

Glencore plc

Audit Committee of the Board – Terms of Reference

1. Membership

- 1.1 The Committee shall comprise at least three non-executive Directors, all of whom shall be independent and at least one of whom shall have the appropriate professional qualifications and recent and relevant financial experience. The Committee as a whole shall have competence relevant to the sector in which the Company operates.
- 1.2 Members of the Committee shall be appointed by the Board, on the recommendation of the Nomination Committee in consultation with the Chair of the Committee.
- 1.3 Appointments to the Committee shall be for a period of up to three years, which may be extended for two additional periods of up to three years, provided the director still meets the criteria for membership of the Committee and remains independent, unless the Board otherwise determines.
- 1.4 The Chairman of the Board shall not be a member of the Committee. A former partner of the Company's existing auditing firm is prohibited from acting as a member of the Committee for a period of one year commencing on the date of his ceasing: (i) to be a partner of the firm; or (ii) to have any financial interest in the firm, whichever is later.
- 1.5 The Board shall appoint the Committee Chair who shall be an independent non- executive director. In the absence of the Chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.
- 1.6 Only members of the Committee have the right to attend Committee meetings, although other Directors who request it would usually be permitted to attend by the Chair. In addition, other individuals such as the CFO, the General Counsel, the Chief Risk Officer, the Head of Compliance, the Head of the Internal Audit and Assurance function (*GIAA*) and representatives from the finance function will be invited to attend all or part of any Committee meeting as and when the Chair determines it is appropriate.
- 1.7 The external auditor will be invited to attend meetings of the Committee on a regular basis.
- 1.8 If any member of the Committee is unable to act for any reason, the Chair may appoint any other independent non-executive director of the Company to act as their alternate.

2. Secretary

The Company Secretary or his or her nominee shall act as the Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to issues.

3. Quorum

The quorum necessary for the transaction of business shall be two members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

4. Frequency of Meetings

The Committee shall meet not less than three times a year at appropriate times in the reporting and audit cycle and otherwise as required. Meetings should be organised so that attendance is maximized.

5. Notice of Meetings

- 5.1 Meetings of the Committee shall be called by the Secretary of the Committee at the request of the Chair or any of the committee members or at the request of the CFO, the Chief Risk Officer, the Head of GIAA or the external auditors if they consider it necessary.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive Directors, usually no later than five working days before the date of the meeting. Supporting documents shall be sent to Committee members and to other attendees as appropriate, at the same time.

6. Minutes of Meetings

- 6.1 The Secretary of the Committee shall minute the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance.
- 6.2 The Secretary of the Committee shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 6.3 Draft minutes of Committee meetings shall be circulated to all members of the Committee prior to each subsequent meeting.

7. Engagement with shareholders

The Chair shall attend the Annual General Meeting of the Company to:

- 7.1 seek engagement with shareholders on significant matters related to the Committee's areas of responsibility; and
- 7.2 respond to any shareholder questions on the Committee's activities.

8. Duties

The Committee should have oversight of the Group as a whole and unless required by regulations shall carry out the duties below for the Group as a whole, as appropriate.

8.1 Financial Reporting

- 8.1.1. The Committee shall monitor the integrity of the financial statements of the Company, including its annual, half-yearly and preliminary reports, interim management statements and any other formal announcement relating to its financial performance, including announcements containing significant financial reporting issues and judgements.
- 8.1.2. The Committee shall monitor and review the Group's financial and accounting policies and practices and the effectiveness of management processes and controls over financial reporting, including the estimation and reporting of reserves and resources.
- 8.1.3. The Committee shall report its views to the Board regarding any aspect of the proposed financial reporting by the Company.

In particular, the Committee shall review and challenge where necessary:

- 8.1.4. whether the Company has adopted appropriate accounting policies and made appropriate estimates and judgements, taking into account the views of the external auditor on the financial statements;
- 8.1.5. the application of significant accounting policies and the consistency of, and

any changes to, accounting policies both on a year on year basis and across the Company/Group;

- 8.1.6. any significant or unusual items that are, or may need to be, reflected in the financial statements and accounts, and will give due consideration to any matters that have been raised by the Group's staff responsible for the accounting and financial reporting function, its compliance officer or auditors;
- 8.1.7. significant adjustments resulting from the audit;
- 8.1.8. the going concern assumptions and any qualifications;
- 8.1.9. the clarity and completeness of disclosure in the Company's financial reports and the context in which statements are made;
- 8.1.10. compliance with applicable legal and regulatory requirements in relation to financial reporting; and
- 8.1.11. all material information presented with the financial statements, such as the business review/operating and financial review and the corporate governance statement (insofar as it relates to the audit and financial risk management).

8.2 Annual Reporting

Where requested by the Board, the Committee shall support the Board's responsibility to review the content of the annual report and accounts, and be able to state that, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

8.3 Internal financial controls and risk management

systems

The Committee shall:

- 8.3.1. review and keep under review the effectiveness of the Company's internal financial controls and risk management systems that identify, assess, manage and monitor financial risks;
- 8.3.2. review and approve the statements to be included in the Annual Report concerning internal financial controls and risk management, including the assessment of principal risks and emerging risks, and the viability statement;
- 8.3.3. engage with management to ensure that the Company has effective internal financial controls and risk management systems including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting and risk management function and their training programmes and budget;
- 8.3.4. consider any findings of major investigations of internal financial control matters as delegated by the Board or on its own initiative and management's response to any such investigations or internal control matters;
- 8.3.5. advise the Board on the Company's overall financial risk appetite, tolerance and strategy, taking account of the current and prospective macroeconomic and financial environment and drawing on financial stability assessments published by authoritative and regulatory sources that may be relevant for the Company's financial risk policies; and
- 8.3.6. oversee and advise the Board on the current financial risk exposures of the

Company and future risk strategy;

In relation to risk assessments the Committee shall:

- 8.3.7. keep under review the Company's financial risk assessment processes that inform the Board's decision making, ensuring both qualitative and quantitative metrics are used; and
- 8.3.8. review regularly and approve the parameters used in these measures and the methodology adopted.

8.4 GIAA

The Committee shall:

- 8.4.1. approve the appointment and removal of the Head of GIAA;
- 8.4.2. monitor and review the remit and mandate of GIAA, ensuring it has the necessary resources, unrestricted scope and appropriate access to information to enable it to perform its function effectively and in accordance with the relevant professional standards, monitor the effectiveness of its work in the context of the Company's overall risk management system, and annually approve its charter ensuring it is appropriate for the current needs of the organisation;
- 8.4.3. ensure the GIAA function has adequate standing and is free from management or other restrictions;
- 8.4.4. review and approve the annual GIAA plan;
- 8.4.5. review reports addressed to the Committee from the Head of GIAA to ensure it is aligned to the key risks of the business, and receive regular reports on work carried out;
- 8.4.6. review and monitor management's responsiveness to the findings and recommendations of the GIAA;
- 8.4.7. meet the Head of GIAA regularly, usually at scheduled Committee meetings, without management being present, to discuss their remit and any issues arising from their work including relating to any undue pressure or pushback from management. In addition, the Head of GIAA shall be given the right of direct access to the Chairman of the Board, the Chair and to the Committee;
- 8.4.8. carry out an annual assessment of the effectiveness of GIAA and as part of this assessment shall:
 - (i) review and assess its annual work plan and receive a report on the results;
 - (ii) determine whether it is satisfied that the quality, experience and expertise of the function is appropriate for the business;
 - (iii) review the actions taken by management to implement the recommendations of GIAA internal audit and to support the effectiveness of the internal audit function;
 - (iv) monitor and assess the role and effectiveness of the internal audit function in the overall context of the Company's financial risk management system and the work finance and the external auditor; and
 - (v) consider whether an independent, third party review of processes is appropriate.

8.5 External Audit

The Committee shall:

- 8.5.1. consider and make recommendations to the Board, to be put to shareholders for approval at the Annual General Meeting of the Company, in relation to the appointment, re-appointment and removal of the Company's external auditor. The Committee shall oversee the selection process for new auditor and if an auditor resigns the Committee shall investigate the issues leading to this and decide whether any action is required;
- 8.5.2. develop and oversee the selection procedure for the appointment of the audit firm in accordance with applicable Code and regulatory requirements, ensuring that all tendering firms have access to all necessary information and individuals during the tendering process;
- 8.5.3. oversee the relationship with the external auditor including (but not limited to):
 - (i) approval of their remuneration, whether fees for audit or non-audit services and ensure that the level of fees is appropriate to enable an effective adequate audit to be conducted;
 - (ii) approval of their terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit and to be responsible for any questions of resignation or dismissal of that auditor;
- 8.5.4. assessing annually their independence and objectivity taking into account relevant professional and regulatory requirements and the relationship with the auditor as a whole, including the provision of any non-audit services;
- 8.5.5. satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the auditor and the Company (other than in the ordinary course of business) which could adversely affect the auditor's independence and objectivity;
- 8.5.6. agreeing with the Board a policy on the employment of former employees of the Company's auditor, then monitoring the implementation of this policy;
- 8.5.7. monitoring the auditor's compliance with relevant ethical and professional guidance on the rotation of audit partners, the level of fees paid by the Company compared to the overall fee income of the firm, office and partner and other related requirements;
- 8.5.8. seeking to ensure coordination of the external audit with the activities of the internal audit function;
- 8.5.9. developing and recommending to the Board the Company's formal policy on the provision of non-audit services by the auditor, including prior approval of non-audit services by the committee and specifying the types of non-audit service to be preapproved, and assessment of whether non-audit services have a direct or material effect on the audited financial statements. The policy should include consideration of the following matters:
 - (i) threats to the independence and objectivity of the external auditor and any safeguards in place;
 - (ii) the nature of the non-audit services;
 - (iii) whether the external audit firm is the most suitable supplier of the non-audit service;
 - (iv) the fees for the non-audit services, both individually and in aggregate;

relative to the audit fee; and

(v) the criteria governing compensation.

- 8.5.10. assessing annually their qualifications, expertise and resources of the auditor and the effectiveness of the audit process, which shall include a report from the external auditor on their own internal quality procedures;
- 8.5.11. meet regularly with the external auditor, including once at the planning stage before the audit and once after the audit at the reporting stage. The Committee shall meet the external auditor regularly, usually at scheduled Committee meetings, without management being present, to discuss their remit and any issues arising from the audit;
- 8.5.12. review and approve the annual audit plan ensuring that it is consistent with the scope of the audit engagement having regard to the seniority, expertise and experience of the audit team;
- 8.5.13. review the findings of the audit with the external auditor. This shall include but not be limited to, the following;
- 8.5.14. a discussion of any major issues which arose during the audit, any accounting and audit judgements, the auditor's view of their interactions with senior management levels of errors identified during the audit; and
- 8.5.15. the effectiveness of the audit.

The Committee shall also:

- 8.5.16. review any representation letter(s) requested by the external auditor before they are signed by management;
- 8.5.17. review the management letter and management's response to the auditor's findings and recommendations and ensure that the Board provides a timely response to the issues raised in the management letter; and
- 8.5.18. develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter.

8.6 Ethics, Compliance and Culture

In the event that the Board dissolves the Ethics, Compliance and Culture Committee, this Committee will immediately assume the duties of that committee in respect of the Group's ethics and compliance programme and matters concerning the Group's culture.

9. Reporting Responsibilities

- 9.1 The Chair shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities and shall also formally report to the Board on how it has discharged its responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 9.3 The Committee shall produce a report on its activities to be included in the Company's Annual Report.

10. Other matters

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the Company secretariat for advice and assistance as required;

- 10.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 10.3 give due consideration to all relevant laws and regulations, the principles and provisions of the Code and published guidance, the requirements of the FCA's Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules sourcebook and any other applicable rules, as appropriate;
- 10.4 be responsible for oversight of the coordination of the internal and external auditors;
- 10.5 oversee any investigation of activities which are within its terms of reference;
- 10.6 work and liaise as necessary with all other Board Committees ensuring interaction between Committees and with the Board is reviewed regularly, taking particular account of the impact of risk management and internal controls being delegated to different Committees;
- 10.7 ensure that a periodic evaluation of the Committee's performance is carried out; and
- 10.8 at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

11. Authority

The Committee is authorised to:

- 11.1 seek any information it requires from any employee of the Company in order to perform its duties;
- 11.2 obtain, at the Company's expense, independent legal, accounting or other professional advice on any matter if it believes it necessary to do so;
- 11.3 call any employee to be questioned at a meeting of the committee as and when required; and
- 11.4 have the right to publish in the Company's annual report, details of any issues that cannot be resolved between the Committee and the Board. If the Board has not accepted the Committee's recommendation on the external auditor appointment, reappointment or removal, the annual report should include a statement explaining the Committee's recommendation and the reasons why the Board has taken a different position.