareholder approval at Glencore's Annual General Meeting, see note 18.
- In response to the challenging market environment, Glencore has decided to curtail coal production in South Africa and Australia over the course of 2015, by 5 million and 15 million tonnes of export coal respectively. The reduction is expected to be driven by production initiatives across a number of sites, the financial effect, positive or negative, is not determinable.
- On 17 March 2015, Glencore issued in 2 tranches EUR 2 billion of interest bearing notes as follows:
  - 6 year EUR 1,250 million, 1.25% fixed coupon bonds; and
  - 10 year EUR 750 million, 1.75% fixed coupon bonds.

# Notes to the financial statements

## 35. PRINCIPAL OPERATING, FINANCE AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

|                                     | Country<br>of incorporation | % interest<br>2014 | % interest<br>2013 | Main activity               |
|-------------------------------------|-----------------------------|--------------------|--------------------|-----------------------------|
| <b>Principal subsidiaries</b>       |                             |                    |                    |                             |
| <b>Metals and minerals</b>          |                             |                    |                    |                             |
| Allied Alumina Inc. (Sherwin)       | USA                         | 100.0              | 100.0              | Alumina production          |
| Minera Alumbra Limited <sup>1</sup> | Antigua                     | 50.0               | 50.0               | Copper production           |
| Cobar Group                         | Australia                   | 100.0              | 100.0              | Copper production           |
| Ernest Henry Mining Pty Ltd.        | Australia                   | 100.0              | 100.0              | Copper production           |
| Minera Altos de Punitaqui Limitada  | Chile                       | 100.0              | 100.0              | Copper production           |
| Compania Minera Lomas Bayas         | Chile                       | 100.0              | 100.0              | Copper production           |
| Complejo Metalurgico Altonorte S.A. | Chile                       | 100.0              | 100.0              | Copper production           |
| Compania Minera Antapaccay S.A.     | Peru                        | 100.0              | 100.0              | Copper production           |
| Las Bambas Mining S.A.              | Peru                        | 0.0                | 100.0              | Copper production           |
| Pasar Group                         | Philippines                 | 78.2               | 78.2               | Copper production           |
| Glencore Recycling Inc.             | USA                         | 100.0              | 100.0              | Copper production           |
| Mopani Copper Mines plc             | Zambia                      | 73.1               | 73.1               | Copper production           |
| Sable Zinc Kabwe Limited            | Zambia                      | 100.0              | 100.0              | Copper production           |
| Sagittarius Mines Inc <sup>2</sup>  | Philippines                 | 62.5               | 62.5               | Copper production           |
| Katanga Mining Limited <sup>3</sup> | Canada                      | 75.3               | 75.2               | Copper/Cobalt production    |
| Mutanda Group                       | DRC                         | 69.0               | 69.0               | 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 |
| Zhairemsky GOK JSC                  | Kazakhstan                  | 69.7               | 0.0                | Copper/Zinc/Lead production |
| Vasilkovskoye Gold                  | Kazakhstan                  | 69.7               | 69.7               | Gold production             |
| Energia Austral Joint Venture       | Chile                       | 66.6               | 49.0               | Hydroelectric project       |
| African Carbon Producers (Pty) Ltd  | South Africa                | 100.0              | 100.0              | Char production             |
| African Fine Carbon (Pty) Ltd       | South Africa                | 100.0              | 100.0              | Char production             |
| Char Technology (Pty) Ltd           | South Africa                | 100.0              | 100.0              | Char production             |
| Sphere Minerals Limited             | Australia                   | 88.2               | 88.2               | Iron Ore                    |
| Britannia Refined Metals Limited    | UK                          | 100.0              | 100.0              | Lead production             |
| Glencore Manganese Group            | France/Norway               | 100.0              | 100.0              | Manganese furnace           |
| Pacorini Group                      | Switzerland                 | 100.0              | 100.0              | Metals warehousing          |
| Murrin Murrin Group                 | Australia                   | 100.0              | 100.0              | Nickel production           |
| Falconbridge Dominican S.A.         | Dominican Rep.              | 85.3               | 85.3               | Nickel production           |
| Koniambo Nickel S.A.S. <sup>4</sup> | New Caledonia               | 49.0               | 49.0               | Nickel production           |
| Glencore Nikkelverk AS              | Norway                      | 100.0              | 100.0              | Nickel production           |
| Eland Platinum Mines (Pty) Limited  | South Africa                | 74.0               | 74.0               | Platinum production         |
| McArthur River Mining Pty Ltd       | Australia                   | 100.0              | 100.0              | Zinc production             |
| Perkoa Group                        | Burkina Faso                | 90.0               | 62.7               | Zinc production             |
| Nordenhammer Zinkhütte GmbH         | Germany                     | 100.0              | 100.0              | Zinc production             |
| Asturiana de Zinc S.A.              | Spain                       | 100.0              | 100.0              | Zinc production             |

<sup>1</sup> This investment is treated as a subsidiary as the Group is entitled to elect the chairman of the Board who has the casting vote where any vote is split equally between the 4 board positions. Minera Alumbra Limited's principal place of business is Argentina.

<sup>2</sup> Overall legal ownership is 26.959%; effective ownership is 62.5%.

<sup>3</sup> Publicly traded on the Toronto Stock Exchange under the symbol KAT.TO and principal place of business is DRC. Glencore owns 1,435,848,228 shares.

<sup>4</sup> The Group has control of Koniambo Nickel SAS 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.

|                                                   | Country<br>of incorporation | % interest<br>2014 | % interest<br>2013 | Main activity                 |
|---------------------------------------------------|-----------------------------|--------------------|--------------------|-------------------------------|
| <b>Metals and minerals (continued)</b>            |                             |                    |                    |                               |
| AR Zinc Group                                     | Argentina                   | 100.0              | 100.0              | Zinc/Lead production          |
| Portovesme S.r.L.                                 | Italy                       | 100.0              | 100.0              | Zinc/Lead production          |
| Rosh Pinah Zinc Corporation (Pty) Limited         | Namibia                     | 80.1               | 80.1               | Zinc/Lead production          |
| Empresa Minera Los Quenuales S.A.                 | Peru                        | 97.6               | 97.6               | Zinc/Lead production          |
| Sinchi Wayra Group                                | Bolivia                     | 100.0              | 100.0              | Zinc/Tin production           |
| <b>Energy products</b>                            |                             |                    |                    |                               |
| Cook Resources Mining Pty Ltd                     | Australia                   | 100.0              | 100.0              | Coal production               |
| Cumnock No. 1 Colliery Pty Ltd                    | Australia                   | 100.0              | 100.0              | Coal production               |
| Enex Foydell Limited                              | Australia                   | 100.0              | 100.0              | Coal production               |
| Enex Liddell Pty Ltd                              | Australia                   | 100.0              | 100.0              | Coal production               |
| Enex Oakbridge Pty Ltd                            | Australia                   | 100.0              | 100.0              | Coal production               |
| Enex Togara Pty Ltd                               | Australia                   | 100.0              | 100.0              | Coal production               |
| Glencore Coal Queensland Pty Limited              | Australia                   | 100.0              | 100.0              | Coal production               |
| Jonsha Pty Limited                                | Australia                   | 100.0              | 100.0              | Coal production               |
| Mangoola Coal Operations Pty Limited              | Australia                   | 100.0              | 100.0              | Coal production               |
| Oceanic Coal Australia Pty Limited                | Australia                   | 100.0              | 100.0              | Coal production               |
| Ravensworth Operations Pty Ltd                    | Australia                   | 100.0              | 100.0              | Coal production               |
| Ulan Coal Mines Limited                           | Australia                   | 90.0               | 90.0               | Coal production               |
| Ulan Power Company Pty Limited                    | Australia                   | 100.0              | 100.0              | Coal production               |
| United Collieries Pty Ltd                         | Australia                   | 95.0               | 95.0               | Coal production               |
| Prodeco Group                                     | Colombia                    | 100.0              | 100.0              | Coal production               |
| Optimum Coal Holdings Limited                     | South Africa                | 67.6               | 67.6               | Coal production               |
| Shanduka Coal (Pty) Ltd <sup>5</sup>              | South Africa                | 49.9               | 49.9               | Coal production               |
| Umcebo Mining (Pty) Ltd <sup>6</sup>              | South Africa                | 48.7               | 43.7               | Coal production               |
| Tavistock Collieries (Pty) Limited                | South Africa                | 100.0              | 100.0              | Coal production               |
| Topley Corporation                                | B.V.I.                      | 100.0              | 100.0              | Ship owner                    |
| Glencore Exploration (EG) Ltd.                    | Bermuda                     | 100.0              | 100.0              | Oil production                |
| Glencore E&P (Canada) Inc. (Caracal) <sup>7</sup> | Canada                      | 100.0              | 1.3                | Oil exploration/production    |
| Chemoil Energy Limited                            | Hong Kong                   | 100.0              | 89.2               | Oil storage and bunkering     |
| <b>Agricultural products</b>                      |                             |                    |                    |                               |
| Glencore Biofuels AG                              | Switzerland                 | 100.0              | 100.0              | Biofuel production            |
| Moreno Group                                      | Argentina                   | 100.0              | 100.0              | Edible oil production         |
| Usti Oilseed Group                                | Czech Republic              | 100.0              | 100.0              | Edible oil production         |
| Pannon Vegetable Oil Manufacturing LLC            | Hungary                     | 100.0              | 100.0              | Edible oil production         |
| Zakłady Tłuszczowe w Bodaczowie Sp.z.o.o.         | Poland                      | 100.0              | 100.0              | Edible oil production         |
| Viterra Group                                     | Canada/Australia            | 100.0              | 100.0              | Grain handling                |
| Glencane Bioenergia S.A. (formerly Rio Vermelho)  | Brazil                      | 100.0              | 100.0              | Sugar cane/ethanol production |
| Correcta Industria e Comercio Ltda.               | Brazil                      | 100.0              | 100.0              | Wheat flour milling           |

<sup>5</sup> Although Glencore holds less than 50% of the voting rights, it has the ability to exercise control over Shanduka through the ability to direct the key activities of the operation and to appoint key management personnel provided by the terms of the shareholders agreement.

<sup>6</sup> 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.

<sup>7</sup> Prior to acquisition of the remaining issued shares of Caracal on 8 July 2014 (see note 25), the Group acquired shares on the open market resulting in an investment of 13.2% at acquisition date.

## Notes to the financial statements

### 35. PRINCIPAL OPERATING, FINANCE AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS (continued)

|                                                   | Country<br>of incorporation | % interest<br>2014 | % interest<br>2013 | Main activity     |
|---------------------------------------------------|-----------------------------|--------------------|--------------------|-------------------|
| <b>Other operating and finance</b>                |                             |                    |                    |                   |
| Xstrata Limited                                   | UK                          | 100.0              | 100.0              | Holding           |
| Glencore Australia Investment Holdings Pty Ltd    | Australia                   | 100.0              | 100.0              | Holding           |
| Glencore Queensland Limited                       | Australia                   | 100.0              | 100.0              | Holding           |
| Glencore Investment Pty Ltd                       | Australia                   | 100.0              | 100.0              | Holding           |
| Glencore Finance (Bermuda) Ltd                    | Bermuda                     | 100.0              | 100.0              | Finance           |
| Glencore Canada Financial Corp                    | Canada                      | 100.0              | 100.0              | Finance           |
| Glencore Finance (Europe) S.A.                    | Luxembourg                  | 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 Projects Pty Limited                     | Australia                   | 100.0              | 100.0              | Operating         |
| Glencore Canada Corporation                       | Canada                      | 100.0              | 100.0              | Operating         |
| Glencore Grain B.V.                               | Netherlands                 | 100.0              | 100.0              | Operating         |
| Glencore Singapore Pte Ltd                        | Singapore                   | 100.0              | 100.0              | Operating         |
| ST Shipping & Transport Pte Ltd                   | Singapore                   | 100.0              | 100.0              | Operating         |
| Glencore AG                                       | Switzerland                 | 100.0              | 100.0              | Operating         |
| Glencore International AG                         | 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         |
| <b>Principal joint ventures<sup>8</sup></b>       |                             |                    |                    |                   |
| Clermont Coal Mines Limited <sup>9</sup>          | Australia                   | 25.1               | 0.0                | Coal production   |
| Compania Minera Dona Ines de Collahuasi           | Chile                       | 44.0               | 44.0               | Copper production |
| El Aouj Joint Venture                             | Mauritania                  | 44.0               | 44.0               | Iron Ore          |
| <b>Principal joint operations<sup>10</sup></b>    |                             |                    |                    |                   |
| Bulga Joint Venture                               | Australia                   | 68.3               | 68.3               | Coal production   |
| Cumnock Joint Venture                             | Australia                   | 90.0               | 90.0               | Coal production   |
| Foybrook Joint Venture                            | Australia                   | 67.5               | 67.5               | Coal production   |
| Liddell Joint Venture                             | Australia                   | 67.5               | 67.5               | Coal production   |
| Macquarie Coal Joint Venture                      | Australia                   | 80.0               | 80.0               | Coal production   |
| Newlands, Collinsville, Abbot Point Joint Venture | Australia                   | 55.0               | 55.0               | Coal production   |
| Oaky Creek Coal Joint Venture                     | Australia                   | 55.0               | 55.0               | Coal production   |
| Pentland Joint Venture                            | Australia                   | 75.0               | 75.0               | Coal production   |
| Ravensworth Underground Mine Joint Venture        | Australia                   | 70.0               | 70.0               | Coal production   |
| Redrock Joint Venture                             | Australia                   | 75.0               | 75.0               | Coal production   |
| Rolleston Joint Venture                           | Australia                   | 75.0               | 75.0               | Coal production   |
| Togara North Joint Venture                        | Australia                   | 70.0               | 70.0               | Coal production   |
| Ulan Coal Mines Joint Venture                     | Australia                   | 90.0               | 90.0               | Coal production   |
| United Joint Venture                              | Australia                   | 95.0               | 95.0               | Coal production   |
| Wandoan Joint Venture                             | Australia                   | 75.0               | 75.0               | Coal production   |

<sup>8</sup> The principal joint ventures are accounted for as joint arrangements as the shareholder agreements do not provide the Group the ability to solely or jointly control the entities.

<sup>9</sup> The Group's effective 25.05% economic interest in Clermont Coal is held through GS Coal Pty Ltd, a 50:50 joint venture with Sumitomo Corporation.

<sup>10</sup> Classified as joint operations under IFRS 11, as these joint arrangements are not structured through separate vehicles.

|                                               | Country<br>of incorporation | % interest<br>2014 | % interest<br>2013 | Main activity          |
|-----------------------------------------------|-----------------------------|--------------------|--------------------|------------------------|
| <b>Principal joint operations (continued)</b> |                             |                    |                    |                        |
| Donkin Joint Venture                          | Canada                      | 0.0                | 75.0               | Coal production        |
| ARM Coal (Pty) Ltd.                           | South Africa                | 49.0               | 49.0               | Coal production        |
| Goedgevonden Joint Venture                    | South Africa                | 74.0               | 74.0               | Coal production        |
| Merafe Pooling and Sharing Joint Venture      | South Africa                | 79.5               | 79.5               | Ferroalloys production |
| Kabanga Joint Venture                         | Tanzania                    | 50.0               | 50.0               | Nickel production      |
| Mototolo Joint Venture                        | South Africa                | 37.0               | 37.0               | Platinum production    |
| Rhovan Pooling and Sharing Joint Venture      | South Africa                | 74.0               | 74.0               | Vanadium production    |
| <b>Principal associates</b>                   |                             |                    |                    |                        |
| Renova S.A.                                   | Argentina                   | 50.0               | 33.3               | Biofuel production     |
| Carbones del Cerrejon LLC                     | Colombia                    | 33.3               | 33.3               | Coal production        |
| Port Kembla Coal Terminal Limited             | Australia                   | 33.4               | 33.4               | Coal terminal          |
| Newcastle Coal Shippers Pty Ltd               | Australia                   | 37.0               | 37.0               | Coal terminal          |
| Richards Bay Coal Terminal Company Limited    | South Africa                | 26.7               | 26.7               | Coal terminal          |
| Polymet Mining Corp.                          | Canada                      | 28.6               | 28.6               | Copper production      |
| Century Aluminum Company <sup>11</sup>        | USA                         | 46.5               | 46.6               | Diversified production |
| Russneft Group <sup>12</sup>                  | Russia                      | 40.0–49.0          | 40.0–49.0          | Oil production         |
| Lonmin plc <sup>13</sup>                      | UK                          | 24.5               | 24.5               | Platinum production    |
| Noranda Income Fund                           | Canada                      | 25.0               | 25.0               | Zinc production        |
| Compania Minera Antamina S.A.                 | Peru                        | 33.8               | 33.8               | Zinc/Copper production |
| Recylex S.A.                                  | France                      | 32.2               | 32.2               | Zinc/Lead production   |
| <b>Other investments</b>                      |                             |                    |                    |                        |
| United Company Rusal plc                      | Jersey                      | 8.8                | 8.8                | Aluminium production   |
| Volcan Compania Minera S.A.A.                 | Peru                        | 7.3                | 7.3                | Zinc production        |

<sup>11</sup>Represents the Group's economic interest in Century, comprising 41.8% (2013: 41.8%) voting interest and 4.7% non-voting interest (2013: 4.8%). Century is publicly traded on NASDAQ under the symbol CENX.

<sup>12</sup>Although the Group holds more than 20% of the voting rights in various subsidiaries of the Russneft Group, it has limited management influence and therefore does not have significant influence.

<sup>13</sup>Lonmin plc's business year-end is 30 September and principal place of business is South Africa. Lonmin is publicly traded on the London Stock Exchange under the symbol LML.

# Additional information

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# Glossary

## *Available committed liquidity*

| US\$ million                                              | 2014         | 2013          |
|-----------------------------------------------------------|--------------|---------------|
| Cash and cash equivalents and marketable securities       | 2,855        | 2,885         |
| Headline committed syndicated revolving credit facilities | 15,300       | 17,340        |
| Amount drawn under syndicated revolving credit facilities | (7,933)      | (5,702)       |
| Amounts drawn under US commercial paper programme         | (813)        | (1,645)       |
| <b>Total</b>                                              | <b>9,409</b> | <b>12,878</b> |

## *Adjusted current ratio*

Current assets over current liabilities, both adjusted to exclude current other financial liabilities.

## *Current capital employed*

Current capital employed is current assets less accounts payable, current deferred income, current provisions, current other financial liabilities and income tax payable.

## *Readily marketable inventories*

Readily marketable inventories are readily convertible into cash due to their very liquid nature, widely available markets and the fact that the price is covered either by a physical sale transaction or hedge transaction.

## Glossary

### Reconciliation of selected reported financial information to those applying the proportionate consolidation method to certain associates and joint ventures

For internal reporting and analysis, management evaluates the performance of Antamina copper/zinc mine (34% owned), Cerrejon coal mine (33% owned) and the 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. Below are reconciliations of selected reported financial information to those of applying the proportionate consolidation method to these investments.

#### Cash flow related adjustments 2014

| US\$ million                                                            | Reported measure | Adjustment for proportionate consolidation | Adjusted reported measure |
|-------------------------------------------------------------------------|------------------|--------------------------------------------|---------------------------|
| Cash generated by operating activities before working capital changes   | 10,978           | –                                          | 10,978                    |
| Addback EBITDA of certain associates and joint ventures                 | –                | 1,552                                      | 1,552                     |
| Cash generated by operating activities before working capital changes   | 10,978           | 1,552                                      | 12,530                    |
| Income taxes paid                                                       | (928)            | (329)                                      | (1,257)                   |
| Interest received                                                       | 49               | –                                          | 49                        |
| Interest paid                                                           | (1,260)          | –                                          | (1,260)                   |
| Dividend received from associates and joint ventures                    | 1,129            | (1,022)                                    | 107                       |
| <b>Funds from operations ("FFO")</b>                                    | <b>9,968</b>     | <b>201</b>                                 | <b>10,169</b>             |
| Working capital changes, excluding readily marketable inventory inflows | 2,105            | 163                                        | 2,268                     |
| Receipts from/(payments of) non-current advances and loans              | (686)            | 168                                        | (518)                     |
| Net cash used in acquisition of subsidiaries                            | (1,792)          | –                                          | (1,792)                   |
| Net cash received from disposal of subsidiaries                         | 6,482            | –                                          | 6,482                     |
| Purchase of investments                                                 | (374)            | –                                          | (374)                     |
| Proceeds from sale of investments                                       | 64               | –                                          | 64                        |
| Purchase of property, plant and equipment                               | (7,854)          | (467)                                      | (8,321)                   |
| Capital expenditures related to assets held for sale                    | (961)            | –                                          | (961)                     |
| Payments for exploration and evaluation                                 | (245)            | –                                          | (245)                     |
| Proceeds from sale of property, plant and equipment                     | 206              | –                                          | 206                       |
| Margin receipts in respect of financing related hedging activities      | 10               | –                                          | 10                        |
| Acquisition of additional interests in subsidiaries                     | (101)            | –                                          | (101)                     |
| Return of capital/dividends to non-controlling interests                | (245)            | –                                          | (245)                     |
| Repurchases of own shares                                               | (786)            | –                                          | (786)                     |
| Proceeds from own shares                                                | 19               | –                                          | 19                        |
| Dividends paid to equity holders of the parent                          | (2,244)          | –                                          | (2,244)                   |
| <b>Cash movement in net debt</b>                                        | <b>3,566</b>     | <b>65</b>                                  | <b>3,631</b>              |

*Net debt at 31 December 2014*

| US\$ million                                              | Reported measure | Adjustment for proportionate consolidation | Adjusted reported measure |
|-----------------------------------------------------------|------------------|--------------------------------------------|---------------------------|
| Non-current borrowings                                    | 40,688           | 39                                         | 40,727                    |
| Current borrowings                                        | 12,005           | 92                                         | 12,097                    |
| <b>Total borrowings</b>                                   | 52,693           | 131                                        | 52,824                    |
| Less: cash and cash equivalents and marketable securities | (2,855)          | (211)                                      | (3,066)                   |
| Less: readily marketable inventories                      | (19,226)         | –                                          | (19,226)                  |
| <b>Net debt</b>                                           | 30,612           | (80)                                       | 30,532                    |

*Net debt at 31 December 2013*

| US\$ million                                              | Reported measure <sup>1</sup> | Adjustment for proportionate consolidation | Adjusted reported measure |
|-----------------------------------------------------------|-------------------------------|--------------------------------------------|---------------------------|
| Non-current borrowings                                    | 38,712                        | 42                                         | 38,754                    |
| Current borrowings                                        | 16,461                        | 68                                         | 16,529                    |
| <b>Total borrowings</b>                                   | 55,173                        | 110                                        | 55,283                    |
| Less: cash and cash equivalents and marketable securities | (2,885)                       | (182)                                      | (3,067)                   |
| Less: readily marketable inventories                      | (16,418)                      | –                                          | (16,418)                  |
| <b>Net debt</b>                                           | 35,870                        | (72)                                       | 35,798                    |

<sup>1</sup> Adjusted for the final fair value adjustments in relation to the acquisition of Xstrata (see note 25).

## Glossary

Reconciliation of selected reported financial information to those applying the proportionate consolidation method to certain associates and joint ventures (continued)

### Reconciliation of tax charge 2014

| US\$ million                                                 | Marketing activities | Industrial activities | Total      |
|--------------------------------------------------------------|----------------------|-----------------------|------------|
| Adjusted EBIT, pre-significant items                         | 2,790                | 3,916                 | 6,706      |
| Interest expense allocation                                  | (227)                | (1,465)               | (1,692)    |
| Adjustments for:                                             |                      |                       |            |
| Certain associates and joint ventures' net finance costs     | –                    | (14)                  | (14)       |
| Share of income in associates and dividend income            | (35)                 | (83)                  | (118)      |
| Allocated profit before tax for the basis of tax calculation | 2,528                | 2,354                 | 4,882      |
| Applicable tax rate                                          | 10.0%                | 25.0%                 | 17.2%      |
| <b>Pre-significant tax charge</b>                            | <b>253</b>           | <b>589</b>            | <b>842</b> |

| US\$ million                                                       | Pre-significant tax charge | Las Bambas disposal | Other significant items | Total tax charge |
|--------------------------------------------------------------------|----------------------------|---------------------|-------------------------|------------------|
| Tax charge on a proportionate consolidation basis                  | 842                        | 531                 | 779                     | 2,152            |
| Adjustment in respect of certain associates and joint ventures tax | (343)                      | –                   | –                       | (343)            |
| <b>Tax charge on the basis of the income statement</b>             | <b>499</b>                 | <b>531</b>          | <b>779</b>              | <b>1,809</b>     |

### Reconciliation of tax charge 2013 – pro forma basis

| US\$ million                                                 | Marketing activities | Industrial activities | Total        |
|--------------------------------------------------------------|----------------------|-----------------------|--------------|
| Adjusted EBIT, pre-significant items                         | 2,356                | 5,078                 | 7,434        |
| Interest expense allocation                                  | (283)                | (1,588)               | (1,871)      |
| Adjustments for:                                             |                      |                       |              |
| Interest income                                              | –                    | 253                   | 253          |
| Share of income in associates and dividend income            | (100)                | 13                    | (87)         |
| Allocated profit before tax for the basis of tax calculation | 1,973                | 3,756                 | 5,729        |
| Applicable tax rate                                          | 10.0%                | 25.0%                 | 19.8%        |
| <b>Pre-significant tax charge</b>                            | <b>197</b>           | <b>939</b>            | <b>1,136</b> |

| US\$ million                                                       | Pre-significant tax charge | Other significant items | Total tax charge |
|--------------------------------------------------------------------|----------------------------|-------------------------|------------------|
| Tax charge/(credit) on a proportionate consolidation basis         | 1,136                      | (183)                   | 953              |
| Adjustment in respect of certain associates and joint ventures tax | (424)                      | –                       | (424)            |
| <b>Tax charge/(credit) on the basis of the income statement</b>    | <b>712</b>                 | <b>(183)</b>            | <b>529</b>       |

### Reconciliation of tax charge 2013

| US\$ million                                                 | Marketing activities | Industrial activities | Total      |
|--------------------------------------------------------------|----------------------|-----------------------|------------|
| Adjusted EBIT, pre-significant items                         | 2,356                | 3,614                 | 5,970      |
| Interest expense allocation                                  | (283)                | (1,475)               | (1,758)    |
| Adjustments for:                                             |                      |                       |            |
| Interest income                                              | –                    | 221                   | 221        |
| Share of income in associates and dividend income            | (100)                | (130)                 | (230)      |
| Allocated profit before tax for the basis of tax calculation | 1,973                | 2,230                 | 4,203      |
| Applicable tax rate                                          | 10.0%                | 25.0%                 | 18.0%      |
| <b>Pre-significant tax charge</b>                            | <b>197</b>           | <b>558</b>            | <b>755</b> |

| US\$ million                                                       | Pre-significant tax charge | Other significant items | Total tax charge |
|--------------------------------------------------------------------|----------------------------|-------------------------|------------------|
| Tax charge/(credit) on a proportionate consolidation basis         | 755                        | (172)                   | 583              |
| Adjustment in respect of certain associates and joint ventures tax | (329)                      | –                       | (329)            |
| <b>Tax charge/(credit) on the basis of the income statement</b>    | <b>426</b>                 | <b>(172)</b>            | <b>254</b>       |

**Debt funding allocation between marketing and industrial activities**  
*(Allocations between Marketing and Industrial are unaudited and unreviewed)*

| US\$ million                                                                | Group<br>As at<br>31 December<br>2014 | Allocated to |            | Illustrative marketing    |                  |               |                  |
|-----------------------------------------------------------------------------|---------------------------------------|--------------|------------|---------------------------|------------------|---------------|------------------|
|                                                                             |                                       | Marketing    | Industrial | Allocated to<br>marketing | % debt<br>funded | Debt funded   | Equity<br>funded |
| Cash, cash equivalents and marketable securities                            | 2,855                                 |              | X          | –                         |                  |               |                  |
| Production inventories                                                      | 4,938                                 |              | X          | –                         |                  |               |                  |
| Readily marketable inventories                                              | 19,226                                | X            |            | 19,226                    | 85%              | 16,342        | 2,884            |
| Other inventories                                                           | 272                                   | X            |            | 272                       | 20%              | 54            | 218              |
| Net receivable/(payables) excluding cash margining                          | (5,913)                               | X            |            | (5,913)                   | 80%              | (4,730)       | (1,183)          |
| Net brokers (cash margin only)                                              | 607                                   | X            |            | 607                       | 90%              | 546           | 61               |
| Net fair value of trade related financial instruments                       | 80                                    | X            |            | 80                        | 85%              | 68            | 12               |
| Other net assets/(liabilities)                                              | (788)                                 | X            | X          | (145)                     | 20%              | (29)          | (116)            |
| <b>Allocated current capital employed</b>                                   | <b>21,277</b>                         |              |            | <b>14,127</b>             |                  | <b>12,251</b> | <b>1,876</b>     |
| Property, plant and equipment                                               | 70,110                                | X            | X          | 3,078                     | 50%              | 1,539         | 1,539            |
| Investments                                                                 | 13,746                                |              | X          | –                         |                  |               |                  |
| Long-term advances and loans                                                | 4,597                                 | X            | X          | 2,374                     | 20%              | 475           | 1,899            |
| <b>Total capital employed including cash – for debt allocation purposes</b> | <b>109,730</b>                        |              |            | <b>19,579</b>             |                  | <b>14,265</b> | <b>5,314</b>     |
| Intangible assets                                                           | 8,866                                 |              |            |                           |                  |               |                  |
| <b>Total allocated capital employed including cash</b>                      | <b>118,596</b>                        |              |            |                           |                  |               |                  |
| Not allocated <sup>1</sup>                                                  | (14,423)                              |              |            |                           |                  |               |                  |
| <b>Total capital employed</b>                                               | <b>104,173</b>                        |              |            |                           |                  |               |                  |
| <b>Representing:</b>                                                        |                                       |              |            |                           |                  |               |                  |
| <b>Gross debt</b>                                                           | <b>52,693</b>                         |              |            |                           |                  |               |                  |
| <b>Equity</b>                                                               | <b>51,480</b>                         |              |            |                           |                  |               |                  |

<sup>1</sup> Not allocated represents deferred tax assets and liabilities, assets and liabilities held for sale, non-current deferred income, non-current provisions and non-current financial liabilities.

# Glossary

## Reconciliation of selected pro forma financial information (unaudited and unreviewed)

Year ended 31 December 2013

| US\$ million                                                                                                                                | Adjusted<br>EBITDA | Adjusted<br>EBIT | Net income<br>before<br>significant<br>items | Net loss<br>after<br>significant<br>items <sup>1</sup> |
|---------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------------|----------------------------------------------|--------------------------------------------------------|
| <b>Reported – before adjustments for certain associates and joint ventures</b>                                                              | <b>9,684</b>       | <b>5,635</b>     | <b>3,666</b>                                 | <b>(8,046)</b>                                         |
| Impact of presenting certain associates and joint ventures on a proportionate consolidation basis                                           | 782                | 335              | –                                            | –                                                      |
| <b>Reported in the financial review section</b>                                                                                             | <b>10,466</b>      | <b>5,970</b>     | <b>3,666</b>                                 | <b>(8,046)</b>                                         |
| Less: Glencore's pre-acquisition share of Xstrata's earnings                                                                                | (176)              | (176)            | (176)                                        | (125)                                                  |
| Add: Xstrata's pre-acquisition earnings on a consolidated basis                                                                             | 2,130              | 902              | 536                                          | 498                                                    |
| Add: effect of fair value adjustments <sup>2</sup>                                                                                          | 651                | 738              | 561                                          | 528                                                    |
| Less: deferred tax impact                                                                                                                   | –                  | –                | (4)                                          | –                                                      |
| Add back: Xstrata acquisition goodwill impairment <sup>3</sup>                                                                              | –                  | –                | –                                            | 8,124                                                  |
| Add back: revaluation of previously held interests in newly-acquired businesses and losses on sale of investment in associates <sup>3</sup> | –                  | –                | –                                            | 1,200                                                  |
| Add back: transaction costs directly associated with the acquisition <sup>3</sup>                                                           | –                  | –                | –                                            | 294                                                    |
| <b>Reported pro forma financial information</b>                                                                                             | <b>13,071</b>      | <b>7,434</b>     | <b>4,583</b>                                 | <b>2,473</b>                                           |

<sup>1</sup> Adjusted for the final fair value adjustments in relation to the acquisition of Xstrata (see note 25).

<sup>2</sup> The fair value adjustments are determined in accordance with the basis of preparation on page 35. The fair value adjustments for the year ended 31 December 2013 include the pro forma impact for the 4 month period prior to acquisition. These incorporate adjustments for depreciation, amortisation and onerous contracts, although the major impact is the reversal of the non-cash inventory uplift adjustment of \$445 million. Inventories held by Xstrata at the date of acquisition were required to be recognised at fair value under IFRS. This results in negligible margins upon the subsequent sale of these inventories. The income impact of fair value uplift on inventory has been excluded from the pro forma financial information to accurately present the underlying operating margins and provide more useful information about the performance of the Group.

<sup>3</sup> Considered for the purposes of the pro forma to have occurred immediately prior to the commencement of the accounting period.

## Production by quarter – Q4 2013 to Q4 2014

Following completion of the merger with Xstrata on 2 May 2013, production information for all periods covered in this report has been presented on a combined basis.

### Metals and minerals

#### Production from own sources – Total<sup>1</sup>

|                              |     | Q4<br>2013 | Q1<br>2014 | Q2<br>2014 | Q3<br>2014 | Q4<br>2014 | 2014    | 2013    | Change<br>2014 vs<br>2013<br>% | Change<br>Q4 14 vs<br>Q4 13<br>% |
|------------------------------|-----|------------|------------|------------|------------|------------|---------|---------|--------------------------------|----------------------------------|
| Total Copper                 | kt  | 426.1      | 385.6      | 371.7      | 391.3      | 397.4      | 1,546.0 | 1,492.8 | 4                              | (7)                              |
| Total Zinc                   | kt  | 336.8      | 306.4      | 344.0      | 347.3      | 388.8      | 1,386.5 | 1,398.5 | (1)                            | 15                               |
| Total Lead                   | kt  | 81.1       | 79.0       | 69.9       | 74.4       | 84.2       | 307.5   | 315.0   | (2)                            | 4                                |
| Total Nickel                 | kt  | 22.8       | 22.3       | 26.8       | 25.9       | 25.9       | 100.9   | 98.4    | 3                              | 14                               |
| Total Gold                   | koz | 267        | 237        | 221        | 230        | 267        | 955     | 1,017   | (6)                            | –                                |
| Total Silver                 | koz | 9,837      | 8,791      | 7,915      | 8,761      | 9,441      | 34,908  | 39,041  | (11)                           | (4)                              |
| Total Cobalt                 | kt  | 4.7        | 4.6        | 5.2        | 5.9        | 5.0        | 20.7    | 19.4    | 7                              | 6                                |
| Total Ferrochrome            | kt  | 345        | 335        | 317        | 287        | 356        | 1,295   | 1,238   | 5                              | 3                                |
| Total Platinum <sup>2</sup>  | koz | 22         | 21         | 22         | 24         | 24         | 91      | 90      | 1                              | 9                                |
| Total Palladium <sup>2</sup> | koz | 12         | 12         | 12         | 13         | 13         | 50      | 50      | –                              | 8                                |
| Total Rhodium <sup>2</sup>   | koz | 3          | 4          | 4          | 4          | 3          | 15      | 15      | –                              | –                                |
| Total Vanadium Pentoxide     | mlb | 5.7        | 5.5        | 4.2        | 5.5        | 5.6        | 20.8    | 21.6    | (4)                            | (2)                              |

#### Production from own sources – Copper assets<sup>1</sup>

|                                                  |                           |    |            |            |            |            |            |       |       | Change<br>2014 vs<br>2013<br>% | Change<br>Q4 14 vs<br>Q4 13<br>% |
|--------------------------------------------------|---------------------------|----|------------|------------|------------|------------|------------|-------|-------|--------------------------------|----------------------------------|
|                                                  |                           |    | Q4<br>2013 | Q1<br>2014 | Q2<br>2014 | Q3<br>2014 | Q4<br>2014 | 2014  | 2013  |                                |                                  |
| African Copper (Katanga, Mutanda, Mopani, Sable) |                           |    |            |            |            |            |            |       |       |                                |                                  |
| Katanga                                          | Copper metal <sup>3</sup> | kt | 41.4       | 31.6       | 41.0       | 42.6       | 42.8       | 158.0 | 136.2 | 16                             | 3                                |
|                                                  | Cobalt                    | kt | 0.5        | 0.5        | 0.5        | 0.9        | 0.9        | 2.8   | 2.3   | 22                             | 80                               |
| Mutanda                                          | Copper metal <sup>3</sup> | kt | 49.1       | 47.1       | 51.5       | 52.0       | 46.5       | 197.1 | 150.6 | 31                             | (5)                              |
|                                                  | Cobalt <sup>4</sup>       | kt | 3.5        | 3.3        | 3.8        | 4.1        | 3.2        | 14.4  | 13.7  | 5                              | (9)                              |
| Mopani                                           | Copper metal              | kt | 31.4       | 27.7       | 13.4       | 37.4       | 31.4       | 109.9 | 111.8 | (2)                            | –                                |

#### African Copper – total production including third party feed

|        |                     |    |      |      |      |      |      |       |       |      |       |
|--------|---------------------|----|------|------|------|------|------|-------|-------|------|-------|
| Mopani | Copper metal        | kt | 53.6 | 48.5 | 31.9 | 51.8 | 52.9 | 185.1 | 212.0 | (13) | (1)   |
| Sable  | Copper metal        | kt | 3.7  | 2.5  | 1.3  | 1.1  | –    | 4.9   | 14.6  | (66) | (100) |
|        | Cobalt <sup>4</sup> | kt | 0.2  | 0.1  | 0.2  | 0.1  | 0.1  | 0.5   | 0.4   | 25   | (50)  |

|  |                                       |           |              |              |              |              |              |              |              |           |            |
|--|---------------------------------------|-----------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|------------|
|  | <b>Total Copper metal<sup>3</sup></b> | <b>kt</b> | <b>121.9</b> | <b>106.4</b> | <b>105.9</b> | <b>132.0</b> | <b>120.7</b> | <b>465.0</b> | <b>398.6</b> | <b>17</b> | <b>(1)</b> |
|  | <b>Total Cobalt<sup>4</sup></b>       | <b>kt</b> | <b>4.0</b>   | <b>3.8</b>   | <b>4.3</b>   | <b>5.0</b>   | <b>4.1</b>   | <b>17.2</b>  | <b>16.0</b>  | <b>8</b>  | <b>3</b>   |

|                               |                               |            |             |             |             |             |             |              |              |             |             |
|-------------------------------|-------------------------------|------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|
| <b>Collahuasi<sup>5</sup></b> | <b>Copper metal</b>           | <b>kt</b>  | <b>2.4</b>  | <b>2.3</b>  | <b>2.0</b>  | <b>2.7</b>  | <b>4.0</b>  | <b>11.0</b>  | <b>12.5</b>  | <b>(12)</b> | <b>67</b>   |
|                               | <b>Copper in concentrates</b> | <b>kt</b>  | <b>62.4</b> | <b>50.0</b> | <b>51.6</b> | <b>45.8</b> | <b>48.6</b> | <b>196.0</b> | <b>183.1</b> | <b>7</b>    | <b>(22)</b> |
|                               | <b>Silver in concentrates</b> | <b>koz</b> | <b>807</b>  | <b>675</b>  | <b>680</b>  | <b>530</b>  | <b>591</b>  | <b>2,476</b> | <b>2,217</b> | <b>12</b>   | <b>(27)</b> |

|                             |                               |            |              |              |             |              |             |              |              |             |             |
|-----------------------------|-------------------------------|------------|--------------|--------------|-------------|--------------|-------------|--------------|--------------|-------------|-------------|
| <b>Antamina<sup>6</sup></b> | <b>Copper in concentrates</b> | <b>kt</b>  | <b>43.9</b>  | <b>34.2</b>  | <b>27.2</b> | <b>26.7</b>  | <b>28.3</b> | <b>116.4</b> | <b>149.5</b> | <b>(22)</b> | <b>(36)</b> |
|                             | <b>Zinc in concentrates</b>   | <b>kt</b>  | <b>19.8</b>  | <b>11.1</b>  | <b>16.0</b> | <b>24.7</b>  | <b>19.4</b> | <b>71.2</b>  | <b>87.9</b>  | <b>(19)</b> | <b>(2)</b>  |
|                             | <b>Silver in concentrates</b> | <b>koz</b> | <b>1,500</b> | <b>1,068</b> | <b>937</b>  | <b>1,060</b> | <b>984</b>  | <b>4,049</b> | <b>5,216</b> | <b>(22)</b> | <b>(34)</b> |

#### Other South America (Alumbrera, Lomas Bayas, Antapaccay, Punitaqui)

|             |                                    |     |      |      |      |      |      |       |       |      |      |
|-------------|------------------------------------|-----|------|------|------|------|------|-------|-------|------|------|
| Alumbrera   | Copper in concentrates             | kt  | 34.8 | 26.1 | 23.3 | 20.2 | 33.0 | 102.6 | 109.6 | (6)  | (5)  |
|             | Gold in concentrates and in doré   | koz | 90   | 81   | 65   | 61   | 110  | 317   | 313   | 1    | 22   |
|             | Silver in concentrates and in doré | koz | 177  | 180  | 179  | 156  | 251  | 766   | 1,145 | (33) | 42   |
| Lomas Bayas | Copper metal                       | kt  | 18.2 | 18.0 | 17.3 | 15.4 | 15.9 | 66.6  | 74.2  | (10) | (13) |

## Production by quarter – Q4 2013 to Q4 2014

### Metals and minerals

#### Production from own sources – Copper assets<sup>1</sup>

|            |                        |     | Q4<br>2013 | Q1<br>2014 | Q2<br>2014 | Q3<br>2014 | Q4<br>2014 | 2014  | 2013  | Change<br>2014 vs<br>2013<br>% | Change<br>Q4 14 vs<br>Q4 13<br>% |
|------------|------------------------|-----|------------|------------|------------|------------|------------|-------|-------|--------------------------------|----------------------------------|
| Antapaccay | Copper metal           | kt  | 0.3        | –          | –          | –          | –          | –     | 12.2  | (100)                          | (100)                            |
|            | Copper in concentrates | kt  | 31.4       | 37.3       | 46.0       | 45.9       | 37.9       | 167.1 | 139.0 | 20                             | 21                               |
|            | Gold in concentrates   | koz | 11         | 12         | 18         | 24         | 15         | 69    | 79    | (13)                           | 36                               |
|            | Silver in concentrates | koz | 188        | 220        | 301        | 293        | 234        | 1,048 | 946   | 11                             | 24                               |
| Punitaqui  | Copper in concentrates | kt  | 3.2        | 3.3        | 2.6        | 2.7        | 2.8        | 11.4  | 11.8  | (3)                            | (13)                             |
|            | Silver in concentrates | koz | 25         | 21         | 18         | 20         | 28         | 87    | 101   | (14)                           | 12                               |

#### Punitaqui – total production including third party feed

|  |                        |     |     |     |     |     |     |      |      |      |      |
|--|------------------------|-----|-----|-----|-----|-----|-----|------|------|------|------|
|  | Copper in concentrates | kt  | 3.3 | 3.3 | 2.6 | 2.8 | 2.9 | 11.6 | 12.0 | (3)  | (12) |
|  | Silver in concentrates | koz | 25  | 22  | 18  | 20  | 29  | 89   | 103  | (14) | 16   |

|  |                                                 |            |             |             |             |             |             |              |              |             |             |
|--|-------------------------------------------------|------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|-------------|-------------|
|  | <b>Total Copper metal</b>                       | <b>kt</b>  | <b>18.5</b> | <b>18.0</b> | <b>17.3</b> | <b>15.4</b> | <b>15.9</b> | <b>66.6</b>  | <b>86.4</b>  | <b>(23)</b> | <b>(14)</b> |
|  | <b>Total Copper in concentrates</b>             | <b>kt</b>  | <b>69.4</b> | <b>66.7</b> | <b>71.9</b> | <b>68.8</b> | <b>73.7</b> | <b>281.1</b> | <b>260.4</b> | <b>8</b>    | <b>6</b>    |
|  | <b>Total Gold in concentrates and in doré</b>   | <b>koz</b> | <b>101</b>  | <b>93</b>   | <b>83</b>   | <b>85</b>   | <b>125</b>  | <b>386</b>   | <b>392</b>   | <b>(2)</b>  | <b>24</b>   |
|  | <b>Total Silver in concentrates and in doré</b> | <b>koz</b> | <b>390</b>  | <b>421</b>  | <b>498</b>  | <b>469</b>  | <b>513</b>  | <b>1,901</b> | <b>2,192</b> | <b>(13)</b> | <b>32</b>   |

#### Australia (Mount Isa, Ernest Henry, Townsville, Cobar)

|                   |                        |     |      |      |      |      |      |       |       |       |       |
|-------------------|------------------------|-----|------|------|------|------|------|-------|-------|-------|-------|
| Mount Isa, Ernest | Copper metal           | kt  | 57.5 | 58.3 | 50.5 | 44.8 | 55.9 | 209.5 | 197.3 | 6     | (3)   |
| Henry, Townsville | Copper in concentrates | kt  | –    | –    | –    | –    | –    | –     | 2.8   | (100) | n.m.  |
|                   | Gold                   | koz | 18   | 18   | 17   | 11   | 16   | 62    | 44    | 41    | (11)  |
|                   | Gold in concentrates   | koz | –    | –    | –    | –    | –    | –     | 1     | (100) | n.m.  |
|                   | Silver                 | koz | 299  | 264  | 234  | 221  | 222  | 941   | 895   | 5     | (26)  |
|                   | Silver in concentrates | koz | 11   | –    | –    | –    | –    | –     | 11    | (100) | (100) |

#### Mount Isa, Ernest Henry, Townsville – total production including third party feed

|  |                        |     |      |      |      |      |      |       |       |       |       |
|--|------------------------|-----|------|------|------|------|------|-------|-------|-------|-------|
|  | Copper metal           | kt  | 75.2 | 72.4 | 73.0 | 73.3 | 73.5 | 292.2 | 282.3 | 4     | (2)   |
|  | Copper in concentrates | kt  | –    | –    | –    | –    | –    | –     | 2.8   | (100) | n.m.  |
|  | Gold                   | koz | 20   | 21   | 21   | 15   | 23   | 80    | 58    | 38    | 15    |
|  | Gold in concentrates   | koz | –    | –    | –    | –    | –    | –     | 1     | (100) | n.m.  |
|  | Silver                 | koz | 618  | 657  | 609  | 998  | 480  | 2,744 | 3,141 | (13)  | (22)  |
|  | Silver in concentrates | koz | 11   | –    | –    | –    | –    | –     | 11    | (100) | (100) |

|       |                        |     |      |      |      |      |      |      |      |   |    |
|-------|------------------------|-----|------|------|------|------|------|------|------|---|----|
| Cobar | Copper in concentrates | kt  | 11.5 | 12.6 | 10.9 | 11.7 | 14.4 | 49.6 | 45.6 | 9 | 25 |
|       | Silver in concentrates | koz | 107  | 113  | 99   | 112  | 121  | 445  | 428  | 4 | 13 |

|  |                                     |            |             |             |             |             |             |              |              |           |             |
|--|-------------------------------------|------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|-----------|-------------|
|  | <b>Total Copper</b>                 | <b>kt</b>  | <b>57.5</b> | <b>58.3</b> | <b>50.5</b> | <b>44.8</b> | <b>55.9</b> | <b>209.5</b> | <b>197.3</b> | <b>6</b>  | <b>(3)</b>  |
|  | <b>Total Copper in concentrates</b> | <b>kt</b>  | <b>11.5</b> | <b>12.6</b> | <b>10.9</b> | <b>11.7</b> | <b>14.4</b> | <b>49.6</b>  | <b>48.4</b>  | <b>2</b>  | <b>25</b>   |
|  | <b>Total Gold</b>                   | <b>koz</b> | <b>18</b>   | <b>18</b>   | <b>17</b>   | <b>11</b>   | <b>16</b>   | <b>62</b>    | <b>45</b>    | <b>38</b> | <b>(11)</b> |
|  | <b>Total Silver</b>                 | <b>koz</b> | <b>417</b>  | <b>377</b>  | <b>333</b>  | <b>333</b>  | <b>343</b>  | <b>1,386</b> | <b>1,334</b> | <b>4</b>  | <b>(18)</b> |

#### Total Copper department

|  |                     |            |              |              |              |              |              |                |                |             |             |
|--|---------------------|------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|-------------|-------------|
|  | <b>Total Copper</b> | <b>kt</b>  | <b>387.5</b> | <b>348.5</b> | <b>337.3</b> | <b>347.9</b> | <b>361.5</b> | <b>1,395.2</b> | <b>1,336.2</b> | <b>4</b>    | <b>(7)</b>  |
|  | <b>Total Cobalt</b> | <b>kt</b>  | <b>4.0</b>   | <b>3.8</b>   | <b>4.3</b>   | <b>5.0</b>   | <b>4.1</b>   | <b>17.2</b>    | <b>16.0</b>    | <b>8</b>    | <b>3</b>    |
|  | <b>Total Zinc</b>   | <b>kt</b>  | <b>19.8</b>  | <b>11.1</b>  | <b>16.0</b>  | <b>24.7</b>  | <b>19.4</b>  | <b>71.2</b>    | <b>87.9</b>    | <b>(19)</b> | <b>(2)</b>  |
|  | <b>Total Gold</b>   | <b>koz</b> | <b>119</b>   | <b>111</b>   | <b>100</b>   | <b>96</b>    | <b>141</b>   | <b>448</b>     | <b>437</b>     | <b>3</b>    | <b>18</b>   |
|  | <b>Total Silver</b> | <b>koz</b> | <b>3,114</b> | <b>2,541</b> | <b>2,448</b> | <b>2,392</b> | <b>2,431</b> | <b>9,812</b>   | <b>10,959</b>  | <b>(10)</b> | <b>(22)</b> |

Production from own sources – Zinc assets<sup>1</sup>

|                |                     |            | Q4<br>2013   | Q1<br>2014   | Q2<br>2014  | Q3<br>2014   | Q4<br>2014   | 2014         | 2013         | Change<br>2014 vs<br>2013<br>% | Change<br>Q4 14 vs<br>Q4 13<br>% |
|----------------|---------------------|------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------------------------|----------------------------------|
| <b>Kazzinc</b> |                     |            |              |              |             |              |              |              |              |                                |                                  |
|                | <b>Zinc metal</b>   | <b>kt</b>  | <b>55.9</b>  | <b>49.2</b>  | <b>50.0</b> | <b>47.8</b>  | <b>52.3</b>  | <b>199.3</b> | <b>216.2</b> | <b>(8)</b>                     | <b>(6)</b>                       |
|                | <b>Lead metal</b>   | <b>kt</b>  | <b>7.2</b>   | <b>7.4</b>   | <b>4.1</b>  | <b>6.7</b>   | <b>7.5</b>   | <b>25.7</b>  | <b>29.8</b>  | <b>(14)</b>                    | <b>4</b>                         |
|                | <b>Copper metal</b> | <b>kt</b>  | <b>11.7</b>  | <b>10.8</b>  | <b>8.3</b>  | <b>15.4</b>  | <b>12.3</b>  | <b>46.8</b>  | <b>50.9</b>  | <b>(8)</b>                     | <b>5</b>                         |
|                | <b>Gold</b>         | <b>koz</b> | <b>148</b>   | <b>126</b>   | <b>120</b>  | <b>134</b>   | <b>126</b>   | <b>506</b>   | <b>579</b>   | <b>(13)</b>                    | <b>(15)</b>                      |
|                | <b>Silver</b>       | <b>koz</b> | <b>1,257</b> | <b>1,132</b> | <b>757</b>  | <b>1,206</b> | <b>1,178</b> | <b>4,273</b> | <b>5,251</b> | <b>(19)</b>                    | <b>(6)</b>                       |

|                                                              |                     |            |              |              |              |              |              |               |               |            |            |
|--------------------------------------------------------------|---------------------|------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|------------|------------|
| <i>Kazzinc – total production including third party feed</i> |                     |            |              |              |              |              |              |               |               |            |            |
|                                                              | <i>Zinc metal</i>   | <i>kt</i>  | <i>77.1</i>  | <i>75.3</i>  | <i>75.9</i>  | <i>76.1</i>  | <i>77.2</i>  | <i>304.5</i>  | <i>300.4</i>  | <i>1</i>   | <i>–</i>   |
|                                                              | <i>Lead metal</i>   | <i>kt</i>  | <i>23.9</i>  | <i>32.2</i>  | <i>29.3</i>  | <i>33.0</i>  | <i>32.0</i>  | <i>126.5</i>  | <i>90.6</i>   | <i>40</i>  | <i>34</i>  |
|                                                              | <i>Copper metal</i> | <i>kt</i>  | <i>16.3</i>  | <i>15.4</i>  | <i>9.8</i>   | <i>16.9</i>  | <i>16.1</i>  | <i>58.2</i>   | <i>62.4</i>   | <i>(7)</i> | <i>(1)</i> |
|                                                              | <i>Gold</i>         | <i>koz</i> | <i>190</i>   | <i>161</i>   | <i>159</i>   | <i>169</i>   | <i>186</i>   | <i>675</i>    | <i>708</i>    | <i>(5)</i> | <i>(2)</i> |
|                                                              | <i>Silver</i>       | <i>koz</i> | <i>4,599</i> | <i>5,014</i> | <i>6,065</i> | <i>6,163</i> | <i>7,776</i> | <i>25,018</i> | <i>18,681</i> | <i>34</i>  | <i>69</i>  |

**Australia (Mount Isa, McArthur River)**

|                |                                     |            |              |              |              |              |              |              |              |            |           |
|----------------|-------------------------------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|-----------|
| Mount Isa      | Zinc in concentrates                | kt         | 102.7        | 100.8        | 102.9        | 102.7        | 130.9        | 437.3        | 405.1        | 8          | 27        |
|                | Lead in concentrates                | kt         | 46.8         | 47.2         | 39.0         | 38.4         | 45.6         | 170.2        | 167.8        | 1          | (3)       |
|                | Silver in concentrates              | koz        | 1,927        | 2,054        | 1,461        | 1,466        | 1,877        | 6,858        | 6,870        | –          | (3)       |
| McArthur River | Zinc in concentrates                | kt         | 47.3         | 45.2         | 53.3         | 55.7         | 70.1         | 224.3        | 203.3        | 10         | 48        |
|                | Lead in concentrates                | kt         | 10.9         | 9.3          | 11.5         | 12.0         | 13.4         | 46.2         | 45.8         | 1          | 23        |
|                | Silver in concentrates              | koz        | 379          | 297          | 337          | 338          | 489          | 1,461        | 1,580        | (8)        | 29        |
|                | <b>Total Zinc in concentrates</b>   | <b>kt</b>  | <b>150.0</b> | <b>146.0</b> | <b>156.2</b> | <b>158.4</b> | <b>201.0</b> | <b>661.6</b> | <b>608.4</b> | <b>9</b>   | <b>34</b> |
|                | <b>Total Lead in concentrates</b>   | <b>kt</b>  | <b>57.7</b>  | <b>56.5</b>  | <b>50.5</b>  | <b>50.4</b>  | <b>59.0</b>  | <b>216.4</b> | <b>213.6</b> | <b>1</b>   | <b>2</b>  |
|                | <b>Total Silver in concentrates</b> | <b>koz</b> | <b>2,306</b> | <b>2,351</b> | <b>1,798</b> | <b>1,804</b> | <b>2,366</b> | <b>8,319</b> | <b>8,450</b> | <b>(2)</b> | <b>3</b>  |

**North America (Matagami, Kidd, Brunswick, CEZ Refinery)**

|                |                                     |            |             |             |             |             |             |              |              |              |             |
|----------------|-------------------------------------|------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|-------------|
| Matagami       | Zinc in concentrates                | kt         | 20.0        | 17.9        | 19.0        | 19.0        | 18.9        | 74.8         | 74.5         | –            | (6)         |
|                | Copper in concentrates              | kt         | 2.7         | 2.1         | 2.5         | 2.3         | 1.9         | 8.8          | 9.1          | (3)          | (30)        |
| Kidd           | Zinc in concentrates                | kt         | 14.0        | 10.1        | 22.0        | 13.3        | 15.6        | 61.0         | 67.8         | (10)         | 11          |
|                | Copper in concentrates              | kt         | 9.3         | 10.3        | 8.1         | 10.9        | 9.2         | 38.5         | 36.9         | 4            | (1)         |
|                | Silver in concentrates              | koz        | 572         | 385         | 506         | 463         | 712         | 2,066        | 3,234        | (36)         | 24          |
| Brunswick Mine | Zinc in concentrates                | kt         | –           | –           | –           | –           | –           | –            | 52.0         | (100)        | n.m.        |
|                | Lead in concentrates                | kt         | –           | –           | –           | –           | –           | –            | 13.5         | (100)        | n.m.        |
|                | Copper in concentrates              | kt         | –           | –           | –           | –           | –           | –            | 3.0          | (100)        | n.m.        |
|                | Silver in concentrates              | koz        | –           | –           | –           | –           | –           | –            | 1,315        | (100)        | n.m.        |
|                | <b>Total Zinc in concentrates</b>   | <b>kt</b>  | <b>34.0</b> | <b>28.0</b> | <b>41.0</b> | <b>32.3</b> | <b>34.5</b> | <b>135.8</b> | <b>194.3</b> | <b>(30)</b>  | <b>1</b>    |
|                | <b>Total Lead in concentrates</b>   | <b>kt</b>  | <b>–</b>    | <b>–</b>    | <b>–</b>    | <b>–</b>    | <b>–</b>    | <b>–</b>     | <b>13.5</b>  | <b>(100)</b> | <b>n.m.</b> |
|                | <b>Total Copper in concentrates</b> | <b>kt</b>  | <b>12.0</b> | <b>12.4</b> | <b>10.6</b> | <b>13.2</b> | <b>11.1</b> | <b>47.3</b>  | <b>49.0</b>  | <b>(3)</b>   | <b>(7)</b>  |
|                | <b>Total Silver in concentrates</b> | <b>koz</b> | <b>572</b>  | <b>385</b>  | <b>506</b>  | <b>463</b>  | <b>712</b>  | <b>2,066</b> | <b>4,549</b> | <b>(55)</b>  | <b>24</b>   |

# Production by quarter – Q4 2013 to Q4 2014

## Metals and minerals

### Production from own sources – Zinc assets<sup>1</sup>

|                                                                    |                        |     | Q4<br>2013 | Q1<br>2014 | Q2<br>2014 | Q3<br>2014 | Q4<br>2014 | 2014   | 2013   | Change<br>2014 vs<br>2013<br>% | Change<br>Q4 14 vs<br>Q4 13<br>% |
|--------------------------------------------------------------------|------------------------|-----|------------|------------|------------|------------|------------|--------|--------|--------------------------------|----------------------------------|
| <i>North America – total production including third party feed</i> |                        |     |            |            |            |            |            |        |        |                                |                                  |
| Brunswick Mine                                                     | Zinc in concentrates   | kt  | –          | –          | –          | –          | –          | –      | 56.1   | (100)                          | n.m.                             |
|                                                                    | Lead in concentrates   | kt  | –          | –          | –          | –          | –          | –      | 14.6   | (100)                          | n.m.                             |
|                                                                    | Copper in concentrates | kt  | –          | –          | –          | –          | –          | –      | 3.0    | (100)                          | n.m.                             |
|                                                                    | Silver in concentrates | koz | –          | –          | –          | –          | –          | –      | 1,402  | (100)                          | n.m.                             |
| Brunswick Smelter                                                  | Lead metal             | kt  | 20.1       | 18.7       | 17.5       | 16.9       | 21.5       | 74.6   | 75.3   | (1)                            | 7                                |
|                                                                    | Silver metal           | koz | 4,555      | 3,120      | 2,852      | 3,727      | 6,125      | 15,824 | 16,146 | (2)                            | 34                               |
| CEZ Refinery <sup>7</sup>                                          | Zinc metal             | kt  | 16.8       | 14.9       | 15.6       | 17.2       | 17.8       | 65.5   | 66.3   | (1)                            | 6                                |

### Other Zinc (AR Zinc, Los Quenuales, Sinchi Wayra, Rosh Pinah, Perkoa)

|  |                        |     |       |       |       |       |       |       |       |      |      |
|--|------------------------|-----|-------|-------|-------|-------|-------|-------|-------|------|------|
|  | Zinc metal             | kt  | 6.2   | 1.9   | 8.3   | 8.0   | 5.0   | 23.2  | 29.7  | (22) | (19) |
|  | Zinc in concentrates   | kt  | 70.9  | 70.2  | 72.5  | 76.1  | 76.6  | 295.4 | 262.0 | 13   | 8    |
|  | Lead metal             | kt  | 3.0   | 2.4   | 3.0   | 3.1   | 3.2   | 11.7  | 11.0  | 6    | 7    |
|  | Lead in concentrates   | kt  | 13.2  | 12.7  | 12.3  | 14.2  | 14.5  | 53.7  | 47.1  | 14   | 10   |
|  | Copper in concentrates | kt  | 0.6   | 0.8   | 0.8   | 0.7   | 0.4   | 2.7   | 2.1   | 29   | (33) |
|  | Silver metal           | koz | 185   | 133   | 159   | 148   | 173   | 613   | 670   | (9)  | (6)  |
|  | Silver in concentrates | koz | 2,403 | 2,249 | 2,247 | 2,748 | 2,581 | 9,825 | 9,162 | 7    | 7    |

### Other Zinc – total production including third party feed

|  |                        |     |       |       |       |       |       |       |       |      |      |
|--|------------------------|-----|-------|-------|-------|-------|-------|-------|-------|------|------|
|  | Zinc metal             | kt  | 9.5   | 2.4   | 9.3   | 9.6   | 7.8   | 29.1  | 37.9  | (23) | (18) |
|  | Zinc in concentrates   | kt  | 70.9  | 70.2  | 72.5  | 76.1  | 76.6  | 295.4 | 262.0 | 13   | 8    |
|  | Lead metal             | kt  | 3.0   | 2.4   | 3.0   | 3.1   | 3.2   | 11.7  | 11.0  | 6    | 7    |
|  | Lead in concentrates   | kt  | 13.2  | 12.7  | 12.3  | 14.2  | 14.5  | 53.7  | 47.1  | 14   | 10   |
|  | Copper in concentrates | kt  | 0.6   | 0.8   | 0.8   | 0.7   | 0.4   | 2.7   | 2.1   | 29   | (33) |
|  | Silver metal           | koz | 185   | 133   | 159   | 148   | 173   | 613   | 670   | (9)  | (6)  |
|  | Silver in concentrates | koz | 2,403 | 2,249 | 2,247 | 2,748 | 2,581 | 9,825 | 9,162 | 7    | 7    |

### Total Zinc department

|  |              |     |       |       |       |       |       |         |         |      |      |
|--|--------------|-----|-------|-------|-------|-------|-------|---------|---------|------|------|
|  | Total Zinc   | kt  | 317.0 | 295.3 | 328.0 | 322.6 | 369.4 | 1,315.3 | 1,310.6 | –    | 17   |
|  | Total Lead   | kt  | 81.1  | 79.0  | 69.9  | 74.4  | 84.2  | 307.5   | 315.0   | (2)  | 4    |
|  | Total Copper | kt  | 24.3  | 24.0  | 19.7  | 29.3  | 23.8  | 96.8    | 102.0   | (5)  | (2)  |
|  | Total Gold   | koz | 148   | 126   | 120   | 134   | 126   | 506     | 579     | (13) | (15) |
|  | Total Silver | koz | 6,723 | 6,250 | 5,467 | 6,369 | 7,010 | 25,096  | 28,082  | (11) | 4    |

Production from own sources – Nickel assets<sup>1</sup>

|                                                            |                                 |    | Q4<br>2013 | Q1<br>2014 | Q2<br>2014 | Q3<br>2014 | Q4<br>2014 | 2014 | 2013 | Change<br>2014 vs<br>2013<br>% | Change<br>Q4 14 vs<br>Q4 13<br>% |
|------------------------------------------------------------|---------------------------------|----|------------|------------|------------|------------|------------|------|------|--------------------------------|----------------------------------|
| Integrated Nickel Operations (Sudbury, Raglan, Nikkelverk) |                                 |    |            |            |            |            |            |      |      |                                |                                  |
|                                                            | Total Nickel metal              | kt | 13.4       | 13.3       | 13.8       | 11.7       | 12.5       | 51.3 | 47.1 | 9                              | (7)                              |
|                                                            | Total Nickel<br>in concentrates | kt | 0.1        | 0.2        | 0.1        | 0.1        | 0.2        | 0.6  | 0.5  | 20                             | 100                              |
|                                                            | Total Copper metal              | kt | 4.4        | 3.8        | 4.2        | 3.9        | 3.8        | 15.7 | 16.7 | (6)                            | (14)                             |
|                                                            | Total Copper<br>in concentrates | kt | 9.9        | 9.3        | 10.5       | 10.2       | 8.3        | 38.3 | 37.6 | 2                              | (16)                             |
|                                                            | Total Cobalt metal              | kt | 0.2        | 0.2        | 0.2        | 0.2        | 0.2        | 0.8  | 0.7  | 14                             | –                                |

| <i>Integrated Nickel Operations – total production including third party feed</i> |                                     |           |             |             |             |             |             |             |             |            |             |
|-----------------------------------------------------------------------------------|-------------------------------------|-----------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|-------------|
|                                                                                   | <i>Total Nickel metal</i>           | <i>kt</i> | <i>23.2</i> | <i>21.7</i> | <i>22.6</i> | <i>23.1</i> | <i>23.1</i> | <i>90.5</i> | <i>91.0</i> | <i>(1)</i> | <i>–</i>    |
|                                                                                   | <i>Total Nickel in concentrates</i> | <i>kt</i> | <i>0.2</i>  | <i>0.2</i>  | <i>0.2</i>  | <i>0.2</i>  | <i>0.1</i>  | <i>0.7</i>  | <i>0.7</i>  | <i>–</i>   | <i>(50)</i> |
|                                                                                   | <i>Total Copper metal</i>           | <i>kt</i> | <i>9.9</i>  | <i>8.7</i>  | <i>7.8</i>  | <i>9.8</i>  | <i>9.5</i>  | <i>35.8</i> | <i>37.5</i> | <i>(5)</i> | <i>(4)</i>  |
|                                                                                   | <i>Total Copper in concentrates</i> | <i>kt</i> | <i>12.3</i> | <i>11.7</i> | <i>13.5</i> | <i>12.7</i> | <i>10.1</i> | <i>48.0</i> | <i>46.3</i> | <i>4</i>   | <i>(18)</i> |
|                                                                                   | <i>Total Cobalt metal</i>           | <i>kt</i> | <i>1.0</i>  | <i>0.8</i>  | <i>0.9</i>  | <i>1.0</i>  | <i>0.9</i>  | <i>3.6</i>  | <i>3.4</i>  | <i>6</i>   | <i>(10)</i> |

**Australia (Murrin Murrin, XNA)**

|  |                                     |           |            |            |            |            |            |             |             |              |             |
|--|-------------------------------------|-----------|------------|------------|------------|------------|------------|-------------|-------------|--------------|-------------|
|  | <b>Total Nickel metal</b>           | <b>kt</b> | <b>7.5</b> | <b>7.8</b> | <b>9.8</b> | <b>9.6</b> | <b>9.2</b> | <b>36.4</b> | <b>35.9</b> | <b>1</b>     | <b>23</b>   |
|  | <b>Total Nickel in concentrates</b> | <b>kt</b> | <b>–</b>   | <b>–</b>   | <b>–</b>   | <b>–</b>   | <b>–</b>   | <b>–</b>    | <b>4.1</b>  | <b>(100)</b> | <b>n.m.</b> |
|  | <b>Total Copper in concentrates</b> | <b>kt</b> | <b>–</b>   | <b>–</b>   | <b>–</b>   | <b>–</b>   | <b>–</b>   | <b>–</b>    | <b>0.3</b>  | <b>(100)</b> | <b>n.m.</b> |
|  | <b>Total Cobalt metal</b>           | <b>kt</b> | <b>0.5</b> | <b>0.6</b> | <b>0.7</b> | <b>0.7</b> | <b>0.7</b> | <b>2.7</b>  | <b>2.6</b>  | <b>4</b>     | <b>40</b>   |
|  | <b>Total Cobalt in concentrates</b> | <b>kt</b> | <b>–</b>   | <b>–</b>   | <b>–</b>   | <b>–</b>   | <b>–</b>   | <b>–</b>    | <b>0.1</b>  | <b>(100)</b> | <b>n.m.</b> |

|                                                                |                                     |           |     |     |      |      |      |      |      |       |             |
|----------------------------------------------------------------|-------------------------------------|-----------|-----|-----|------|------|------|------|------|-------|-------------|
| <i>Australia – total production including third party feed</i> |                                     |           |     |     |      |      |      |      |      |       |             |
|                                                                | <i>Total Nickel metal</i>           | <i>kt</i> | 8.9 | 9.4 | 12.2 | 11.3 | 11.2 | 44.1 | 41.3 | 7     | 26          |
|                                                                | <i>Total Nickel in concentrates</i> | <i>kt</i> | –   | –   | –    | –    | –    | –    | 4.1  | (100) | <i>n.m.</i> |
|                                                                | <i>Total Copper in concentrates</i> | <i>kt</i> | –   | –   | –    | –    | –    | –    | 0.3  | (100) | <i>n.m.</i> |
|                                                                | <i>Total Cobalt metal</i>           | <i>kt</i> | 0.5 | 0.6 | 0.8  | 0.8  | 0.7  | 2.9  | 2.7  | 7     | 40          |
|                                                                | <i>Total Cobalt in concentrates</i> | <i>kt</i> | –   | –   | –    | –    | –    | –    | 0.1  | (100) | <i>n.m.</i> |

|                 |                              |           |            |          |          |          |          |          |            |              |              |
|-----------------|------------------------------|-----------|------------|----------|----------|----------|----------|----------|------------|--------------|--------------|
| <b>Falcondo</b> | <b>Nickel in ferronickel</b> | <b>kt</b> | <b>0.4</b> | <b>–</b> | <b>–</b> | <b>–</b> | <b>–</b> | <b>–</b> | <b>9.4</b> | <b>(100)</b> | <b>(100)</b> |
|-----------------|------------------------------|-----------|------------|----------|----------|----------|----------|----------|------------|--------------|--------------|

|                 |                              |           |            |            |            |            |            |             |            |            |            |
|-----------------|------------------------------|-----------|------------|------------|------------|------------|------------|-------------|------------|------------|------------|
| <b>Koniambo</b> | <b>Nickel in ferronickel</b> | <b>kt</b> | <b>1.4</b> | <b>1.0</b> | <b>3.1</b> | <b>4.5</b> | <b>4.0</b> | <b>12.6</b> | <b>1.4</b> | <b>800</b> | <b>186</b> |
|-----------------|------------------------------|-----------|------------|------------|------------|------------|------------|-------------|------------|------------|------------|

**Total Nickel department**

|  |                     |           |             |             |             |             |             |              |             |            |             |
|--|---------------------|-----------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|------------|-------------|
|  | <b>Total Nickel</b> | <b>kt</b> | <b>22.8</b> | <b>22.3</b> | <b>26.8</b> | <b>25.9</b> | <b>25.9</b> | <b>100.9</b> | <b>98.4</b> | <b>3</b>   | <b>14</b>   |
|  | <b>Total Copper</b> | <b>kt</b> | <b>14.3</b> | <b>13.1</b> | <b>14.7</b> | <b>14.1</b> | <b>12.1</b> | <b>54.0</b>  | <b>54.6</b> | <b>(1)</b> | <b>(15)</b> |
|  | <b>Total Cobalt</b> | <b>kt</b> | <b>0.7</b>  | <b>0.8</b>  | <b>0.9</b>  | <b>0.9</b>  | <b>0.9</b>  | <b>3.5</b>   | <b>3.4</b>  | <b>3</b>   | <b>29</b>   |

# Production by quarter – Q4 2013 to Q4 2014

## Metals and minerals

### Production from own sources – Ferroalloys assets<sup>1</sup>

|                          |           | Q4<br>2013 | Q1<br>2014 | Q2<br>2014 | Q3<br>2014 | Q4<br>2014 | 2014      | 2013       | Change<br>2014 vs<br>2013<br>% | Change<br>Q4 14 vs<br>Q4 13<br>% |          |
|--------------------------|-----------|------------|------------|------------|------------|------------|-----------|------------|--------------------------------|----------------------------------|----------|
| Ferrochrome <sup>8</sup> | kt        | 345        | 335        | 317        | 287        | 356        | 1,295     | 1,238      | 5                              | 3                                |          |
| PGM <sup>9</sup>         | Platinum  | koz        | 22         | 21         | 22         | 24         | 24        | 91         | 90                             | 1                                | 9        |
|                          | Palladium | koz        | 12         | 12         | 12         | 13         | 13        | 50         | 50                             | –                                | 8        |
|                          | Rhodium   | koz        | 3          | 4          | 4          | 4          | 3         | 15         | 15                             | –                                | –        |
|                          | Gold      | koz        | –          | –          | 1          | –          | –         | 1          | 1                              | –                                | n.m.     |
|                          | <b>4E</b> | <b>koz</b> | <b>37</b>  | <b>37</b>  | <b>39</b>  | <b>41</b>  | <b>40</b> | <b>157</b> | <b>156</b>                     | <b>1</b>                         | <b>8</b> |
| Vanadium Pentoxide       | mlb       | 5.7        | 5.5        | 4.2        | 5.5        | 5.6        | 20.8      | 21.6       | (4)                            | (2)                              |          |

### Total production – Custom metallurgical assets<sup>1</sup>

|                                                             |                   |     | Q4<br>2013 | Q1<br>2014 | Q2<br>2014 | Q3<br>2014 | Q4<br>2014 | 2014  | 2013  | Change<br>2014 vs<br>2013<br>% | Change<br>Q4 14 vs<br>Q4 13<br>% |
|-------------------------------------------------------------|-------------------|-----|------------|------------|------------|------------|------------|-------|-------|--------------------------------|----------------------------------|
| Copper (Altonorte, Pasar, Horne, CCR)                       |                   |     |            |            |            |            |            |       |       |                                |                                  |
|                                                             | Copper metal      | kt  | 104.2      | 81.3       | 118.4      | 116.3      | 117.8      | 433.8 | 468.3 | (7)                            | 13                               |
|                                                             | Copper anode      | kt  | 128.3      | 125.0      | 141.0      | 101.0      | 126.7      | 493.7 | 514.5 | (4)                            | (1)                              |
|                                                             |                   |     |            |            |            |            |            |       |       |                                |                                  |
| Zinc (Portovesme, San Juan de Nieva, Nordenham, Northfleet) |                   |     |            |            |            |            |            |       |       |                                |                                  |
|                                                             | Zinc metal        | kt  | 191.0      | 193.6      | 194.6      | 197.5      | 196.1      | 781.8 | 745.0 | 5                              | 3                                |
|                                                             | Lead metal        | kt  | 52.5       | 48.5       | 52.0       | 37.1       | 39.8       | 177.4 | 174.1 | 2                              | (24)                             |
|                                                             | Silver            | koz | 2,428      | 2,342      | 2,823      | 2,211      | 2,106      | 9,482 | 7,870 | 20                             | (13)                             |
|                                                             |                   |     |            |            |            |            |            |       |       |                                |                                  |
| Ferroalloys                                                 |                   |     |            |            |            |            |            |       |       |                                |                                  |
|                                                             | Ferromanganese    | kt  | 23         | 30         | 27         | 30         | 29         | 116   | 99    | 17                             | 26                               |
|                                                             | Silicon Manganese | kt  | 26         | 26         | 26         | 28         | 28         | 108   | 92    | 17                             | 8                                |
|                                                             |                   |     |            |            |            |            |            |       |       |                                |                                  |
| Aluminium (Sherwin Alumina)                                 |                   |     |            |            |            |            |            |       |       |                                |                                  |
|                                                             | Alumina           | kt  | 419        | 385        | 391        | 315        | 291        | 1,382 | 1,606 | (14)                           | (31)                             |

<sup>1</sup> Controlled industrial assets and joint ventures only. Production is on a 100% basis, except as stated.

<sup>2</sup> Relating to the PGM business within Ferroalloys only.

<sup>3</sup> Copper metal includes copper contained in copper concentrates and blister.

<sup>4</sup> Cobalt contained in concentrates and hydroxides.

<sup>5</sup> The Group's pro-rata share of Collahuasi production (44%).

<sup>6</sup> The Group's pro-rata share of Antamina production (33.75%).

<sup>7</sup> The Group's pro-rata share of CEZ production (25%).

<sup>8</sup> The Group's attributable 79.5% share of the Glencore-Merafe Chrome Venture.

<sup>9</sup> Consolidated 100% of Eland and 50% of Mototolo.

## Energy products

### Production from own sources – Coal assets<sup>1</sup>

|                                       |           | Q4<br>2013  | Q1<br>2014  | Q2<br>2014  | Q3<br>2014  | Q4<br>2014  | 2014         | 2013         | Change<br>2014 vs<br>2013<br>% | Change<br>Q4 14 vs<br>Q4 13<br>% |
|---------------------------------------|-----------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------------------------|----------------------------------|
| Australian coking coal                | mt        | 1.7         | 1.5         | 1.4         | 1.7         | 1.4         | 6.0          | 7.3          | (18)                           | (18)                             |
| Australian semi-soft coal             | mt        | 1.2         | 0.9         | 0.9         | 0.7         | 1.0         | 3.5          | 4.5          | (22)                           | (17)                             |
| Australian thermal coal (export)      | mt        | 11.1        | 11.8        | 14.2        | 16.4        | 12.2        | 54.6         | 48.1         | 14                             | 10                               |
| Australian thermal coal (domestic)    | mt        | 1.2         | 1.4         | 1.3         | 1.5         | 1.2         | 5.4          | 5.1          | 6                              | –                                |
| South African thermal coal (export)   | mt        | 5.5         | 5.0         | 5.2         | 7.2         | 6.0         | 23.4         | 20.6         | 14                             | 9                                |
| South African thermal coal (domestic) | mt        | 5.1         | 5.4         | 6.1         | 5.5         | 5.7         | 22.7         | 22.9         | (1)                            | 12                               |
| Prodeco                               | mt        | 4.4         | 5.2         | 5.0         | 4.9         | 4.4         | 19.5         | 18.6         | 5                              | –                                |
| Cerrejón <sup>2</sup>                 | mt        | 3.3         | 2.9         | 3.0         | 2.3         | 3.0         | 11.2         | 11.0         | 2                              | (9)                              |
| <b>Total Coal department</b>          | <b>mt</b> | <b>33.5</b> | <b>34.1</b> | <b>37.1</b> | <b>40.2</b> | <b>34.9</b> | <b>146.3</b> | <b>138.1</b> | <b>6</b>                       | <b>4</b>                         |

<sup>1</sup> 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.

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

### Production from own sources – Oil assets

|                                            |              | Q4<br>2013   | Q1<br>2014   | Q2<br>2014   | Q3<br>2014   | Q4<br>2014   | 2014         | 2013         | Change<br>2014 vs<br>2013<br>% | Change<br>Q4 14 vs<br>Q4 13<br>% |
|--------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------------------------|----------------------------------|
| <b>Glencore entitlement interest basis</b> |              |              |              |              |              |              |              |              |                                |                                  |
| Equatorial Guinea                          | kbbbl        | 1,394        | 1,368        | 1,194        | 1,243        | 1,267        | 5,072        | 4,799        | 6                              | (9)                              |
| Chad                                       | kbbbl        | 186          | 321          | 276          | 714          | 968          | 2,279        | 186          | 1,125                          | 420                              |
| <b>Total Oil department</b>                | <b>kbbbl</b> | <b>1,580</b> | <b>1,689</b> | <b>1,470</b> | <b>1,957</b> | <b>2,235</b> | <b>7,351</b> | <b>4,985</b> | <b>47</b>                      | <b>41</b>                        |

### Gross basis

|                             |              |              |              |              |              |              |               |               |           |           |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|-----------|-----------|
| Equatorial Guinea           | kbbbl        | 6,113        | 6,304        | 5,731        | 6,133        | 6,064        | 24,232        | 21,917        | 11        | (1)       |
| Chad                        | kbbbl        | 619          | 1,067        | 916          | 975          | 1,326        | 4,284         | 619           | 592       | 114       |
| <b>Total Oil department</b> | <b>kbbbl</b> | <b>6,732</b> | <b>7,371</b> | <b>6,647</b> | <b>7,108</b> | <b>7,390</b> | <b>28,516</b> | <b>22,536</b> | <b>27</b> | <b>10</b> |

## Agricultural products

### Processing/production data

|                                    |           | Q4<br>2013   | Q1<br>2014   | Q2<br>2014   | Q3<br>2014   | Q4<br>2014   | 2014          | 2013         | Change<br>2014 vs<br>2013<br>% | Change<br>Q4 14 vs<br>Q4 13<br>% |
|------------------------------------|-----------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------------------------|----------------------------------|
| Farming                            | kt        | 236          | 232          | 34           | 306          | 190          | 762           | 883          | (14)                           | (19)                             |
| Crushing                           | kt        | 966          | 1,062        | 1,616        | 1,515        | 1,471        | 5,664         | 3,642        | 56                             | 52                               |
| Long-term toll agreement           | kt        | 101          | 49           | 157          | –            | –            | 206           | 541          | (62)                           | (100)                            |
| Biodiesel                          | kt        | 191          | 172          | 169          | 211          | 205          | 757           | 624          | 21                             | 7                                |
| Rice milling                       | kt        | 70           | 36           | 91           | 73           | 30           | 230           | 273          | (16)                           | (57)                             |
| Wheat milling                      | kt        | 267          | 262          | 263          | 257          | 231          | 1,013         | 1,121        | (10)                           | (13)                             |
| Sugarcane processing               | kt        | 809          | –            | 723          | 1,092        | 416          | 2,231         | 2,251        | (1)                            | (49)                             |
| <b>Total Agricultural products</b> | <b>kt</b> | <b>2,640</b> | <b>1,813</b> | <b>3,053</b> | <b>3,454</b> | <b>2,543</b> | <b>10,863</b> | <b>9,335</b> | <b>16</b>                      | <b>(4)</b>                       |

# Shareholder information

Glencore plc is registered in Jersey, with headquarters in Switzerland and operations around the world.

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|              |                                                                    |
|--------------|--------------------------------------------------------------------|
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|--------------|--------------------------------------------------------------------|

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|                   |                                                                      |
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|-------------------|----------------------------------------------------------------------|

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The Company has a primary quote on the London Stock Exchange (LSE) and a secondary quote on both the Johannesburg Stock Exchange (JSE) and the Hong Kong Stock Exchange (HKEx).

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|                 |                                                                                                                                                                         |
|-----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
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