

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 stakeholders and safeguarding its ability to continue as a going concern, while generating sustainable long-term returns.

Glencore's approach to risk management and control is approved and overseen by our Board and its committees and managed by our Group leadership team. Risk management is one of the core responsibilities of the leadership team and it is central to our decision-making processes.

Board

The Board assesses and approves our overall risk appetite and monitors our risk exposure and overall evaluation of internal controls. This process is supported by the Audit, HSEC and ECC Committees.

There are four key areas the Board needs to address to meet its obligations under the UK Corporate Governance Code (Code).

- Conducting a robust assessment of emerging and principal risks;
- Monitoring the risk management and internal control system, and at least once a year, reviewing its effectiveness;

- Considering the long-term viability and success of Glencore which is dependent on the management of risk; and
- Promoting a risk-aware culture that encourages proactive risk-based management and decision making.

In addition to this ongoing work of the Board and its committees, the Board undertakes a complete review of the Group's principal and emerging risks in its Q4 meeting, which is then updated and considered in subsequent meetings for the purposes of this report and the half-year report.

Management team

Our CEO, CFO, Head of Industrial Assets and General Counsel lead our management team and are supported by the rest of our Group leadership, comprising our Head of Corporate Affairs, Head of Human Resources and Head of Sustainability, and departmental leadership comprising the heads of each marketing department and our industrial leads.

Management is responsible for the design, implementation, and maintenance of the risk management programme. By operation of its oversight function, management reviews on an ongoing basis the impact of our risks and appropriate mitigants.

Management continues to develop and update the relevant internal risk management procedures and standards that support the risk management programme.

Board Committees

We have established five key committees and one temporary committee:

- Audit Committee
- Remuneration Committee
- Nomination Committee
- HSEC Committee
- ECC Committee
- Investigations Committee (temporary)

These committees provide oversight of the risks in their respective areas. They are tasked with, among other things, evaluating and monitoring these risks. They receive regular reports from the Group corporate functions, including:

- Compliance
- Legal
- Finance
- HSEC&HR
- Sustainability
- IT

Departments and corporate functions

Monitoring and reporting are the responsibility of the relevant corporate and risk functions, which provide regular updates to the Board and its committees covering various risks and the performance of the relevant controls in place. Reporting covers various topics, including Group VaR, credit exposure, GIAA reports, litigation, compliance monitoring and HSEC&HR matters. The Board also receives updates on the Raising Concerns programme and material external and internal investigations.

Business risk owners in departments are responsible for their respective operations, including implementing a risk management process that identifies, assesses and manages risk.

Each corporate function coordinates and leads the design, implementation and maintenance of its relevant risk monitoring programme with support from the business risk owners and management in their respective area of responsibility.

Risk management *continued*

Risk management process

Our risk management approach is modelled after industry standards for internal control frameworks. We seek to apply our approach across the organisation, supported by our controls and risk culture as follows:

Risk is identified, assessed and monitored across each of the respective functions by applying a framework that identifies material matters and supports an ongoing assessment of what matters most to our business and stakeholders. The Company's senior management works with the commodity departments and corporate functions on an ongoing basis to assess the Group's major risks.

Glencore's principal risks and uncertainties are organised into five key pillars: Strategic, HSEC, Finance, Legal and Compliance, and Cyber.

Managing risk for joint ventures (JVs)

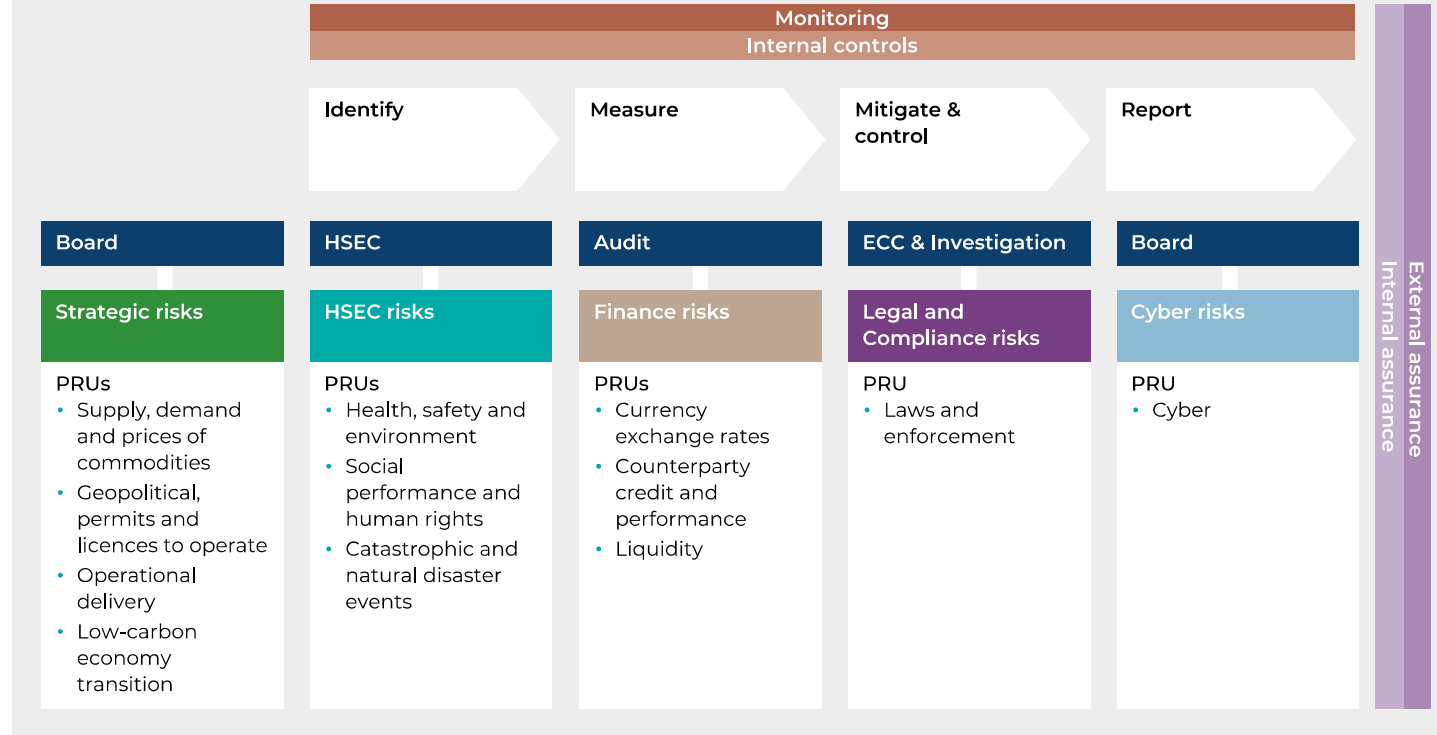
We take measures to ensure that our material risk management practices are implemented at the JVs that we control or operate. In other JVs, we seek to influence our JV partners to adopt our commitment to responsible business practices and implement appropriate programmes in respect of their main business risks.

Group Internal Audit and Assurance (GIAA)

GIAA provides independent and objective assurance and advisory services to help strengthen governance, risk management and control processes. In doing so, GIAA supports the Board and senior management in protecting the stakeholders, assets and reputation of Glencore.

Risk management process

Building on the structure of oversight, responsibility and process, these Principal Risks and Uncertainties (PRUs) are managed across our two segments (Marketing and Industrial activities) by cross-segment functional teams.



The Audit Committee and HSEC Committee consider and approve the proposed risk-based audit plan. The committees are regularly updated on the status of delivery against the audit plan, relevant findings and the progress on the implementation of agreed management action plans.

The GIAA audit plan is developed through top-down discussions with senior management and bottom-up independent risk assessments of the audit and assurance universe. GIAA also performs reviews at the direction of senior management and the Audit and HSEC Committees.

The audit and assurance reviews focus on the design and operating effectiveness of controls in place to mitigate the risks identified. The Audit Committee and HSEC Committee have concluded that the GIAA function remains effective.

Risk management *continued*

Principal and emerging risks

Our approach is framed by the ongoing understanding of the risks that we are exposed to, emerging trends that could seriously impact our business model, our risk appetite in respect of these risks, how these risks change over time and our efforts to ensure risk monitoring takes place across multiple organisational levels.

In accordance with UK Financial Reporting Council guidance, we define a principal risk as a risk or combination of risks that could seriously affect the performance, future prospects or reputation of Glencore. These include those risks which would threaten the business model, future performance, solvency, or liquidity of the Group.

The Group understands an emerging risk as a risk that has not yet fully crystallised but is at an early stage of becoming known and/or coming into being and expected to grow in significance in the longer term. Emerging risks typically have their origin outside Glencore and there is often insufficient information for these risks to be fully understood and mitigation by the Group may not be possible.

The Board mandates its ECC, HSEC and Audit Committees to identify, assess and monitor the principal and emerging risks relevant to their respective remits. These committees meet at least four times a year and are always followed by a meeting of the Board, giving the opportunity for all Directors to review and discuss their work.

Risk assessment

The assessment of our principal risks, according to exposure and impact, is detailed on the following pages. The commentary on the risks in this section should be read in

conjunction with the explanatory text under the section Understanding our risk information which is set out on page 108 and the Important notice on page 299.

Marketing risk (MR) management

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

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

The MR function monitors and analyses the large transactional flows across many locations using timely and comprehensive recording and reporting of resultant exposures, which provides the encompassing positional analysis, and continued assessment of universal counterparty credit exposure.

The MR team provides a wide array of daily and weekly reporting. The MR function strives to continuously enhance its stress

In total, there are 12 PRUs (2022: 12), of which the following five are the most significant and may potentially give rise to the most material and adverse effects on the Group:

- supply, demand and prices of commodities;
- liquidity;
- geopolitical, permits and licences to operate;
- laws and enforcement; and
- catastrophic and natural disaster events.

and scenario testing as well as improve measures to capture additional risk exposure within the specific areas of the business.

Value at Risk

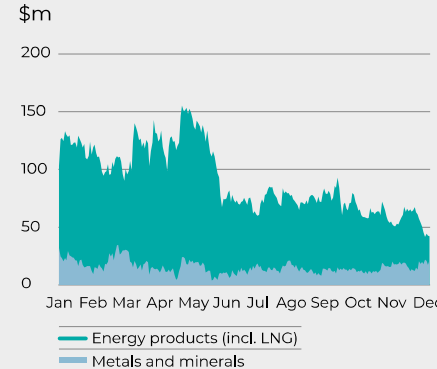
One of the tools used by Glencore to monitor and limit its primary market risk exposure, principally commodity price risk related to its physical marketing activities, is a value at risk (VaR) computation. VaR is a risk measurement technique, which estimates a threshold for potential loss that could occur on risk positions as a result of movements in risk factors over a specified time horizon, given a specific level of confidence and based on a specific price history. The VaR methodology is a statistically defined, probability-based approach that takes into account market volatilities, as well as risk

diversification by recognising offsetting positions and correlations between commodities and markets. In this way, risks can be measured consistently across markets and commodities and risk measures can be aggregated to derive a single risk value. Glencore uses a VaR approach based on Monte Carlo simulations computed at a 95% confidence level and utilising a weighted data history for a one-day time horizon.

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

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

Value at Risk



Risk management *continued*

Understanding our risk information

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

We have sought to provide examples of specific risks, however, the below list does not purport to be exhaustive. These principal risks and uncertainties should be considered in connection with any forward-looking statements in this document as explained on page 299.

Identifying, quantifying and managing risk is complex and challenging. Although we seek to identify and, where appropriate and practical, actively manage risk through the implementation of Policies, Standards and Procedures, there can be no assurance that these measures will be effectively implemented and adequately protect the Group against identified risks, including the principal risks and uncertainties listed in the following pages.

This section describes our attempts to manage, balance or mitigate risk. Risk is, however, by its very nature uncertain and inevitably events may lead to our policies and procedures not having the intended mitigating effect on the negative impacts of the occurrence of a particular event. Our scenario planning and stress testing may accordingly prove to be inadequate, particularly in situations where material negative events occur in close succession. Since many risks are connected and the effects of one risk may exacerbate other risks we face, 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. Certain investors may also be familiar with the risk factors that are published in the Group debt or equity prospectuses or listing documents. These provide in part some differing descriptions of our principal risks.

Our latest documentation for debt investors and their related risk disclosures is available at: [glencore.com/investors/debt-investors](https://www.glencore.com/investors/debt-investors).

To provide additional context for these descriptions:

- where we hold minority interests in certain businesses, although these entities are not generally subsidiaries and would not usually be subject to the Group's operational control, these interests should be assumed to be subject to these risks. '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 earthquakes, floods, severe weather and other natural phenomena;
- where we refer to 'mitigation' we do not intend to suggest that we eliminate the risk, but rather it refers to the Group's attempt to reduce or manage the risk. Our mitigation of risks will usually include the taking out of insurance where it is customary and economic to do so;
- this section should be read as a whole – often commentary in one section is relevant to other risks and the occurrence of one risk may exacerbate the other risks we face;
- 'commodity/ies' will usually refer to those commodities which the Group produces or sells;
- 'law' includes regulation of any type;
- 'risk' includes an uncertainty or hazard and together with 'material adverse effect on the business' should be understood as a negative

change which can seriously affect the performance, future prospects or reputation of the Group. These include those risks which would materially threaten the business model, future performance, reputation, solvency or liquidity of the Group; and

- a reference to a note is a note to the 2023 financial statements.

Risk appetite

Following from our strategy and our key risk principles, our risk appetite can be defined as 'the nature and extent of risk the Group is willing to accept in relation to the pursuit of its objectives'. We look at risk appetite from the context of severity of the consequences expected should the risk materialise following an evaluation of any internal or external factors influencing the risk and the status of management actions to mitigate or control the risk.

If a risk exceeds our appetite, it can threaten the achievement of our objectives and may require a change to our strategy. If a risk is approaching the limit of the Group's appetite, management action will be required to ensure the risk remains within appetite levels.

For certain risk implications, such as those relating to safety or compliance, we are averse to any exceptions or deficiencies. Our internal assurance programmes seek to evaluate these controls along with technical and specialised experts and the results of that assurance work will determine the risk appetite evaluation, along with the management response to any issues identified.

We classify our PRUs and set the corresponding risk appetite categorisations as follows:

Averse

Mitigation of risk and uncertainty to a low probability of occurrence is a paramount objective as the consequences of occurrence could be catastrophic or of such

a severity to our reputation that it could result in an existential event for the Group.

Minimal

Mitigation to a minimal level of residual risk for risks that present less severe consequences ultimately resulting in an agreed operational tolerance level, such as VaR and liquidity minimum limits, or the thresholds set within the authority delegated to management.

Cautious

The risk is of a strategic and inherent nature of the business environment in which we operate. Exposure and tolerance to such risks (e.g. supply and demand of commodities) are a function of the strategy chosen, matters of which are reserved for the Board and/or shareholders.

We further assess the potential impact and likelihood of PRUs, which informs our analysis of these risks in comparison to the prior year.

Impact

Impact represents the impact of the risks once all key controls and other mitigating factors have been applied. It is the residual impact the risk might have on the Group's operations and viability. Impact is measured as low, medium and high.

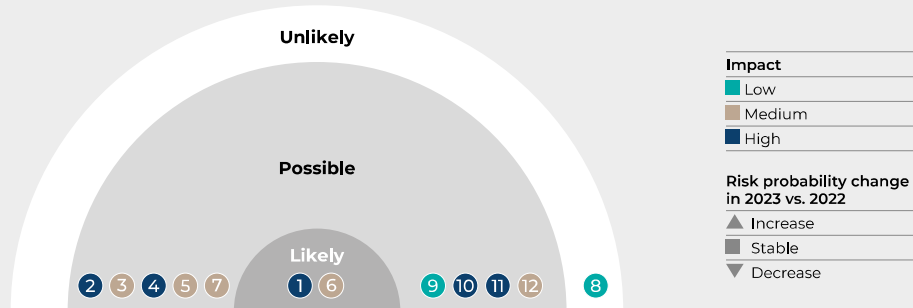
Likelihood

Likelihood, similar to impact, is the residual likelihood of a risk crystallising after all key controls and other mitigating factors have been applied.

It is in direct correlation with the level of control that management has over a particular given risk. The more a risk is subject a to higher degree of external factors, the higher the likelihood will be. Likelihood is measured as unlikely, possible and likely.

Risk management *continued*

Summary map of PRUs



Principal Risks	Risk appetite	Impact	Likelihood	2023 vs. 2022
Strategic				
1 Supply, demand and prices of commodities	Cautious	High	Likely	Stable
2 Geopolitical, permits and licences to operate	Cautious	High	Possible	Increase
3 Operational delivery	Minimal	Medium	Possible	Stable
4 Low-carbon economy transition	Cautious	High	Possible	Stable
HSEC				
5 Health Safety and Environment	Averse	Medium	Possible	Stable
6 Social performance and human rights	Minimal	Medium	Likely	Stable
7 Catastrophic and natural disaster events	Averse	Medium	Possible	Stable
Finance				
8 Currency exchange rates	Minimal	Low	Likely	Stable
9 Counterparty credit and performance	Minimal	Low	Possible	Increase
10 Liquidity	Minimal	High	Possible	Stable
Legal and Compliance				
11 Laws and enforcement	Averse	High	Possible	Stable
Cyber				
12 Cyber	Minimal	Medium	Possible	Stable
Emerging risks				
1 Demand for commodities we produce				
2 Material substitution				

2023 developments and overview of principal risks and uncertainties

Supply, demand and prices of commodities

The overall cycle of inflation, tighter monetary conditions and limited global economic growth has contributed to average period-over-period price reductions in copper, cobalt, nickel and zinc of 4%, 50%, 16% and 24%, respectively. The outlook remains uncertain.

While lower energy prices have tempered some of the inflationary pressures in key Western markets, the restart of previously shuttered energy-intensive industries, including some steel, zinc and aluminium production, has been limited by weak end-user markets, particularly in Europe. Chinese growth is also difficult to gauge given the positives of accelerated demand from domestic consumer sectors and continued investment in infrastructure and the energy transition, balanced with the persistent weakness in the property market.

Mergers and acquisitions

The proposed acquisition of Teck's steelmaking coal assets, EVR, is a meaningful development for the Group. In the near term, the Board and management are focused on transaction execution, including swift and effective integration of EVR into Glencore's operating environment. The initial outflow of consideration for this acquisition may also materially increase Glencore's exposure to commodity price risk. This risk is somewhat mitigated by the strongly cash-generative nature of the assets to be acquired, and Glencore's existing policies around liquidity risk (see risks 1. and 10., below). In the longer term, the potential demerger would be a transformative development for Glencore and would need to be carefully planned and implemented.

Operational delivery

Coal, copper and ferrochrome were within acceptable performance ranges in 2023. Nickel was impacted in three areas: follow-on effects of a prolonged strike at Raglan in 2022 impacted Integrated Nickel Operations (INO), while Murrin Murrin experienced some outages due to scheduled major maintenance and Koniambo experienced some underperformance. An emerging issue is the need to closely review the schedule and budget for the Onaping Depth project where main ore production will be delayed relative to earlier expectations and the costs for this project may increase accordingly. The Zinc department underperformed at its Zhairam project, with remediation works taking longer than expected.

Low-carbon economy transition

At our 2023 AGM, there was a high percentage of votes (c.30%) against approval of our 2022 Climate Report and almost the same sized vote in favour of a climate-related shareholder resolution that the Board recommended against. We have consulted with shareholders to understand the drivers behind the votes; it is clear that there is a very wide range of views, but shareholders generally remain supportive of our strategy. Together with this report we have published our updated Climate Action Transition Plan, which will be put to shareholders at our 2024 AGM for an advisory vote.

Understanding impacts on nature

The launch of the Taskforce on Nature-related Financial Disclosures (TNFD) is expected to result in greater scrutiny by stakeholders and regulators of Glencore's assessment and management of nature-related risks and opportunities, and its commitments to manage its impacts on nature. We are in the

Risk management *continued*

process of rolling out internal training on nature-related objectives and strengthening nature-related risk assessments.

Legal and compliance

Investigations remain ongoing by Swiss authorities for failure to have organisational measures in place to prevent alleged corruption and an investigation of similar scope by the Dutch Public Prosecution Service. The timing and outcome of these investigations remain uncertain. In addition, as a result of the resolutions of the US, UK and Brazilian investigations, a number of group actions and other civil claims have been made or threatened and other authorities have or have threatened to open investigations.

Monitors

The independent compliance monitors mandated under our resolutions with the DOJ have been appointed and commenced their work. The Group intends to engage constructively with the monitors during the review periods and thereafter will need to be prepared to implement the recommendations coming out of the reviews.

Russia/Ukraine war

Western governments continue to tighten sanctions, particularly concerning individuals and companies associated with the Russian government. This requires ongoing vigilance, but the impact on commodity markets has generally stabilised.

Longer-term viability

In accordance with the requirements of the UK Corporate Governance Code, the Board has assessed the Company's long-term viability over a four-year assessment period. It has also considered the Company's prospects in the longer term, incorporating but not limited to the 2050 date associated with the Company's net zero ambition.

The assessment was informed by the potential medium- and long-term impact of climate change on the outlook for our commodity businesses, under a range of possible scenarios, as set out on page 44. Such impacts are uncertain, being particularly dependent on long-term changes in the energy mix related to power generation and transportation, as well as consumption efficiencies, behavioural change and co-ordinated implementation of government policy and regulation frameworks. This analysis, however, indicates stable or improving opportunities in all scenarios for the energy transition metals we are most materially exposed to, being copper, cobalt and nickel. Over time, we expect demand for seaborne thermal coal to fall across all scenarios. Our own portfolio risk to such demand reduction is mitigated by our trajectory of a responsible phase-down.

The Board has assessed the Company's ability to meet its liabilities as they fall due over the four-year period from 1 January 2024. This period is consistent with the Company's established annual business planning and forecasting processes and cycle

which is subject to review and approval each year by the Board. The Directors believe this is an appropriate review period having regard to the Group's business model, strategy, principal risks and uncertainties, sources of funding and liquidity.

The four-year plan considers Glencore's Adjusted EBITDA, capital expenditure, funds from operations (FFO) and Net debt, and the key financial ratio of Net debt to Adjusted EBITDA. It incorporates stress tests to simulate the potential impacts of exposure to the relevant principal risks and uncertainties. While all the PRUs have the capability to impact business and financial performance, the most scenario-relevant to the assessment of viability are Risk 1 (Supply, demand and prices of commodities), Risk 8 (Currency exchange rates) and Risk 3 (Operational delivery). For the 2024–27 plan the stress test scenarios were:

- Scenario 1: Reversion – Commodity prices and inflation reverting to historical norms over the outlook period (Highly likely);
- Scenario 2: Recession – Commodity prices set at the low end of analysts' consensus ranges as of December 2023 for the entirety of the outlook period (Improbable); and
- Scenario 3: Higher interest environment – Interest rates at 6.5% p.a. throughout the outlook period (Possible but unlikely)

Subject to receipt of mandatory regulatory approvals, the Company expects to finalise its acquisition of a 77% interest in EVR no later than Q3 2024. This will initially increase

consolidated net debt by around \$6.93 billion, adjusted for working capital and other closing adjustments, as per the agreed transaction documentation. The assets being acquired are expected to be highly cash-generative based on current and forecast steelmaking coal prices, and the Directors have a reasonable expectation that the Group's consolidated net debt will reach or make significant progress towards the targeted \$5 billion level or less over the period of 24 months from close.

Based on the results of the related analysis, the Directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the four-year period of this assessment.

Risk management *continued*

1. Supply, demand and prices of commodities

2023 vs. 2022	Risk appetite	Link to strategy
	Cautious	

We are subject to the inherent risk of sustained low prices for our main commodities, particularly affecting our industrial business. 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. The prices of the commodities we produce are dependent on the expected volumes of supply or demand for commodities which can vary for many reasons out of our control.

New or improved energy production possibilities and/or technologies are likely to reduce the demand for some commodities. Net zero emissions commitments require demand for unabated coal and other hydrocarbon fuel sources to significantly reduce over time.

The dependence of the Group (especially our industrial business) on commodity prices, supply and demand of commodities, makes this the Group's foremost risk.

Strategic priorities

- Responsible and ethical production and supply
- Responsible portfolio management
- Responsible product use

Potential impact on the Group

- Significant falls in the prices of certain commodities (e.g., copper, coal, zinc, nickel and cobalt) can have a severe drag on our financial performance, impede shareholder returns and could lead to concerns by external stakeholders as to the strength of the Group's balance sheet.
- A global surplus or shortage in one or more of the commodities we produce could have a major impact on their traded price, and therefore on our financial performance.

Mitigating factors or controls

Certain aspects of our business model provide inherent mitigating factors:

- diversity in our portfolio of commodities, geographies, assets and contracts;
- preparations for anticipated shifts in commodity demand, for example by putting a special focus on the parts of the business that will potentially grow with increases in usage of electric vehicles and battery production, and close monitoring of fossil fuel (particularly thermal coal) demands; and
- ability to reduce the production of any commodity within our portfolio in response to changing market conditions.

We can also utilise established and implemented mitigating controls, such as:

- financial leverage of under 1x in the ordinary course of business, which should support our ability to obtain financing in a downside scenario (see Liquidity risk below);
- maintaining focus on cost discipline and achieving greater operational efficiency to increase our resilience to lower prices; and
- actively managing commodity price risk in our Marketing segment, including via daily analysis of Group VaR.

2. Geopolitical, permits and licences to operate

2023 vs. 2022	Risk appetite	Link to strategy
	Cautious	

We control and operate assets in many countries across the globe, some of which are categorised as developing, complex or having unstable political or social environments. As a result, we are exposed to a wide range of political, economic, regulatory, social and tax environments. Regulatory regimes applicable to resource companies can often be subject to adverse and unexpected changes. Our operations may also be affected by political and economic instability, including terrorism, civil disorder, violent crime, war and social unrest.

The terms attaching to any permit or licence to operate may be onerous and obtaining these and other approvals can be particularly difficult. Furthermore, in certain countries, title to land and rights and permits in respect of resources may be challenged.

Increased scrutiny by governments and tax authorities in pursuit of perceived aggressive tax structuring by multinational companies has elevated potential tax exposures for the Group. Additionally, governments have sought additional sources of revenue by increasing rates of taxation, royalties or resource rent taxes and aggressively enforcing their tax codes. The tax codes of some countries can be uncertain in their application and the access to impartial administrative and judicial redress may be limited.

Potential impact on the Group

- Adverse actions by governments and others can result in operational/project delays or loss of permits or licences to operate, which could have a material adverse effect on the Group and affect the Group's long-term viability and success.
- Failure to obtain or renew a necessary permit or the occurrence of other disputes could mean that we would be unable to proceed with the development or continued operation of an industrial asset and/or impede our ability to develop new assets.
- Laws and regulations in the countries in which we do business may change or be implemented in a manner that may have a materially adverse effect on the Group.

Mitigating factors or controls

- The Group's industrial assets are diversified across various countries which reduces the Group's exposure to any particular country.
- The Group has an active engagement strategy with the governments, regulators and other stakeholders within the countries in which it operates or intends to operate. Through strong relationships with stakeholders, we endeavour to secure and maintain our licences to operate.
- We endeavour to operate our businesses according to high legal, ethical, social and human rights standards, and to ensure that our presence in host countries leaves a positive lasting legacy.
- We operate under a Group Tax Policy, annually reviewed by the Board, which sets out the Group's commitment to comply with all applicable tax laws, rules and regulations, without exception, and to be characterised as a 'good corporate fiscal citizen'.

Risk management *continued*

3. Operational delivery

2023 vs. 2022	Risk appetite	Link to strategy
	Minimal	

Our industrial activities are subject to significant risks throughout each operation's lifecycle, from project planning, through initiation, development, operation and/or expansion and ultimate closure.

The delivery of projects can be impacted by a range of factors, including an inadequate level of resource knowledge, inappropriate design and engineering, lack of independent review, permitting delays, poor project execution resulting in schedule delays and cost increases, commissioning delays and extended ramp-up to design, or not achieving design outputs.

Delivery of operational performance at existing industrial assets can be impacted by a range of factors, including a level of geological risk relating to factors such as structure and grade as well as geotechnical and hydrological risks, natural hazards, processing problems, technical malfunctions, supply chain risk of unavailability of materials and equipment, unreliability and/or constraints of infrastructure, disasters, force majeure factors, cost overruns, or delays in permitting or other regulatory matters.

Strategic priorities

- Responsible and ethical production and supply
- Responsible portfolio management
- Responsible product use

Some of the Group's interests in industrial assets do not constitute controlling stakes. Although the Group has various arrangements in place which seek to protect its position where it does not exercise control, these assets or other shareholders in these entities may act contrary to the Group's interests or be unable or unwilling to fulfil their obligations.

Major acquisitions, disposals or business combinations also entail a number of risks, including in connection with ongoing regulatory requirements and obligations, as well as the ability of the Group to effectively integrate any businesses acquired with its existing operations and the realisation of any anticipated synergies.

Potential impact on the Group

- The development and operation of assets may lead to future upward revisions in estimated costs (capital and operating expenditure), including in relation to delays or other operational difficulties or damage to properties or facilities, which may cause production to be reduced or to cease, and may require greater infrastructure spending.
- Severe operating difficulties may result in impairments.
- Failure to successfully integrate an acquired business and/or realise expected synergies could have a material adverse effect on the Group's business, financial condition, results of operations or prospects. Acquisitions can result in significant one-time write-offs or restructuring charges, unanticipated costs, challenges addressing possible differences in business culture, processes, controls, procedures and systems and failing to integrate and motivate key employees and/or retain certain individuals during the integration period. The Group may also face challenges with redeploying resources in different areas of operations

or be liable for the past acts, omissions or liabilities of companies or businesses it has acquired, which may be unforeseen or greater than anticipated at the time of the relevant acquisition.

- Sales of assets may also result in unintended consequences that impact our operations.

Mitigating factors or controls

- We seek to ensure that project development and operating risks and hazards are managed through our continuous project status evaluation and reporting processes and the ongoing assessment, and reporting and communication of the risks that affect our operations along with updates to the risk register.
- We have developed a Group Project Management standard which defines the corporate requirements for major project development, including governance requirements for concept, pre-feasibility and feasibility studies and execution. Major projects are also required to be subject to an independent peer review process as part of the approval to progress from the pre-feasibility project phase to the subsequent feasibility and execution phases.
- We publish our assessment of reserves and resources based on available drilling and other data sources annually. Conversion of resources to reserves and, eventually, reserves to production is an ongoing process that takes into account technical and operational factors, and the economics of the particular commodities concerned. We also report our production results quarterly and provide guidance on future production periods which considers exposure to operational delivery risk.
- We manage a disciplined annual process for life of asset planning whereby the resource development and subsequent production

plans for each asset are reviewed, including to understand the range of potential risks to operational delivery.

- Major acquisitions and disposals are subject to a comprehensive review process by senior management and the Board, with support from relevant internal experts and external advisers.

Risk management *continued*

4. Low-carbon economy transition

2023 vs. 2022	Risk appetite	Link to strategy
	Cautious	

The global transition to a low-carbon economy may affect our business through regulations to reduce emissions, carbon pricing mechanisms, reduced access to capital, permitting risks and fluctuating energy costs, as well as changing demand for the commodities we produce and market. A number of governments have already introduced or are contemplating the introduction of regulatory responses to support the achievement of the goals of the Paris Agreement and the transition to a low-carbon economy. This includes countries where we have assets such as Australia, Canada, Chile and South Africa, as well as significant customer markets such as China, South Korea, Japan, the United States and Europe.

A transition to a low-carbon economy and its associated public policy and regulatory developments is likely to reduce demand for fossil fuels over time and could lead to certain of our thermal coal assets no longer being economically viable.

Potential impact on the Group

- A transition to a low-carbon economy and its associated public policy and regulatory developments may lead to:
 - the imposition of new regulations, and climate change-related policies on fossil fuels by actual or potential investors, customers and banks, that may impact Glencore's reputation, access to capital and financial performance;

- import duties/carbon taxes in our customers' markets which may affect our access to those markets as well as our commodities' delivery costs;
- increased costs for energy and for other resources, which may impact associated costs and the economic competitiveness of our industrial assets;
- the imposition of levies or taxes, whether or not related to greenhouse gas emissions; and
- impacts on the development or maintenance of our industrial assets due to restrictions in operating permits, licences or similar authorisations.

- Variations in commodity use from emerging technologies, moves towards renewable energy generation and policy changes may affect demand for our products, both positively and negatively.
- Implementing low-carbon processes and technologies at our industrial assets may increase our operating costs, while also potentially growing/changing our customer base.
- ESG concerns may increase pressure to divest our coal assets, limit/stop our access to financing, restrict production from, development of, or close assets and impact our ability to optimise our portfolio. Some may choose not to invest in or transact with us, due to our fossil fuel operations.
- Socio-economic concerns associated with the transition to a low-carbon economy may increase expectations of our closure plans and increase closure liabilities.
- We may be the subject of climate-related litigation or regulatory scrutiny. There has been a significant increase in litigation (including class actions), in which climate change and its impacts are a contributing or key consideration, including administrative law cases, tortious cases and claims brought by investors. In particular, a number of

lawsuits have been brought against companies with fossil fuel operations in various jurisdictions seeking damages related to climate change. A number of regulators have also increased their scrutiny of companies' actions in respect of climate change, including through investigating claims related to inaccurate or misleading disclosure and/or greenwashing.

Mitigating factors or controls

- We seek to integrate climate considerations, such as energy and climate policies in countries where we operate and sell our products, expectations of our value chains, and potential impacts from commitments to achieve the goals of the Paris Agreement, into our strategic decisions and day-to-day operational management.
- Our internal Climate Change Taskforce, led by our CEO and overseen by the Board of Directors, is responsible for delivering our climate strategy and addressing progress against our climate commitments.
- We monitor and report our Scope 1, 2 and 3 industrial emissions, and use this data in managing our operational emissions, as well as for purposes of tracking progress against our targets.
- Subject to a supportive policy environment, we intend to deliver our ambition of net zero industrial emissions by the end of 2050 as further outlined in our 2023 Climate Action Transition Plan.
- To understand better and plan for the effects of climate change on our business, we have a framework for identifying, understanding, quantifying, where possible, and, ultimately, managing climate-related risks and opportunities facing our portfolio which covers government policy, lobbying activities, carbon pricing, energy costs, physical impacts, access to capital, risks relating to permits, product demand and litigation risks.

5. Health, safety and environment

2023 vs. 2022	Risk appetite	Link to strategy
	Averse	

Industrial operations are inherently hazardous. The success of our business is dependent on a safe and healthy workforce and work environment. Identifying and managing risks to the safety and health of our people is essential for maintaining our commitment to responsible production.

Our operations around the world can have direct and indirect impacts on the environment and host communities. Our ability to manage and mitigate these may impact maintenance of our operating licences as well as affect future projects, acquisitions and our reputation.

We operate in some countries characterised by complex and challenging political and/or social climates, which increases our risk of non-compliance with external laws and regulations as well as our HSEC&HR Policies and Standards.

Potential impact on the Group

- Compliance with environmental, safety and health regulations, and our relevant HSEC&HR Policies or Standards, may result in increased costs.
- Non-compliance or incidents causing serious injury or fatality or other damage at, or to, our facilities or surrounding areas, may result in significant losses. Related consequences could include (1) interruptions in production, (2) litigation and imposition of penalties and sanctions, (3) having licences and permits withdrawn or suspended while being forced to

Risk management *continued*

undertake extensive remedial clean-up action or to pay for government-ordered remedial clean-up actions, and (4) undertaking remedial actions or reparations, including payment of compensation, to negatively impacted communities.

- Failure to operate responsibly may have long-term negative impacts for host communities and the environment, and erode trust in the integrity of our organisation and harm our reputation.
- Liability may also arise from the actions of any previous or subsequent owners or operators of the property, by any past or present owners of adjacent properties, or by third parties.

Mitigating factors or controls

- Our HSEC&HR Policies, Standards and fatal hazard protocols (FHPs) have been developed to assist in the management of the fatal and catastrophic hazards that present a material risk to our industrial assets.
- We establish HSEC&HR Policies, Standards and Procedures designed to (1) protect our people, communities and the environment, and (2) ensure we comply with laws and external regulations. These also set out our goals, objectives, expectations and requirements that should be applied consistently across the Group and provide clear guidance on the minimum requirements we expect all our

industrial assets to meet, as well as those for our workforce and business partners.

- We have re-launched SafeWork, Glencore's approach to creating a workplace without fatalities and serious injuries. SafeWork provides a set of minimum expectations for the management of fatal and catastrophic hazards, the consistent application of which can drive a safe operating discipline and a positive safety culture.
- We work with local authorities, local community representatives and other partners, such as NGOs, to help overcome major public health issues in the regions where we work, such as HIV /AIDS, malaria and tuberculosis.

Strategic priorities

Responsible and ethical production and supply

Responsible portfolio management

Responsible product use

6. Social performance and human rights

2023 vs. 2022	Risk appetite	Link to strategy
	Minimal	



Minimal



Respecting human rights and building strong relationships with the communities in which we operate are fundamental to the current and future viability of our business.

We have a geographically diverse business, operating in both developed and developing countries in an array of different contexts. A perception that we are not respecting human rights or generating local sustainable benefits could have a negative impact on our ability to operate effectively, our reputation with stakeholders, our ability to secure access to new resources, our capacity to attract and retain the best talent and ultimately, our financial performance.

Areas that may be affected negatively include the health and safety of our workforce and surrounding communities, environmental damage and interactions with individuals and groups who live and work in or near our local communities. Poor performance can contribute to social instability and the perceived and real value of our assets.

Some of our mining operations are in remote areas where they are a major employer in the region. This presents particular social challenges when the mine's resources are depleted to an extent that it is no longer economic to operate and must be closed.

Potential impact on the Group

The consequences of adverse community reactions or allegations of human rights or social incidents could also have a material adverse impact on the cost, profitability, ability to finance or even the viability of an operation and the safety and security of our workforce and assets. In addition, global connectivity means that local issues can quickly escalate to a regional, national and global level, potentially resulting in reputational damage and social instability.

Mitigating factors and controls

- We respect communities' perspectives by seeking to actively consult with them on our decision making, and engaging openly and honestly to build lasting relationships.
- We endeavour to focus our social investments on initiatives and programmes to deliver long-term benefits fostering socio-economic resilience.
- We support the advancement of the interests of both our host communities and our industrial assets.
- We seek to apply the UN Voluntary Principles on Security and Human Rights in regions where there is a high risk to human rights from the deployment of public and private security forces.
- We tailor our community approach to be relevant and appropriate to the local context, including regarding tangible and intangible cultural heritage.
- We strive to uphold and respect the human rights of our workforce, local communities and others who may be affected by our activities, in line with the United Nations Guiding Principles on Business and Human Rights.

Risk management *continued*

- We require our industrial assets to implement locally appropriate complaints and grievance processes to receive feedback and comments on our performance, and take actions when necessary to address the issues raised.
- We believe that legal artisanal and small-scale mining (ASM) can play an important and sustainable role in many economies when carried out responsibly and transparently, including the DRC. We work with the Fair Cobalt Coalition, an NGO that works towards eliminating child and forced labour, improving work practices in ASM operations, and supporting alternative livelihoods to help increase incomes and reduce poverty.
- We implement policies, standards and procedures designed to identify, prevent and mitigate human rights risks and impacts across our business, and are committed to understanding and documenting the social risks and opportunities in the communities in which we operate.

7. Catastrophic and natural disaster events

2023 vs. 2022	Risk appetite	Link to strategy
	Averse	

Catastrophic or natural disaster events at the Group's industrial assets can have disastrous impacts on workers, communities and the environment, while also impacting production and resulting in substantial financial costs and harm to our reputation. These events may arise due to natural causes (flood, earthquake, drought) or due to infrastructure (including underground mines or open-pits or tailings storage facility failure) or equipment failure (such as shafts and winders).

Climate change may increase physical risks to our assets and related infrastructure, largely driven from extreme weather events and water-related risks such as flooding or water scarcity.

Potential impact on the Group

- Loss of life, significant environmental damage, or social impact on livelihoods arising from such an event may have material adverse impacts on our business and reputation.
- The suspension of production arising from one of these events for an extended period could have a significant impact on our business.

- Inclusion of new design standards for improved management of potentially catastrophic events during the development of new projects and as required for the remediation of risks at industrial assets may lead to future upward revisions in estimated costs, delays or other impacts. This may cause production to be reduced or to cease and/or require greater infrastructure spending. Also, the realisation of these risks could require significant additional capital and operating expenditures.

Mitigating factors or controls

- Our HSEC&HR Policies, Standards and FHPs have been developed to assist in the management of the fatal and catastrophic hazards that present a material risk to our operations.
- We set regional or international standards designed to assist in the prevention of incidents and protect our people, the environment, communities, assets, and other stakeholders. They are taken into account in the planning, design, construction, operation, maintenance and monitoring of our surface and underground mines, water and tailings storage facilities, smelters, refineries and other infrastructure and equipment.
- Our GIAA function implements a comprehensive process to assure whether catastrophic hazards are effectively identified, assessed, managed and controlled across our industrial assets.
- We have implemented a comprehensive tailings management framework, with clear governance, accountabilities, systems, training, auditing and reporting on performance.

8. Currency exchange (FX) rates

2023 vs. 2022	Risk appetite	Link to strategy
	Minimal	

FX changes affect us as a global company usually selling in US dollars but having costs in a large variety of other currencies. The main currency exchange rate exposure is through our industrial assets, as a large proportion of the costs incurred by these operations, which are spread across many different countries, is denominated in the currency of the country in which each industrial asset is located, the currencies of which fluctuate against the US dollar. The vast majority of our sales transactions are denominated in US dollars.

Producer country currencies tend to strengthen in correlation with relevant higher commodity prices. Similarly, decreases in commodity prices are generally associated with increases in the US dollar relative to local producer currencies.

Potential impact on the Group

- 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.

Mitigating factors or controls

- The inverse FX correlation (against USD commodity prices) usually provides a partial natural FX hedge for the industrial business.

Risk management *continued*

- In respect of commodity purchase and sale transactions denominated in currencies other than US dollars, the Group's policy is usually to hedge the specific future commitment through a forward exchange contract. From time to time, the Group may hedge a portion of its operating currency exposures and requirements in an attempt to limit any adverse effect of exchange rate fluctuations.
- We continuously monitor and report on financial impacts resulting from foreign currency movements.

Strategic priorities

- Responsible and ethical production and supply
- Responsible portfolio management
- Responsible product use

9. Counterparty credit and performance

2023 vs. 2022	Risk appetite	Link to strategy
	Minimal	

We are subject to the risk of non-performance by our suppliers, customers and hedging counterparties, in particular in respect of our marketing activities.

Financial assets consisting principally of receivables and advances, derivative instruments and long-term advances and loans can expose us to concentrations of credit risk.

Potential impact on the Group

- Non-performance by suppliers, customers and hedging counterparties may occur and cause losses in a range of situations, such as:
 - a significant increase in commodity prices resulting in suppliers being unwilling to honour their contractual commitments to sell commodities at pre-agreed prices;
 - a significant reduction in commodity prices resulting in customers being unwilling or unable to honour their contractual commitments to purchase commodities at pre-agreed prices; and
 - suppliers to whom we have made prepayments finding themselves unable to honour their contractual obligations due to financial distress or other reasons.

Mitigating factors or controls

- We seek to diversify our counterparties and try to ensure adherence to open account limits.
- We make extensive use of credit enhancement tools, seeking letters of credit, insurance cover, discounting and other means of reducing credit risk with counterparts. Where possible, credit exposures are covered through credit mitigation products.
- We monitor the credit quality of our physical and hedge counterparties and seek to reduce the risk of customer default or non-performance by requiring credit support from creditworthy financial institutions.
- Open account risk is governed by Group-wide standards with established thresholds for referral of credit decisions by department heads to the CEO, CFO and CRO (and the Board, for highest-level approvals), relating to potential credit risk exposures at varying levels, depending on counterparty credit quality.

10. Liquidity

2023 vs. 2022	Risk appetite	Link to strategy
	Minimal	

Liquidity risk is the risk that we are unable to meet our payment obligations when due, or are unable, on an ongoing basis, to borrow funds in the market at an acceptable cost to fund our commitments.

While we adjust our minimum internal liquidity threshold from time to time in response to changes in market conditions (as was the case in 2022, due to extreme levels of market volatility, particularly in energy markets, impacting daily margining requirements in respect of our hedging derivatives portfolio), this minimum internal liquidity target may be breached due to circumstances we are unable to control, such as general market disruptions, sharp movements in commodity prices or an operational problem that affects our suppliers, customers or our own business.

Potential impact on the Group

- Our failure to access funds (liquidity) would severely limit our ability to engage in our business activities and may mean that we would not have sufficient funds available for our marketing and industrial activities, both of which employ substantial amounts of capital. If we do not have funds available for these activities, then they would decrease.
- Debt costs may rise owing to ratings agency downgrades and the possibility of more restricted access to funding.

Risk management *continued*

Mitigating factors and controls

- Diversification of our funding sources (bank borrowings, bonds and trade finance, further diversified by currency, interest rate and maturity).
- Considering the Group's extensive funding activities, maintaining strong investment grade (from Moody's and Standard & Poor's) credit rating status is a financial priority. Over the past few years, Glencore's capital structure and credit profile has been managed around a \$10 billion Net debt cap, with sustainable deleveraging below the cap periodically returned to shareholders. In the light of the forthcoming significant EVR transaction, and potential for a future demerger of our combined coal and carbon steel materials business, we are now managing the balance sheet around a revised \$5 billion Net debt cap, alongside our continued commitment to minimum strong Baa/BBB ratings.
- The lower Net debt cap framework requires us to allocate surplus cash flows (after base distribution) towards accelerating repayment of EVR acquisition funding.
- Our financial policies seek to ensure access to funds, when desired, even in periods of market volatility.
- Our bond maturity profile is managed such that maturity repayments do not exceed approximately \$3 billion in any given year.
- It should be noted that the credit ratings agencies make certain adjustments, including a discount to the value of our Readily Marketable Inventories, so that their calculated net debt is higher than ours. The Group's credit ratings are currently Baa1 from Moody's and BBB+ from Standard & Poor's.

11. Laws and enforcement

2023 vs. 2022	Risk appetite	Link to strategy
	Averse	

We are exposed to extensive laws and regulations, including those relating to bribery and corruption, sanctions, taxation, anti-trust, financial and commodity markets regulation and rules, environmental protection, use of hazardous substances, product safety and dangerous goods regulations, post-closure reclamation, employment of labour and occupational health and safety standards. In addition, there are a number of high expectations regarding the need to act ethically in our business and we are exposed to the risk that unethical business practices may, by themselves, harm our ability to engage with certain business partners, and/or give rise to questions as to whether we are committed to complying with applicable laws.

As a diversified sourcing, marketing and distribution company conducting complex transactions globally, we are particularly exposed to the risks of fraud, corruption, sanctions violations and other unlawful activities both internally and externally. Certain of our existing industrial and marketing activities are in countries that are categorised as developing or as having challenging political or social climates or where the legal system is uncertain, and/or where corruption is generally understood to exist, which creates risks in relation to our compliance with laws and external requirements. The legal system and dispute resolution mechanisms in some countries in which we operate may be uncertain,

meaning that we may be unable to enforce our understanding of our rights and obligations under these laws.

Potential impact on the Group

- Any changes to these laws or regulations or their more stringent enforcement or restrictive interpretation could cause additional significant expenditure to be incurred and/or cause suspensions of operations and delays in the development of industrial assets.
- The costs associated with compliance with these laws and regulations, including the costs of regulatory permits, are substantial and increasing.
- The impact of any monetary fines, penalties, redress or other restitution requirements, and the associated reputational damage arising from proceedings that are resolved adversely to the Group, could be material.
- Any successful claims brought against the Group could result in material damages being awarded against the Group, the cessation of operations, compensation and remedial and/or preventative orders.
- In addition, the cost of cooperating with investigations and/or defending proceedings can be substantial.



Mitigating factors or controls

- We seek to ensure compliance through our commitment to complying with or exceeding the laws and regulations applicable to our operations and products and through monitoring of legislative requirements, and engagement with governments and regulators.

- We have implemented a number of programmes designed to ensure compliance with applicable laws and regulations, including our Group Ethics and Compliance programme that includes a range of Policies, Standards, Procedures and Guidelines, as well as training and awareness, monitoring and investigations processes.
- We have invested significant resources towards developing this programme, including through increasing the number of dedicated compliance professionals, enhancing our compliance policies and procedures and controls, increasing our training and awareness activities, and strengthening the Group's Raising Concerns programme and investigations processes.
- We engage reputable external legal firms and consultants as necessary to support these efforts.
- Pursuant to our resolutions with the DOJ, we have appointed two independent compliance monitors who will:
 - assess the effectiveness of Glencore's Ethics and Compliance programme (including an assessment of Glencore's culture and internal accounting controls) as it relates to the prevention of future misconduct similar to Glencore's bribery and market conduct violations in the DOJ resolutions;
 - provide recommendations to improve or enhance the programme, which Glencore is required to implement; and
 - certify that Glencore's Ethics and Compliance programme is reasonably designed and implemented to prevent and detect violations of the relevant laws in the underlying resolutions.

Risk management *continued*

12. Cyber

2023 vs. 2022	Risk appetite	Link to strategy
	Minimal	

The ever-increasing reliance on digital technologies has brought with it a corresponding rise in cyber-related risks, ranging from the proliferation of ransomware to nation-state activity and the monetisation of cyber crime. Our industrial production, operations, environmental management, health and safety management, communications, transaction processing, and risk management all rely on information technologies, while our long supply chains involve numerous third parties that are exposed to the same cyber risks. Furthermore, the emergence of machine learning and artificial intelligence has led to an exponential increase in the volume and sophistication of fraud attempts. The use of 'Deepfake' technology, powered by machine learning, makes it easier to manipulate audio and video content, increasing the potential for phishing or fraud attacks that impersonate senior executives. Given the accelerating pace at which AI is being used to create malware and deepfakes, there is a significant and growing

threat to the security and authenticity of digital content, necessitating robust and vigilant cyber security measures.

Potential impact on the Group


- The potential consequences of a cyber security breach, incident, or failure of Glencore's IT systems are significant and wide-ranging. Such an event could lead to disruption of our businesses, jeopardise the safety of our employees, result in the exposure of confidential information, damage our reputation, and create substantial financial and legal risks for the Group.
- The ramifications could extend beyond just our own operations and impact our customers, suppliers, and partners as well.


Mitigating factors or controls


- We take a proactive and multi-faceted approach to mitigating cyber exposure risks and maintaining the security of our IT systems.
- Our IT security standards include layered cyber security, privileged access management, and multiple layers of email security and malware protection, as well as the use of two-factor authentication and VPN technology for securing corporate applications and communications.
- We keep our system software up to date and use global platforms to proactively manage patch compliance, while routine third-party penetration tests and dedicated programmes for enhancing the monitoring and security of our Operational Technology (OT) platforms seek to ensure the effectiveness of our security measures.

- Our IT Security Council sets the global cyber security strategy, conducts regular risk assessments, and designs solutions to protect against emerging threats, and our Cyber Defence Centre is responsible for day-to-day monitoring and remediation of cyber vulnerabilities across the Group.
- We have an incident response team in place to coordinate a swift and effective response in the event of a major cyber incident.
- We prioritise employee education to raise awareness of cyber security threats and encourage best practices in information security.

Strategic priorities

 Responsible and ethical production and supply

 Responsible portfolio management

 Responsible product use