GLENCORE

Annual Report 2017

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

Success today...

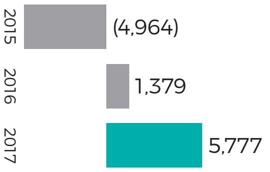
Cover photograph
McArthur River Mine (MRM), Australia

Highlights

Highlights

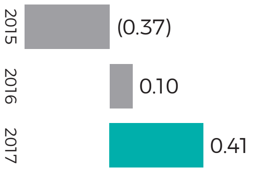
Net income attributable to equity holders (US$ million)

5,777



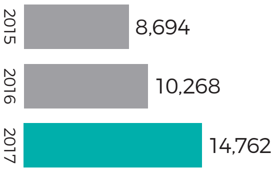
Earnings per share (basic) (US$)

0.41



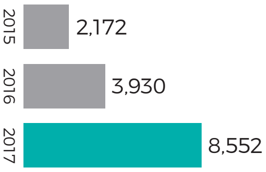
Adjusted EBITDA◊ (US$ million)

14,762



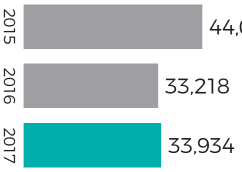
Adjusted EBIT◊ (US$ million)

8,552



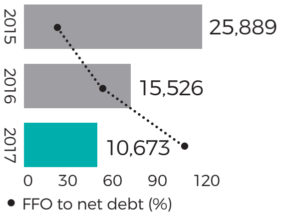
Total borrowings (US$ million)

33,934



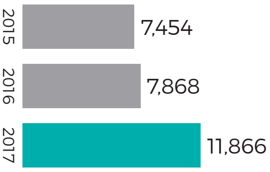
Net debt/FFO to net debt◊ (US$ million/%)

10,673



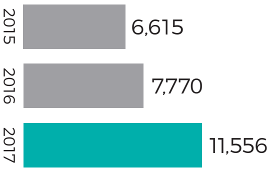
Net cash generated by operating activities before working capital changes (US$ million)

11,866



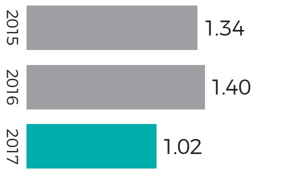
Funds from operations◊ (US$ million)

11,556



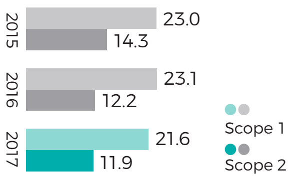
Lost time injury frequency rate (LTIFR)

1.02



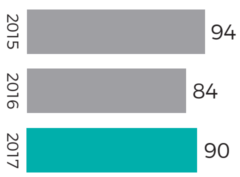
Carbon emissions (million tonnes CO_2)

33.5



Community investment (US$ million)

90



◊Alternative performance measures

Adjusted measures referred to as Alternative performance measures (APMs) which are not defined or specified under the requirements of International Financial Reporting Standards; refer to APMs section on page 197 for definition and reconciliations and note 2 of the financial statements for reconciliation of Adjusted EBIT/EBITDA.

Read more
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...with a focus on tomorrow

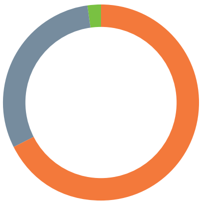
As we look forward, the potential large-scale roll out of electric vehicles and energy storage systems looks set to unlock material new sources of demand for enabling underlying commodities, including copper, cobalt, zinc and nickel

Read more page 12

At a glance

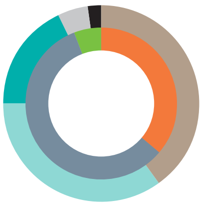
We are one of the world's largest natural resource companies. Active at every stage of the commodity supply chain, we are uniquely diversified by geography, product and activity, maximising the value we create for our business and its diverse stakeholders

Adjusted EBITDA 2017 (%)◊



$14.8bn
(2016: $10.3bn)

Revenue◊1 by region and segment 2017 (%)



Metal and minerals
$80.5bn
(2016: $66.3bn)

Energy products
$128.3bn
(2016: $89.0bn)

Agriculture
$12.6bn
(2016: $22.0bn)

Non-current assets² by region (%)

By region
$78.2bn
(2016: $74.2bn)

- Metals and minerals
- Energy
- Agriculture

- Americas
- Asia
- Europe
- Africa
- Oceania

Business segments

Metals and minerals

Energy

Agriculture

Active at every stage of the commodity chain

1 Exploration, acquisition and development

2 Extraction and production

3 Processing and refining

4 Blending and optimisation

5 Logistics and delivery

Business review
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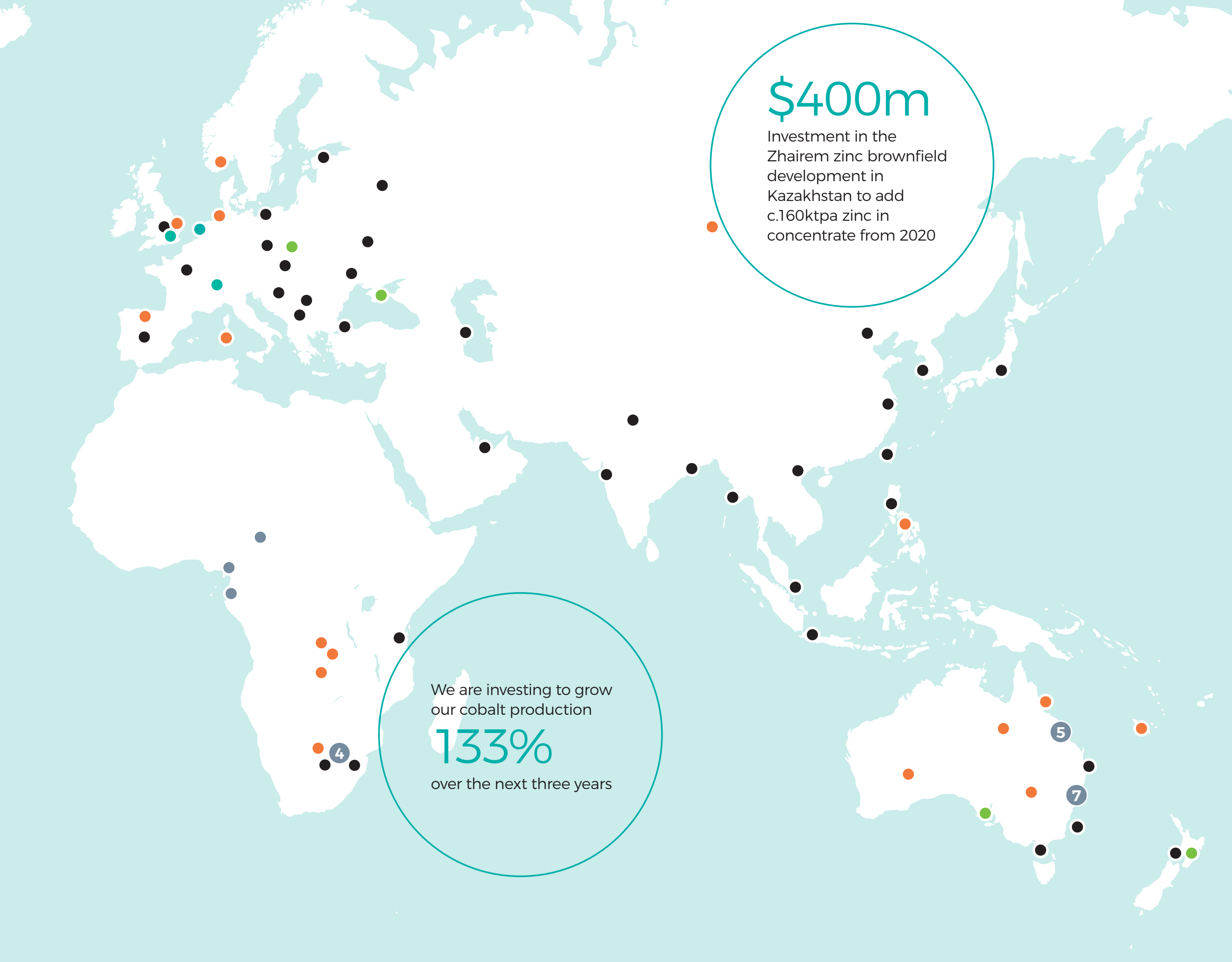
1 Revenue by geographic destination is based on the country of incorporation of the sales counterparty. However, this may not necessarily be the country of the counterparty's ultimate parent and/or final destination of the product, see note 2 of the financial statements.

2 Non-current assets are non-current assets excluding other investments, advances and loans and deferred tax assets. The percentage contributions are derived from the information included in note 2 of the financial statements.



Highly diversified

+90
commodities

3
business segments

Market insight

c.4,000
employees in marketing

40+
years' experience

Global scale

50
countries

150
sites

90
offices

146,000
people

Sustainable focus

24%
reduction in Total Recordable Injury Frequency Rate in 2017

5%
reduction in carbon emissions in 2017

What makes us different?

- High-quality, low-cost assets in desirable commodities
- Entrepreneurial culture: employees empowered to make decisions
- Long-term relationships with broad base of suppliers and customers
- Marketing business less correlated to commodity prices
- Maximum flexibility and economies of scale

Well positioned for the future
Page 08

Chief Executive Officer's review

Our performance in 2017 is our strongest on record. Glencore's balance sheet has never been stronger and our investment case, underpinned by our leading marketing and industrial asset businesses, has never been better

Capitalising on a strong operating environment

After an encouraging end to 2016, which saw commodities recover from cycle lows, positive momentum continued through 2017, resulting in prolonged outperformance of Glencore's key commodities versus the broader markets. Concerns of tightening financial conditions in China during the second quarter proved to be short-lived, with commodities rallying once again through the second half of the year.

Strong economic performance in both major developing and developed markets has underpinned supportive commodity demand conditions. The electric vehicle upheaval continues to unfold, with the scale of market penetration and investment, by battery and automotive manufacturers and infrastructure players, adjusting progressively upwards. This provides an additional dimension of future demand growth for a number of our key commodities. Early signals of inflation and higher interest rates also bode well for commodities as an asset class.

Chinese supply-side reform, aided by consistent environmental policy and compliance, positively affected a number of commodities during 2017, including thermal coal, zinc and aluminium.

Going forward, those commodities where primary market balances are in deficit or trending towards deficit, such as zinc, copper, nickel and thermal coal should see positive price divergence versus potentially oversupplied markets.

Delivering sector-leading returns for shareholders

In 2017, Glencore outperformed all its UK-listed major diversified mining peers, with shares up 41%. Our balance sheet is robust, and our investment case is increasingly compelling.

Financial performance was strong in 2017, with Adjusted EBITDA of $14.8 billion, up 44% and net income attributable to equity holders increasing to $5.8 billion, from $1.4 billion in 2016, reflecting healthy commodity prices and the continued robust earnings contribution from our highly cash generative Marketing and Industrial businesses.

Marketing resilient again

Marketing Adjusted EBIT was $3.0 billion in 2017, 3% higher than 2016, reflecting the benefits of continued supportive market conditions, volume growth in key market segments and a positive end to the year, eclipsing the $2.8 billion guidance provided during the Investor Update in early December.

Metals & Minerals and Energy Products both delivered strong contributions while Agricultural Products posted a resilient performance when compared to many peers. Marketing has again proven its ability to generate consistently solid earnings with high cash conversion, taking into account its low fixed capital requirements.

Electric Vehicles – a disruptive force underpinning our commodities
Page 12

Creating long-term, sustainable returns for shareholders

Capitalising on the strong economic performance in both major developing and developed markets that underpins supportive commodity demand conditions

Well-positioned to supply into the likely energy and mobility evolution, including the rapidly evolving electric vehicle story

Anticipated strong production growth in copper (25%) nickel (30%) and cobalt (133%) over the next three years

Conviction to create value through partnerships, M&A and organic reinvestment while maintaining a conservative balance sheet

Looking ahead, while we maintain our long-term Marketing Adjusted EBIT guidance range of $2.2 to $3.2 billion, a continuation of recent healthy marketing conditions would suggest a 2018 performance in the upper half of the range.

Industrial margin expansion through higher prices and relentless cost focus

Industrial Adjusted EBITDA of $11.5 billion in 2017 was 60% higher than 2016. Our asset portfolio continued to deliver overall competitive all-in unit costs which, despite some minor production challenges during the year, allowed the Company to capitalise on healthy commodity prices and generate higher Adjusted EBITDA mining margins of 38% and 41% respectively in our Metals and Energy operations.

Energy and mobility transformation forecast to unlock material new sources of commodity demand

Commodity differentiation is increasingly important, and Glencore's commodity mix is becoming less dependent on demand generated by infrastructure related investment in developing markets.

Accelerating electric vehicle adoption requires an energy and mobility transformation that is forecast to unlock material new sources of demand for the enabling underlying commodities including copper, nickel and cobalt.

We recently commissioned an independent study to gauge the potential incremental demand for these commodities under the Electric Vehicles Initiative scenario of 30 % electric vehicle market share by 2030. The findings suggest an additional 4.1Mt of copper, 1.1Mt of nickel and 314kt of cobalt supply will be required by 2030.

These potentially significant new demand sources offer compelling fundamentals, particularly when coupled with persistent supply challenges.

Automaker investment in EVs: $90 billion and counting

The rate at which automotive and battery companies have scaled up electric vehicle investment plans speaks to our opportunity as a supplier of key metals.

Global automaker investments now total more than $90 billion, with at least $19 billion attributed to the U.S., $21 billion to China and $52 billion to Germany. Volkswagen alone plans to spend $40 billion by 2030 to build electrified versions of over 300 models. Chinese automakers are ramping up focus on the EV story, while a number have announced investment partnerships with the likes of Ford, VW and General Motors.

Our resource base is well positioned to supply into this likely energy and mobility evolution, particularly given our anticipated strong production growth in copper (25%) nickel (30%) and cobalt (133%) over the next three years.

We discuss the electric vehicle theme in more detail on page 12.

Chief Executive Officer's review
continued

2018 Shareholder distribution

$2.9bn

$0.20/share

Minimising our impact on the environment

5%

reduction in carbon emissions intensity by 2020 vs 2016

Conviction to create value through partnerships, M&A and organic reinvestment

Over the past 15 months, in our constant drive to create long-term value for shareholders, we continued to leverage our trading and strategic relationships to source and structure both acquisitions and disposals, including:

- Acquisition of 49% of Rio Tinto's Hunter Valley Operations (thermal coal) with Yancoal retaining 51%, gaining access to sizeable high quality energy coal resources and marketing rights (pending)
- Sale of 51% of non-U.S. petroleum products storage and logistics business to HNA (sale of smaller U.S. portion pending)
- Creation of BaseCore Metals alongside Ontario Teachers' Pension Plan, a growth vehicle for base metal streams, royalties and commercial opportunities
- Sale of our African zinc assets to Trevali for mix of cash and shares, thereby accelerating the development of a mid-size zinc growth vehicle with Glencore retaining 25% equity participation and offtake agreements
- Acquisition of Chevron's South African and Botswana mid/down-stream oil business (pending)
- Acquisition of majority of voting class shares in Volcan, gaining exposure/access to a premier zinc district and potential asset/ marketing synergies
- Acquisition of remaining 31% interest in Mutanda copper
- Increased Rosneft oil offtake, alongside equity partnership structure with the QIA

Additionally, we have an attractive suite of organic growth options across the portfolio. Key existing projects neared completion in 2017, including Katanga (copper/cobalt – now in commissioning), Mopani (copper – commissioning late 2018) and Koniambo (nickel, Line 2 in commissioning).

A suite of low-cost, low-risk brownfield opportunities were approved or progressed during 2017, including Integrated Nickel Operations (nickel), Zhairem (zinc), Katanga acid plant and cobalt circuit debottlenecking (copper/cobalt), Mutanda cobalt reclaim (copper), United Wambo Open Cut (coal) and Mt Owen extension (coal).

$2.9 billion shareholder distribution

Consistent with new distribution policy and reflecting strong cash generation in 2017, we have declared a distribution of $2.9 billion ($0.20 per share) in respect of 2017 cash flows, to be paid in two equal instalments in 2018.

This payment comprises a fixed $1 billion pay-out in respect of Marketing activities and a variable component of $1.9 billion, representing c.36% of Industrial asset free cash flow compared to our policy minimum of 25%.

Corporate governance and sustainability

Our ambition to integrate sustainability throughout our business remains a key strategic priority for the Group and reflects our commitment to operate transparently and responsibly. It also encompasses our desire to protect the wellbeing of our people, our host communities and the natural environment, while sharing lasting benefits with the regions where we work and society as a whole.

Sadly, we recorded nine fatalities at our operations in 2017. Our goal remains zero fatalities and there is unrelenting focus on ensuring leading practice at all our operations.

Progress during 2017 included the publication of our commitment to preventing the occurrence of Modern Slavery and human trafficking within our operations and supply chains, the release of our 2016 Sustainability report, as well as updated reports on Payments to Governments and our Climate Change Considerations paper.

Strategic priorities

Integration of sustainability throughout our business

Maintain a robust and flexible balance sheet

Focus on cost control and operational efficiencies

Our strategy for a sustainable future
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Creating long-term sustainable returns for shareholders

$2.9bn distribution recommended in respect of 2017 cash flows, above the minimum policy threshold, given robust balance sheet progression

Our ambition to integrate sustainability throughout our business remains a key strategic priority for the Group

Structural industry supply side challenges, coupled with robust demand, generate compelling fundamentals in our commodities

Unrivalled positioning in "Tier 1" commodities and "Tier 1" assets will continue to create compelling value

We continued to make progress on meeting our group-wide carbon emission intensity reduction target of at least 5% on 2016 levels by 2020, committed to the Task Force on Climate-related Financial Disclosures, and completed an assessment of sites at a high risk of water-related issues.

We were delighted to appoint Ms Gill Marcus to the Board as an Independent Non-Executive Director, with effect from 1 January 2018. Gill was Governor of the South African Reserve Bank from November 2009 to November 2014, and her long record of public service coupled with her finance experience, geo-political insights and non-executive board experience will be a great benefit to us.

Due to sustained low levels of liquidity and the general ability and preference for prospective investors to access Glencore's primary exchange, we sought to delist from Hong Kong, which took effect in January 2018.

Looking forward

We look ahead with confidence, noting the synchronised global economic growth, supportive commodity fundamentals and the emerging electric vehicle story. We believe our unrivalled positioning in "Tier 1" commodities and "Tier 1" assets will continue to create compelling value for shareholders.

Ivan Glasenberg
Chief Executive Officer
1 March 2018

Well positioned for the future

Following our successful efforts to reposition the capital structure and optimise our asset base, we remain focused on our strategy to sustainably grow total shareholder return while operating responsibly. We are confident we can offer a differentiated value proposition to investors

Uniquely diversified by commodity, geography and activity

- Fully integrated from mine to customer
- Presence in 50 countries across 150 operating sites
- Producing and marketing more than 90 commodities across three business segments
- Diversified across multiple suppliers and customers

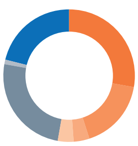
The right commodity mix for changing needs

- Future demand patterns for maturing economies are likely to favour mid and late cycle commodities
- Major producer of later cycle commodities including the enabling materials (copper, cobalt, nickel) that underpin the battery chemistry and infrastructure likely to power electric vehicles and energy storage systems

Well-capitalised, low-cost, high-return assets

- Since 2009, over $39 billion has been spent on industrial assets
- Low-cost long-life assets in many of the world's premier mining districts support sustainable long-term cash flows
- Mine-life extension potential embedded in key commodities

Adjusted EBITDA◊ diversified by commodity and geography (%)



Volume of commodities required to enable 30% EV sales by 2030

+4.1mt
Copper

+1.1mt
Nickel

+314kt
Cobalt

CRU "Green Scenario" – see page 14.

Industrial Adjusted EBITDA mining margins

38%
Metals and minerals, up from 33%

41%
Energy products, up from 32%

Business review
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A unique marketing business that extracts value across the entire supply chain

- As a marketer of commodities, we can extract value from the full-range of arbitrage opportunities
- We create value from our economies of scale, our extensive (including third parties) supply base, our logistics, risk management and working capital financing capabilities

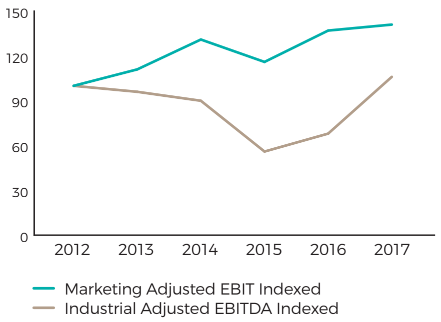
An entrepreneurial culture and a conviction to create value

- Capital allocation framework balances preservation of capital structure with attractive investment and growth opportunities
- Conviction to create value through partnerships, M&A and organic investment
- Unique ability to source and structure deals using trading and strategic relationships

Generate significant cash flow and distribution potential

- Funds from operations (FFO)◊ up 49% to $11.6 billion in 2017
- FFO/Net debt◊ of 108%
- Distribution policy based on a fixed/variable payout of prior year cash flow, comprising a fixed $1 billion from marketing and a minimum pay-out ratio of 25% of Industrial asset free cash flow

Resilience of marketing earnings



Investing in capital efficient growth

$1.6bn

Including Volcan (Zn), Mutanda (Cu,Co), Yancoal equity (coal)

Earnings per share

$0.41

up 310% YoY

Recycling capital through disposals

$1.0bn

Trevali (Zn), HG Storage (Oil), BaseCore Metals (base metals streams/royalties)

2018 distribution recommended

$2.9bn

$0.20/share, +186% YoY

◊ See page 202.

Our market drivers

We are dependent upon the supply of and demand for our commodities

Key market drivers	Impact on our industry
Future commodity supply • The pro-cyclical nature of mining investment means that new mines are usually approved when commodity prices are higher • Given the long development time frames required to bring new mine supply on line, the timing as to when this appears in the economic cycle is difficult to predict and could appear at low points in the economic cycle, creating excess supply in the market	• Over-investment creates oversupply and with it a prolonged period of low commodity prices • Although commodity prices have increased significantly from the lows seen in early 2016, the experience of the last economic cycle has provided investor pressure on companies to be more cautious about investing in new supply • Balancing a finite, declining resource base with the need to grow to meet expected future demand is an inherent challenge for companies in the resource sector
Demand for the commodities we produce • The industrialisation and urbanisation of developing economies over the last decade has driven significant growth in commodity demand • China's rapid growth over this period now means that it accounts for up to half of global demand for most commodities • As developing economies mature, the commodities that drive their growth change	• Increased levels of industrialisation and urbanisation suggest demand growth rates for commodities may be lower in the future • Negative demand could generate excess supply along with lower commodity prices • Early-cycle commodities such as iron ore, coking coal and cement may become less important as demand patterns shift in favour of mid and late cycle commodities such as copper, zinc, cobalt, nickel, thermal coal and agricultural products
Energy and emissions transformation • Momentum to decarbonise the global economy is gathering pace as nations increasingly coordinate efforts aimed at minimising emissions of carbon dioxide to achieve climate change goals and transition the world to a low-carbon economy	• This transition is likely to increase the cost for fossil fuels, impose levies for emissions and increase costs for monitoring and reporting and to reduce demand for fossil fuels • Third parties, including potential or actual investors, may also introduce policies adverse to Glencore due to our interest in fossil fuels, particularly coal • Technological advances are making renewable energy sources more competitive with fossil fuels and are likely to displace them over the longer run. In particular, many analysts believe that demand for coal may reduce sooner than previously expected

How we are responding

- Our disciplined approach to capital allocation attempts to ensure that supply and demand forces retain a level of balance
- Given the unpredictability of costs, risks and timing of large scale greenfield projects we prefer to add supply via targeted capital efficient/low risk brownfield expansions when required

- With the expectation that the global economy will continue to progress towards a consumption based economy and therefore, commodity demand growth will be focused in the higher-end, fast growing consumer sectors, our diverse commodity portfolio, supplying this demand, is well placed to benefit from this transition
- We are a major producer of the commodities that underpin the current battery chemistry and infrastructure initiatives that are expected to power electric vehicles and energy storage systems and this new source of demand

- We continuously assess the risks and opportunities presented by decarbonisation of energy and mobility across our product and operational portfolio
- As a major producer and consumer of fossil fuels, we recognise our responsibility to understand and manage our greenhouse gas emissions, and support the global transition to a low-carbon economy
- Widespread adoption of electric vehicles and energy storage systems will create material new sources of demand for enabling commodities

Electric Vehicles – a disruptive force underpinning our commodities
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Principal risks and uncertainties
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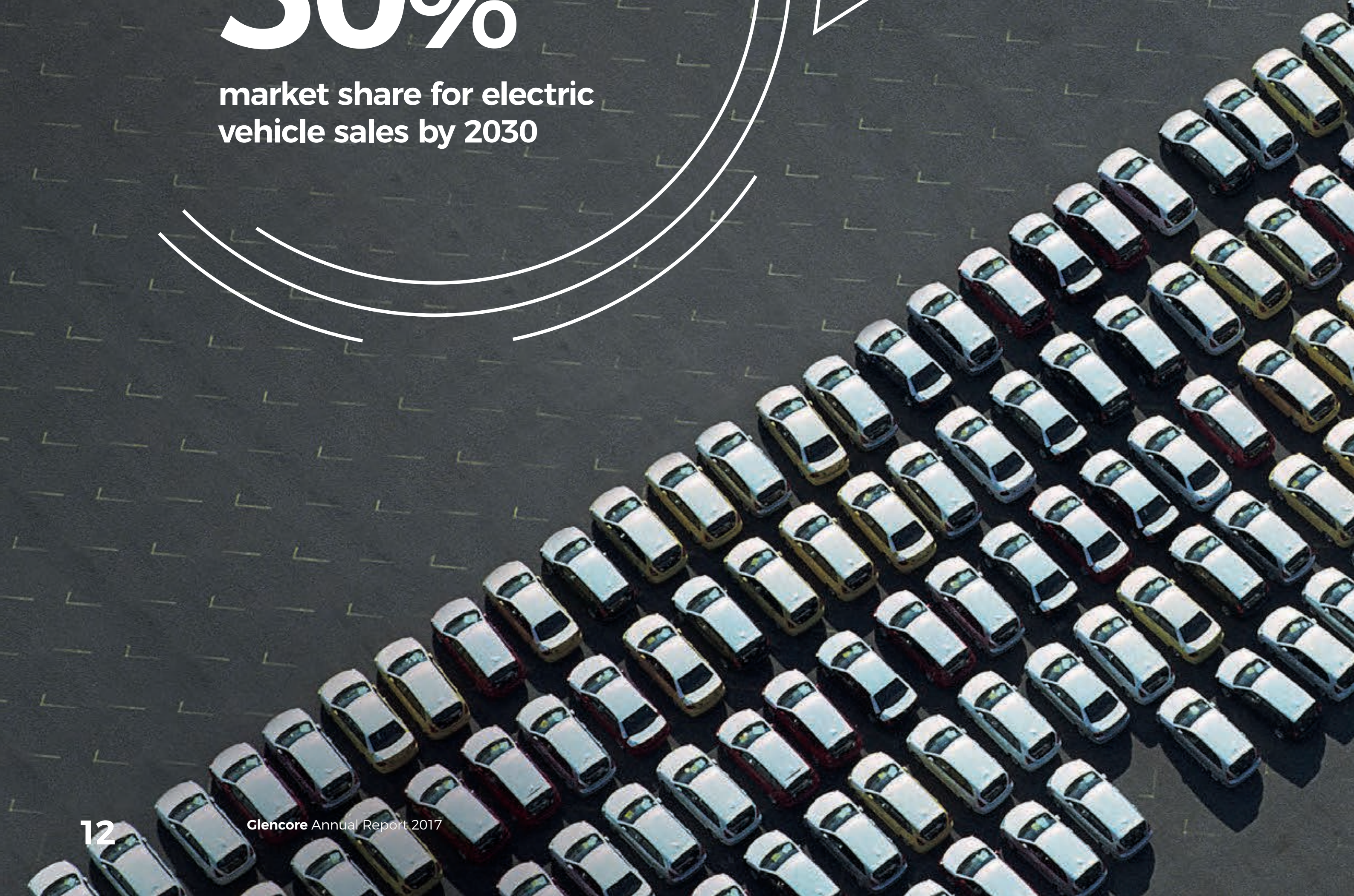
Metals and minerals

Electric Vehicles – a disruptive force underpinning our commodities

The Electric Vehicle Initiative is a multi-government policy forum targeting

30%

market share for electric vehicle sales by 2030



The energy and mobility transformation currently underway is unlocking material new sources of demand for enabling commodities such as copper, nickel and cobalt

The emergence of electric vehicles (EVs) is set to transform the mobility space due to a combination of factors:

Environmental considerations

Momentum to decarbonise the economy is gathering pace as nations increasingly coordinate efforts on this transition. Bloomberg New Energy Finance forecasts investment in zero carbon energy at c.$8.7 trillion by 2040, with an estimated 530 million electric vehicles on the road.

Political mandate

A growing consensus, highlighted by the Paris Accord and the Electric Vehicle Initiative (EVI), is seeking to coordinate national and regional policies towards a low carbon future. Specifically on transportation, the EVI is a multi-government policy forum comprising 16 major global economies. The initiative seeks to facilitate the global deployment of 20 million EVs by 2020. A further campaign announced in 2017, led by China, targets at least 30% new electric vehicle sales by 2030, collectively across all EVI countries.

Technological progress

Rapid advances in technology are emerging across the EV supply chain, from power generation and storage to charging and vehicles.

With technological progress comes cost efficiencies, enhanced performance and ultimately products that can compete with traditional internal combustion engine (ICE) alternatives.

Industry commentators now expect the total cost of ownership (TCO) for EVs to reach parity with ICE vehicles in the early part of the next decade[1].

1 CRU "Mobility and Energy Futures – Perspectives towards 2035", prepared for Glencore by CRU Consulting.

Consumer experience

While the EV story is clearly in its early days, existing EV models and those under development are already demonstrating performance comparable to, or exceeding, equivalent ICEs.

Average EV range, acceleration and speed are increasing while targeted charging times and TCO are rapidly decreasing; all enhancing the consumer experience.

Electric Vehicles – a disruptive force underpinning our commodities

continued

Driving demand

Rapid technology advances in battery chemistry, along with strong government support, is accelerating the economic breakeven point of electric vehicles and building demand for our key commodities

Predicted growth in EV sales

30%

EV by 2030

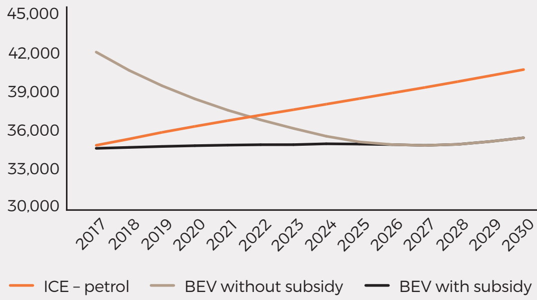
2020
- ICE 94%
- Hybrid EV 4%
- Battery EV 2%

2025
- ICE 85%
- Hybrid EV 5%
- Battery EV 10%

2030
- ICE 64%
- Hybrid EV 6%
- Battery EV 30%
- Fuel cell EV 1%

Source: CRU 'Green Scenario'

Total cost of ownership – closing the economic gap with conventional vehicles



Source: CRU

>30% CAGR in battery electric vehicle sales to 2030 leads to an increase in demand for metals

Estimated average metal use per vehicle:

Copper 84kg	Nickel 30kg	Cobalt 8kg
Cu	Ni	Co

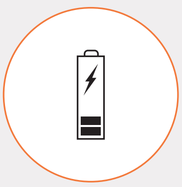
Based on estimated 53kWh global average battery pack size.

Source: CRU 'Green Scenario'.

The impact of this growth in demand for metals has implications across the value chain

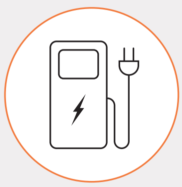
Generation and grid infrastructure (kt)

	2020	2025	2030
Cu	40	170	536



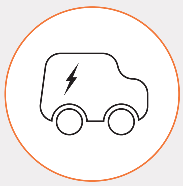
Grid storage (kt)

	2020	2025	2030
Cu	24	86	180
Ni	20	71	150
Co	7	26	55



Charging infrastructure (kt)

	2020	2025	2030
Cu	23	115	392



Non-ICE vehicles (kt)

	2020	2025	2030
Cu	304	1,068	2,972
Ni	66	299	985
Co	17	80	259

Leading to additional metal demand by 2030

Copper
4.1Mtpa
18% of 2017 global supply

Nickel
c.1.1Mtpa
55% of 2017 global supply

Cobalt
314ktpa
332% of 2017 global supply

Potential supply

Glencore is well-positioned to supply into the energy and mobility evolution

On the cusp of mainstream EV roll-out

The rate at which automotive and battery companies have scaled up electric vehicle investment plans speaks to our opportunity as a supplier of key metals.

Global automaker investment now totals over $90 billion, with at least $19 billion attributed to the U.S., $21 billion to China and $52 billion to Germany.

Volkswagen alone plans to spend $40 billion by 2030 to build electrified versions of over 300 models. Chinese automakers are ramping up focus on the EV story, while a number have announced investment partnerships with the likes of Ford, VW and General Motors.

Global planned and existing battery cell production capacity amounts to over 300GWh, which compares to Tesla's Gigafactory target capacity of 35GWh. China accounts for approximately two-thirds of the total.

How much metal is required?

To illustrate the demand potential for a number of our key commodities, we commissioned CRU to model the metal requirements across the supply chain to achieve the EVI target of 30% EV market share by 2030.

Unsurprisingly the forecast metal requirements are significant, as early as 2020.

An additional c.4.1Mt of copper (18% of 2017 supply), c.1.1Mt of nickel (55% of 2017 supply) and 314kt of cobalt (332% of 2017 supply) will be required to enable 30M EV sales by 2030.

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Our commodities are crucial to the electric vehicle (EV) story

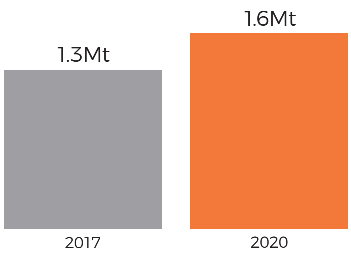
The energy and mobility transformation currently underway is forecast to unlock material new sources of demand for enabling underlying commodities including copper, nickel and cobalt.

We are uniquely positioned with our commodity mix, having strong production growth across these three core EV metals over the next three years.

Glencore own source copper

25% growth

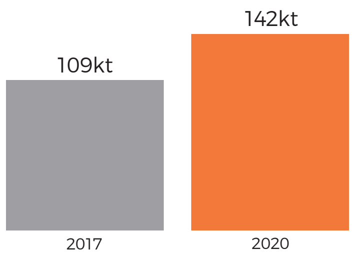
in production to 2020



Glencore own source nickel

30% growth

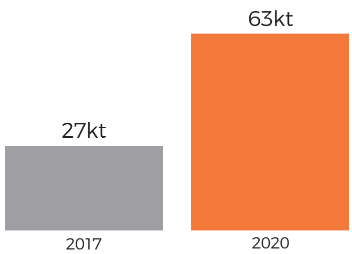
in production to 2020



Glencore own source cobalt

133% growth

in production to 2020



Business model

As a global producer and marketer of commodities, we are uniquely diversified by geography, products and activities. Integrating our marketing and industrial business sets us apart from our competitors and helps us generate value

Inputs and resources on which our business model depends

Assets and natural resources

- Our resources and reserves are overall long-life and of a high quality, enhancing the scale and value of our marketing business
- We are a disciplined producer, aligning supply to demand and margin over volume

Our people and partners

- We have established long-term relationships with a broad range of suppliers and customers across diverse industries and geographies
- 146,000 employees and contractors spread across 90 offices and 6 continents

Financial discipline

- We deploy capital in a disciplined manner, creating value for all our stakeholders
- Our hedging strategies protect us against price risks and ensure that our marketing profitability is primarily determined by volume-driven activities and value-added services rather than absolute price

Unique market knowledge

- As an integrated commodity producer and marketer, we are uniquely positioned to generate value at every stage of the commodity chain

Our business activities are driven to achieve our strategic imperatives and our commitment to developing a sustainable business

Safety

The safety of our people is our top priority. We aim to eliminate fatalities and provide a safe workplace.

Health

We want to protect and improve the health of our workforce and local communities.

Processing and refining

Our expertise and technological advancement in processing and refining mean we can optimise our end products to suit a wider customer base and provide a security of supply as well as valuable market knowledge.

Blending and optimisation

Our ability to blend and optimise allows us to offer a wide range of product specifications, resulting in a superior service and an ability to meet our customer specific requirements.

Extraction and production

We mine and beneficiate minerals across a range of commodities, mining techniques and countries, for processing or refining at our own facilities, or for sale.

Exploration, acquisition and development

Our focus on brownfield sites and exploration close to existing assets lowers our risk profile and lets us use existing infrastructure, realise synergies and control costs.

Environment
We aim to minimise any negative environmental impact from our activities and promote efficient use of resources, such as energy and water.

Anti-bribery and corruption
Offering, paying, soliciting or accepting bribes is unacceptable. We work to identify and reduce the risks of bribery and corruption across all our business.

Community & human rights
We foster sustainable growth and respect human rights wherever we operate.

Our strategy for a sustainable future
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Our logistics assets allow us to handle large volumes of commodities, both to fulfil our obligations and to take advantage of demand and supply imbalances. These value added services make us a preferred counterparty for customers without such capabilities.

Outputs

Protecting our people

24%
reduction in total recordable injury frequency rate

Income taxes paid to host countries

$1.4bn

Minimising our impact on the environment

5%
reduction in carbon emissions (scopes 1 and 2)

Adjusted EBITDA◊

$14.8bn

2017 distributions to shareholders

$2.9bn
paid in 2018, basis 2017 cash flows

Metals and minerals

Energy

Agriculture

Strength through combination

Our scale and presence both as a producer and marketer of commodities is unrivalled

We are present at every point of the value chain, from where commodities are sourced to where they are consumed

- Global scale
- Long-term relationships
- Unique insights
- Differentiated opportunities

4.0mt[1]
Copper metal and concentrates marketed

1,200
Vessels on the ocean at any one time

2.8mt[1]
Zinc metal and concentrates marketed

7,000+
Long-term relationships with suppliers and customers

2.1bn bbl
Crude oil and oil products marketed

1 Estimated metal unit contained.

Glencore

Exploration → Extraction/production → Processing/refining — Traditional miner

Blending/optimisation → Logistics/marketing — Marketer

Our marketing business

We move commodities from where they are plentiful to where they are needed

Market insight and customer understanding
Our global scale and presence in more than 90 commodities across 50 countries gives us extensive market knowledge and insight to help us fully understand the needs of our customers.

Anticipating supply and demand
Our integrated marketing and industrial businesses work side-by-side to give us presence across the entire supply chain, delivering in-depth knowledge of physical market supply and demand dynamics and an ability to rapidly adjust to market conditions.

Creating opportunities
The significant scale of both our own production and the volumes secured from third parties allows us to create margin opportunities from our ability to supply the exact commodities the market needs through processing and/or blending and optimisation of qualities.

Generating revenue
We generate revenues as a fee-like income from physical asset handling and arbitrage, as well as blending and optimisation opportunities. Our use of hedging instruments results in profitability being largely determined by these activities rather than by absolute price movements.

Arbitrage opportunities

Many of the physical commodity markets in which we operate are fragmented or periodically volatile. This can result in arbitrage: price discrepancies between the prices for the same commodities in different geographic locations or time periods.

Other factors with arbitrage opportunities include freight and product quality.

Geographic arbitrage

Disparity
Different prices for the same product in different geographic regions, taking into account transportation and 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 and substitution costs.

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

Time arbitrage

Disparity
Different prices for a commodity depending on whether delivery is immediate or at a future date, taking into account storage and financing costs.

Execution
Book "carry trades" that benefit from competitive sources of storage, insurance and financing.

Strategy and risk

A supportive strategy
Our Marketing Business supports the creation of incremental value from a pool of allocated capital through critical mass, blending, storage and arbitrage opportunities.

Our presence at every stage of the value chain allows us to leverage our scale and diversity.

How we manage risk
We mitigate credit risks through application of measures including credit insurance, letters of credit, security arrangements and bank or corporate guarantees.

We manage market exposure by reducing price risks arising from timing differences to acceptably low levels.

Our policies/procedures seek to ensure we comply with applicable sanctions, laws and regulations.

Our strategy for a sustainable future
Page 20

Principal risks and uncertainties
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Our strategy for a sustainable future

We recognise our ongoing responsibility to not only deliver financial performance but also make a positive contribution to society and create lasting benefits for stakeholders in a manner that is responsible, transparent and respectful to the rights of all

Strategic objective

To sustainably grow total shareholder return while maintaining a strong investment grade rating and acting as a responsible operator

CEO's review
Page 04

Strategic priority

Integration of sustainability throughout our business

We believe that by being a better operator with a reputation for doing things the right way, we will be seen by our stakeholders as a partner of choice. We are achieving this through taking an approach of continuous improvement. This approach is delivered through our health and safety programmes, advancing our environmental performance, respecting human rights and by developing, maintaining and strengthening our relationships with all of our stakeholders.

Strategic priority

Maintain a robust and flexible balance sheet

We recognise that a robust and sufficiently flexible balance sheet contributes to the delivery of sustainable, long-term shareholder returns and ensures that Glencore is well placed to withstand the cyclical nature of the natural resource industry. We aim to increase returns on capital and cash flows while targeting a maximum 2x Net debt/Adjusted EBITDA ratio throughout the cycle. We aim to only deploy capital when strict and clearly defined financial criteria, relating to returns and payback, can be met.

Strategic priority

Focus on cost control and operational efficiencies

Our major industrial assets are mainly long-life and low-cost, reflecting our substantial investment into existing assets as well as our appetite, capabilities and belief in some commodities and geographies where our peers are not materially present. Our industrial assets provide a consistent source of volumes for our marketing operations, which are supplemented by third party production. Our marketing activities use their scale and capabilities to extract additional margin throughout our business model and provide a superior service to our customers and a reliable supply of quality product.

We seek to increase the 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. We take a disciplined approach towards all of our assets and will divest when another operator places greater value on them, or curtail production in response to oversupply when it makes sense to do so.

Our strategy for a sustainable future
continued

Strategic priority
Integration of sustainability throughout our business

Improved our TRIFR by

24%

Performance in 2017

SafeWork programme
Continued to progress our SafeWork programme, an initiative that focuses on eliminating fatalities and serious injuries.

Regrettably, there were nine fatalities from nine incidents during the year. We continue to work towards the elimination of fatalities from our business. More positively, our TRIFR and LTIFR improved by 24% and 27% respectively compared to 2016.

Climate change
On track for meeting group-wide carbon emission intensity reduction target of at least 5% on 2016 levels by 2020.

Committed to Task Force on Climate-related Financial Disclosures.

Updated our progress in integrating climate change issues into our business through our second report on climate change considerations for our business.

Water management
Completed assessment of sites at a high risk of water-related issues and finalised our water management guideline, which aligns with the ICMM's position statement on water and its water management framework.

Community engagement
Our community development programmes are an integral part of our community and stakeholder engagement strategies. In 2017, we spent $90 million on these programmes (2016: $84 million).

Strategic priority
Maintain a robust and flexible balance sheet

Managed Net debt◊

$10–16bn
range

Performance in 2017

Conservatively repositioned
Revised capital structure and credit profile managed through targeting a maximum 2x Net debt/Adjusted EBITDA through the cycle, augmented by an upper Net debt cap of c.$16 billion.

Year-end Net debt and FFO/Net debt were $10.7 billion and 108.3% respectively.

Conviction to create value
Targeted bolt-on acquisitions, low-cost/risk organic growth and recycling of capital enabled capital efficient growth in compelling commodities.

Bonds
Issued $2.1 billion of bonds with maturities of 5 and 10 years. Post-2018 maturities capped at c.$3 billion in any one year.

Credit rating
Credit rating upgraded to Baa2 (stable) by Moody's and BBB (positive outlook) by Standard & Poor's in line with lower leverage.

Credit facility
Revolving credit facility refinanced and resized to reflect reduced funding needs. Committed available liquidity of c,$12.9 billion at year end covers more than 3 years of bond maturities.

Strategic priority
Focus on cost control and operational efficiencies

Adjusted EBITDA◊

+60%
across industrial business

Performance in 2017

Industrial
Increased Adjusted EBITDA mining margins of 38% and 41% respectively in our metals and energy operations reflect the benefit of higher prices that more than offset modest inflationary and cost pressures as well as the optimisation of cost structures and efficiencies over the past two years.

Marketing
Achieved c.$3.0 billion Adjusted EBIT across our marketing business, underlining both supportive market conditions during the year as well as upside to a positive commodity cycle.

Supply
Continued our disciplined approach to supply. Partial restart of idled zinc production planned for 2018. The balance of this capacity will be restarted at the right time.

Key performance indicator
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Priorities going forward

Sustainability
We will continue to implement activities that further integrate sustainability throughout our business to support our commitment to continuously improve our standards of health, safety, environmental and community performance.

Transparency
We are committed to operating transparently, responsibly and meeting or exceeding applicable laws or external requirements.

KPIs

- Safe and healthy workplace – reduce TRIFR, LTIFR and occupational disease cases
- Environmental performance – water withdrawn, greenhouse gas (GHG) emissions, meeting our commitments on climate change
- Long-term value for communities – community investment spend

Principal risks

- Health, safety and environment, including potential catastrophes
- Emissions and climate change
- Community relations and human rights
- Skills availability and retention

Priorities going forward

Balance sheet strength
We are committed to maintaining our balance sheet strength to ensure it is capable of supporting growth and shareholder returns regardless of the commodity price environment.

Investment grade rating
We will preserve a robust capital structure and business portfolio that reflects our commitment to targeting, receiving and maintaining a strong BBB/Baa investment grade rating. In this regard, we are targeting a maximum 2x Net debt/Adjusted EBITDA through the cycle, augmented by an upper Net debt cap of c.$16 billion.

KPIs

- Returns to shareholders – Funds from operations, Net funding and Net debt
- Value for our shareholders – Adjusted EBIT/EBITDA, Net income attributable to equity holders

Principal risks

- Reductions in commodity prices
- Fluctuations in supply of, or demand for, commodities in which we operate
- Fluctuations in currency exchange rates
- Liquidity risk
- Counterparty credit and performance

Priorities going forward

Industrial activities
Our industrial activities will continue to focus on controlling costs and generating sustainable operating and capital efficiencies. Our marketing business supports the creation of incremental value through critical mass, blending, storage and geographical arbitrage.

Positioned to leverage our scale and diversity
Our marketing activities' priorities are to maximise the returns and cash flows from the pool of allocated capital, which, in turn, supports the strengthening of our balance sheet. Our presence at every stage of the value chain means that Glencore is uniquely positioned to leverage our scale and diversity.

KPIs

- Returns to shareholders – Funds from operations, Net funding and debt
- Value for our shareholders – Adjusted EBIT/EBITDA, Net income attributable to equity holders

Principal risks

- Geopolitical risk including social unrest
- Laws, regulations, enforcement, permits and licences to operate
- Operating and cost risk
- Cyber risk

Sustainable development

Overview

We are continuing to implement activities and processes that support the full integration of sustainability throughout our business. This is complemented by the group-wide application of the principle of continuous improvement.

We are committed to operate transparently and responsibly. Our sustainability strategy, policies and procedures support good business practice and drive positive change throughout our business.

We are committed to protecting the wellbeing of our people, our host communities and the natural environment, while sharing lasting benefits with the regions where we work and society as a whole.

Lost time injury frequency rate (per million hours worked)

2015	1.34
2016	1.40
2017	1.02

Total recordable injury frequency rate (per million hours worked)

2015	4.35
2016	4.05
2017	3.09

CO_2e Scope 1 (million tonnes)

2015	23.0
2016	23.1
2017	21.6

CO_2 Scope 2 (million tonnes)

2015	14.3
2016	12.2
2017	11.9

Water withdrawn (million m^3)[1]

2015	954
2016	971
2017	924

Community investment spend (US$ million)

2015	94
2016	84
2017	90

1 2015 data is not directly comparable to later periods due to changes in data reporting methodology, as set out in our 2016 Sustainability Report.

Committed to creating a sustainable future

The commodities that we produce and market have an essential role in everyday life and support the development of emerging economies. Our activities and our presence deliver lasting benefits to our stakeholders and to society, creating value both locally and globally. We are committed to creating value for our stakeholders in a manner that is responsible, transparent and respectful to the rights of all

Our approach to sustainability reflects our commitment to operate in a responsible and transparent manner. We recognise our role in protecting the wellbeing of our people, our host communities and the natural environment. We believe that our presence delivers lasting benefits within the regions where we operate and society as a whole.

Through the integration of sustainability throughout our business practices, we aim to embody Glencore's five values that define our purpose, our priorities and the fundamental principles by which we conduct business.

Our sustainability strategy, policies and procedures support good business practice and meet or exceed applicable laws and external requirements. Our sustainability strategy sets out our ambitions against four core pillars with clearly defined imperatives, objectives, priority areas and targets.

Our sustainability strategy is reviewed annually to confirm that it is continuing to fulfil the needs of our business.

Sustainability framework

Corporate strategy

Integration of sustainability throughout our business	Maintain a robust and flexible balance sheet	Focus on cost control and operational efficiencies

Values
Safety – Entrepreneurialism – Simplicity – Responsibility – Openness

Code of Conduct

Group sustainability strategy

Health
Become a leader in the protection and improvement of our people's and communities' wellbeing

Safety
Become a leader in workplace safety, eliminating fatalities and injuries

Environment
Minimise any negative environmental impact from our operations and apply the precautionary principle in decision-making

Community and human rights
Foster sustainable growth and respect human rights wherever we operate

Board HSEC Committee Oversight and ultimate responsibility.

Our Board receives regular updates and has detailed oversight of how our business is performing across all our internally defined sustainability-related material risk areas.

Sustainability principles, guidance and policies
Integrated throughout the business and give guidance on the standards we expect.

Group HSEC policies

Operational policies
Developed for the specific needs of individual assets

Management, data reporting, risk management and assurance to monitor compliance

Material topics
- Internal and external materiality assessment process to identify material topics
- Material topics are the focus of our sustainability strategy review and reporting
- Operational activities focus on addressing and progressing the material topics

Sustainable development

continued

Further details on our sustainability strategy, our approach to its implementation, performance and ambitions are available in our sustainability-related publications, which include an annual sustainability report published in accordance with the core requirements of Global Reporting Initiative (GRI):

- Our approach to sustainability
- Sustainability report and highlights
- Data book and GRI references
- Payments to governments report
- Modern slavery statement

All of our sustainability communications are available on our website: **www.glencore.com/sustainability**.

External commitments

We are signatories to the United Nations Global Compact (UNGC), aligning our strategies and operations with its principles, which cover human rights, labour, environment and anti-corruption. In line with the UNGC's requirements, we publish an annual communication on our progress. The UNGC also encourages participants to support the Sustainable Development Goals (SDGs), with an emphasis on collaboration and innovation. We welcome the SDGs and the advent of a systematic global approach to society's overall development. We believe that we can play a role in supporting our host governments to meet the SDGs.

In addition, we uphold the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and the UN Universal Declaration of Human Rights. We work in accordance with a number of specific international frameworks, including the Core Conventions of the ILO and the UN Guiding Principles on Business and Human Rights. We are members of the Plenary of the UN's Voluntary Principles on Security and Human Rights.

Performance overview

Achieved · On track · Not achieved

Progress against our core sustainability strategy pillars

	2015-20 Strategic priorities	Progress in 2017	Status
Safety	No fatalities	Nine fatalities occurred at Glencore assets during 2017	Not achieved
	50% reduction of Group LTIFR by the end of 2020, against 2015 baseline of 1.34[1]	Our LTIFR improved by 24% compared to our 2015 baseline, mainly due to the exclusion of Glencore Agriculture. In 2017, our LTIFR was 1.02 per million hours worked (2016: 1.40 including Glencore Agriculture)	On track
	50% reduction in TRIFR by 2020 using 2014 figure of 5.02 as a baseline[1]	Our TRIFR improved by 38% compared to our 2014 baseline, mainly due to the exclusion of Glencore Agriculture. Our 2017 TRIFR was 3.09 per million hours worked (2016: 4.05 including Glencore Agriculture)	On track
Health	Year-on-year reduction in the number of new cases of occupational disease	46 new cases of occupational disease recorded, a 48% decrease on 2016 (89 cases recorded, includes Glencore Agriculture)	Achieved
Environment	No major or catastrophic environmental incidents	Zero major or catastrophic environmental incidents	Achieved
	Established a group-wide carbon emission-intensity reduction target of 5% on 2016 baseline by 2020	Our 2017 carbon emission intensity increased marginally to 4.78tGHG/tCu from 4.75tGHG/tCu in 2016. We are implementing initiatives to deliver our 2020 carbon target.	On track
	High water risk assets to implement five-year water targets for 2017–21	The identified high risk sites are currently carrying out operational changes which are intended to result in overall improvements	On track
	Continue internal and external audit programme for high-risk tailings storage facilities	Our internal and external audit programme for high-risk tailings storage facilities was ongoing throughout the year	On track
Community and human rights	No serious human rights incidents	Zero serious human rights incidents	Achieved
	Implement our social value creation strategy	Identified material assets to report their socio-economic contribution data	On track
	Distribute the Community Leadership Programme Toolkit to all assets	The toolkit was distributed to all assets. Training on the toolkit took place in Australia and South Africa. Further training sessions will be held in Canada and South America in 2018	On track

1 Baseline figures include Glencore Agriculture.

We have been a member of the International Council on Mining & Metals since 2014. We endorse its sustainable development framework principles and are an active member of its working groups.

We strongly support transparency in the redistribution and reinvestment of the payments we make to local and national governments. We are active participants in the Extractive Industries Transparency Initiative (EITI). We comply with the EU Accounting and Transparency Directives; in line with those provisions, we publish separate annual reports detailing material payments made to governments, broken down by country and project.

As part of our commitment to responsible product stewardship, we follow the UN globally harmonised system for classification and labelling of chemicals (GHS), the EU REACH regulations on the registration, evaluation, authorisation and restriction of chemicals, and the London Bullion Market Association (LBMA) Responsible Gold guidance. Where appropriate, we participate in the REACH consortia related to the materials we produce; these include the consortia for zinc, cadmium, sulphuric acid, lead and precious metals.

We submit annual reports to the CDP climate change and water programmes.

Risk management and assurance

The identification, assessment and mitigation of risk determines our approach to sustainability management. All of our assets apply our risk management framework and its supporting guidelines. We align our framework with international standards and it provides a harmonised approach to managing our health, safety, environment, community, human rights and reputational risks, as well as those linked to the management of financial and legal issues.

Our assets use the framework to identify hazards, particularly those with potentially major or catastrophic consequences, and to develop plans to address and eliminate, or mitigate, the related risks. For each of the identified catastrophic hazards we have implemented a standardised approach to identifying and understanding their causes and controls.

Our internal HSEC assurance programme has a primary focus on our systematic management of the catastrophic hazards and their relevant controls and critical controls. Senior subject matter experts participate in the assurance programme; our Board receives reports on its findings, which are actively followed up and verified. The assurance programme is contributing to improving standards and performance group-wide.

Stakeholder engagement

We engage with all relevant stakeholder groups to build meaningful relationships and understand their expectations and aspirations. Through recognising the importance of open and transparent engagement, we are able to minimise our negative societal impact, optimise the value we bring to local communities, and maintain our licence to operate.

The geographies and markets in which we operate are extremely complex and we conduct dialogues on local, national, regional and international levels. As a result, we engage on a broad variety of topics with a wide range of stakeholders with diverse interests and opinions.

Where appropriate, we take an informed and constructive role in public policy development processes. For example, we are working with policy makers directly and through trade associations, on issues related to clean energy, carbon reporting and carbon pricing, recognising that governments and industry must work together to establish policy frameworks that deliver the optimal balance of social, environmental and economic considerations appropriate for individual nations.

Materiality assessment

We focus the reporting of our sustainability performance and progress on topics identified as being material to Glencore's development, performance, position and/or future prospects. Every two years, we undertake a materiality assessment to establish the material topics for our sustainability strategy review and sustainability reporting – these topics have the potential to have the greatest impact on Glencore's business activities.

In line with the GRI guidance on materiality, our materiality assessment involves a group-wide review of material topics at global and local levels. It also includes information that reflects our understanding of the issues that affect our business and the natural resources sector, our regulatory requirements and the topics raised during engagement with our people and external stakeholders including local communities, investors, the media, governments and NGOs.

We consider a topic material if senior management determines that it may significantly affect our business operations or have a significant impact on any of our stakeholders.

Engaging with our stakeholders

We need constructive relationships with our stakeholders to optimise our business. We listen to and work with others, to explore the challenges we face as a business.

Our stakeholders include our employees and contractors, host communities, civil society, unions, governments, business partners, non-governmental organisations, investors and the media. We reach out to them on local, national, regional and international levels.

We engage with all stakeholder groups to build meaningful relationships and understand their expectations and aspirations. This minimises any potential negative societal impact, optimises the value we bring to local communities, and maintains our licence to operate.

We hold regular face-to-face meetings, conference calls and participate in multi-stakeholder discussions. We participate in roundtables with government and other industry representatives to discuss new policies as well as amendments to existing legislation. We hold transparent negotiations with union officials to discuss wage and benefit agreements. Our employees receive regular briefings on health and safety matters. Many of our assets hold regular open days, when local community members can visit our sites and interact with our operational teams.

These activities are complementary; together, they form part of our response to global business issues and help us to identify the issues that are of most importance to our stakeholders.

Material topics

Business model
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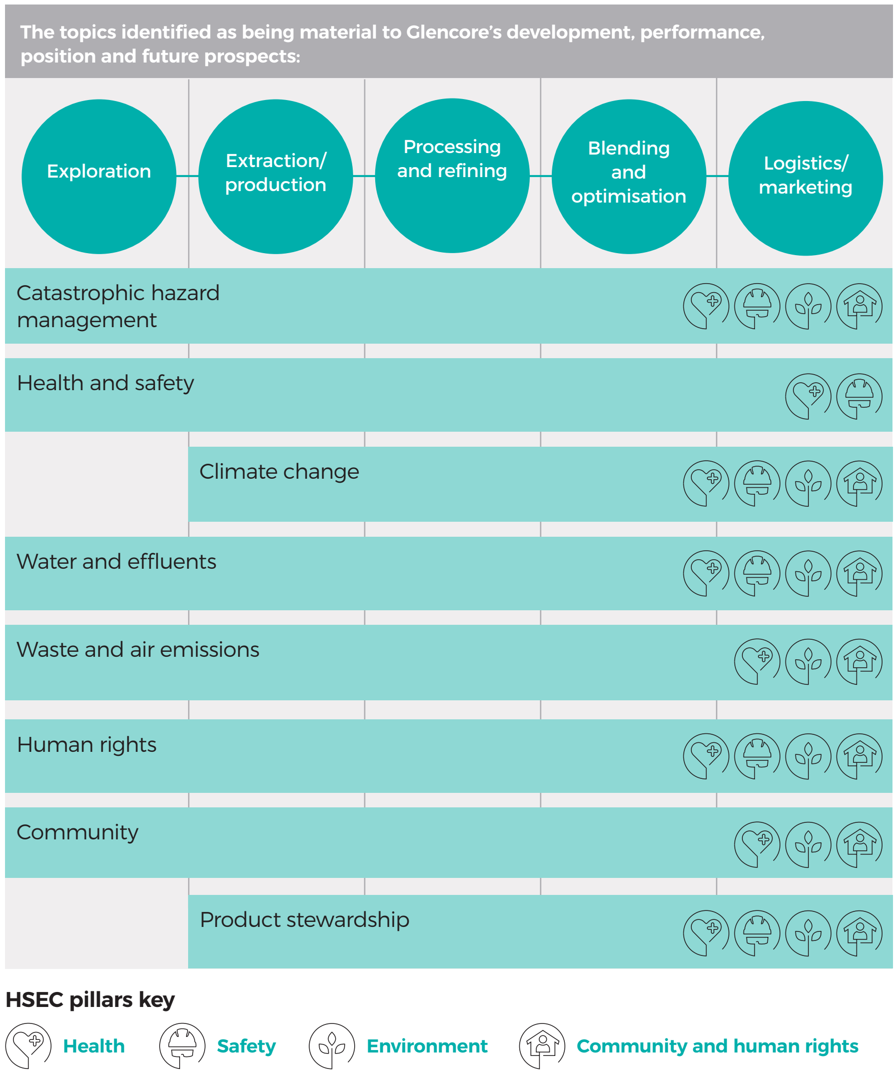


Our progress in 2017

Catastrophic hazard management

We are committed to ensuring the safety and wellbeing of our people and the communities and environment around us. Catastrophic events that take place in the natural resource sector can have disastrous impacts on workers, communities, the environment and corporate reputation, as well as having substantial financial cost. We are actively identifying, monitoring and mitigating the catastrophic hazards within our business. The Board receives regular updates on this area and actively encourages an approach of ongoing improvement.

Workplace health and safety

The health and safety of our people is our top priority. Our ambition is to become a health and safety leader, and to create a workplace without fatalities, injuries or occupational diseases. We take a proactive, preventative approach towards health and safety. Our aim is to establish a positive safety culture that supports all of our employees and contractors being empowered to have the authority to stop work if they consider a workplace or situation unsafe. We believe that all occupational fatalities, diseases and injuries are preventable.

An important tool in improving safety at our operations has been the recording of high potential risk incidents (HPRIs).

The reporting of HPRIs represents a positive part of our strategy to reduce fatalities and, as such, we do not target a reduction in this metric.

During 2017, 78% of our recorded HPRIs related to six hazards (mobile equipment: 30%; ground/strata failure: 13%; lifting and cranage: 9%; working at heights: 8%; energy isolation: 7% and fire and explosions: 4%). For each of these hazards, we have developed protocols that detail the actions necessary to identify and

Sustainable development
continued

mitigate their associated risk.
The reported HPRIs also help us to identify the activities that we need to prioritise in order to advance further our safety performance.

We are encouraging our workforce to recognise the need to record and report HPRIs through the promotion of a risk-based safety culture.

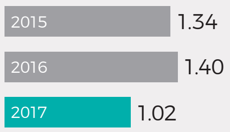
It is with deep regret that we have not met our goal of zero fatalities. In 2017, nine people lost their lives at our operations, compared to 16 during 2016. All loss of life is unacceptable and we are determined to eliminate fatalities across our Group.

Our lost time injury frequency rate (LTIFR) reflects the total number of LTIs per million hours worked and does not include restricted work injuries or fatalities. Our LTIFR are recorded when an employee or contractor is unable to work following an incident; days recorded begin on the first rostered shift that the worker is absent after the day of the injury. In 2017, our LTIFR was 1.02 per million hours worked (2016: 1.40 including and 1.22 excluding Glencore Agriculture) and reflects the continuing progress we are making to embed a culture of safety at all our assets. We are progressing well against our long-term goal of reducing employee and contractor lost-time injuries by 50% by the end of 2020 against a 2015 figure of 1.34.

The total recordable injury frequency rate (TRIFR) is the sum of fatalities, lost time injuries, restricted work injuries and medical treatment injuries per million hours worked. The metric represents all injuries that require medical treatment beyond first aid. We are on track to meet the progressive improvement required to achieve our long-term goal of achieving a 50% reduction in TRIFR by the end of 2020, using our 2014 TRIFR of 5.02 as the baseline. Our 2017 TRIFR of 3.09 is a 38% improvement against the 2014 baseline.

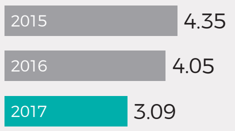
Lost time injury frequency rate*

1.02



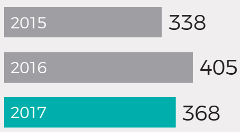
Total recordable injury frequency rate*

3.09



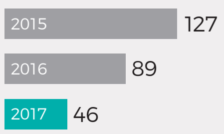
Number of HPRIs reported

368



New occupational disease cases

46



* Per million hours worked.

Climate change

The impact on our business

As a significant producer of energy products and a significant energy consumer we are aware that energy is a key input and cost to our business as well as being a material source of our carbon emissions. We are working to mitigate the physical impacts of climate change where we can and consider resource efficiency when making operational decisions. Wherever we operate, we seek to optimise our energy and carbon footprint.

We recognise the global climate change science as laid out by the Intergovernmental Panel on Climate Change and acknowledge the global climate change goals outlined in the United Nations Convention on Climate Change Paris Agreement. Following the broad consensus reached by nation states, we anticipate a global shift towards a lower-carbon economy, supported by appropriate policies and bringing significant economic changes.

We believe the implementation of measures by national and intra-national governments, as well as public sentiment, will continue to drive public policy developments and programmes to restrict global greenhouse gas emissions (GHGs).

This is likely to affect our business and represents both risks and opportunities that our company needs to manage. We support a least-cost pathway to achieving climate change goals that considers the cost and consequences of all available policy options and does not hinder socio-economic development.

Addressing climate change across our business

To address the impacts, opportunities and risks relating to climate change within our business, we have established an internal cross-functional and cross-commodity working group, led by our Chairman with Board oversight to consider and examine climate change issues.

The working group is overseeing the ongoing integration of carbon emissions and energy into our annual business planning process and the mapping to 2020 of our forward projected energy and carbon footprint. This work is feeding into a detailed review of our carbon emissions and energy profile. It includes an assessment of potential mitigation and abatement projects, and underpins the basis of our internal Marginal Abatement Cost Curve (MACC).

In mid-2017, the work undertaken by our climate change working group resulted in Glencore establishing an initial group-wide carbon emission-intensity reduction target of at least 5% on 2016 levels by 2020, measured in terms of tonnes of greenhouse gases emitted per tonne of copper equivalent industrial production (tGHG/tCu).

In line with our expectations, our 2017 energy emission intensity increased marginally compared with 2016, from 4.75tGHG/tCu to 4.78tGHG/tCu. This slight increase reflects energy use relating to pre-stripping activity and construction work for future production improvements.

The small increase in 2017 was anticipated when our 2020 target was established. Structural carbon intensity improvements are planned for 2018 to 2020. Our 2018 carbon budget process showed that we are on track to meet our 2020 target as we progress towards higher energy efficiency levels and carbon-efficient operational changes.

How we are taking action

We use renewable energy sources where possible; renewable sources deliver 13.5% of our total energy needs (2016: 14% excluding Glencore Agriculture). In Australia, we use coal seam gas from our mines to supplement power generation at a number of our assets and have flares installed at those underground coal mines with the necessary supply and concentration of methane.

We play an active role in engaging with governments and other interested stakeholders to develop strategies for reducing the impact of climate change. We actively support the development of low emission technologies and some renewable energy sources.

We are investing in a number of low carbon energy projects that address direct and indirect emissions from our operations. They include treatment of fugitive emissions from coal processing and ventilation air methane and the large-scale CCS coal energy demonstration project (feasibility stage) in Australia (described on page 32).

Reporting on our emissions

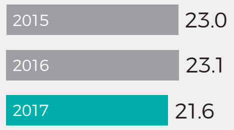
We divide CO_2 emissions reporting into three different scopes, in line with the Greenhouse Gas Protocol, and measure both the direct and indirect emissions generated by the industrial activities, entities and facilities where we have operational control.

During 2017, we emitted 21.6 million tonnes CO_2e of Scope 1 (direct emissions) from our consumed fuel. This figure includes emissions from reductants used in our metallurgical smelters. It also includes CO_2e of methane emissions from our operations, which is around 36% of our Scope 1 emissions. The reduction in Scope 1 emissions is mainly due to lower coal seam emissions at our Australian coal operations.

In 2017, we emitted 11.9 million tonnes CO_2 of Scope 2 location-based (indirect emissions) which applied appropriate country-by-country grid emission factors to all of our purchased electricity, regardless of specific renewable electricity contracts. Our Scope 2 reduction was mainly due to the closure of our Alumina operations in early 2016, as well as some energy efficiency gains at our ferroalloys smelters.

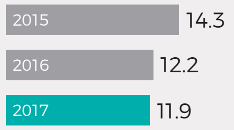
CO_2e Scope 1 (million tonnes)

21.6



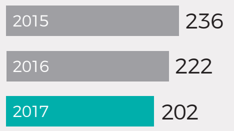
CO_2 Scope 2 (million tonnes)

11.9



Total energy use (petajoules)

202



Our Scope 3 emissions include those from a broad range of sources, including use of fossil energy that we produce and shipping transportation. We report our Scope 3 emissions in our 2017 Sustainability Report.

In 2017, The Transition Pathway Initiative (TPI), which aims to define what the transition to a low carbon economy looks like for companies in high-impact sectors such as oil and gas, mining and electricity generation, awarded Glencore a 'Level Four – Strategic Assessment'.

This is the TPI's highest score and recognises the work that we have undertaken to identify and address the risks to our business posed by climate change.

We publicly report to the CDP Carbon Disclosure programme. In 2017, Glencore achieved a CDP score of B (2016: B).

Cross reference table to Task Force on Climate-related Financial Disclosures

Governance: Disclose the organisation's governance around climate-related risks and opportunities	
(a) Describe the Board's oversight of climate-related risks and opportunities.	Board Committees: **Page 87** Risk – Board leadership: **Page 90**
(b) Describe management's role in assessing and managing climate-related risks and opportunities.	Work at Board meetings: **Page 89** HSEC Committee report: **Page 100**
Strategy: Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material	
(a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.	Principal risks and uncertainties/climate change: **Page 50**
(b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	Principal risks and uncertainties/climate change: **Page 50**
(c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	*2017 Climate Change Considerations for Our Business*: **Page 20**
Risk management: Disclose how the organisation identifies, assesses, and manages climate-related risks	
(a) Describe the organisation's processes for identifying and assessing climate-related risks.	Principal risks and uncertainties/climate change: **Page 50** *2017 Climate Change Considerations for Our Business*: **Page 14**
(b) Describe the organisation's processes for managing climate-related risks.	Addressing climate change across our business: **Page 30**
(c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Principal risks and uncertainties: **Page 50** Key performance indicators: **Page 41**
Metrics and targets: Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
(a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.	Reporting on our emissions: **Page 31** Key performance indicators: **Page 41**
(b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Reporting on our emissions: **Page 31** Key performance indicators: **Page 41**
(c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	Addressing climate change across our business: **Page 30**

Carbon capture and storage (CCS)

The International Energy Agency has identified CCS as a vital technology if the world is to meet its greenhouse gas reduction targets.

Since 2009, Glencore has participated in a number of Australian low-emission technology projects.

One of these is the Integrated Surat Basin CCS project, which was established in 2010 to demonstrate the effectiveness of CCS technology in the region.

The purpose of the study is to deliver an integrated CCS project incorporating carbon capture, transport and sequestration to establish a basis for permitting of long-term CO_2 storage in a suitable location in Queensland.

This study will provide a framework for a genuine best practice model to deliver a viable commercial approach to reducing CO_2 emissions in Queensland and elsewhere in Australia, reducing Australia's overall carbon footprint and benefiting all emitters of CO_2 requiring storage.

For more information about CTSCo, visit **www.ctsco.com.au**.

Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD)

We support the recently published recommendations of the Financial Stability Board's TCFD. The TCFD has developed a voluntary framework for the reporting of climate-related financial risk disclosures for use by lenders, insurers, investors and other stakeholders.

We welcome the opportunity to engage with our stakeholders on climate change matters and report on our progress against the *Aiming for A* initiative. During 2017, we produced the second edition of our Climate Change Considerations for our Business publication. This publication analyses the robustness of our portfolio against climate-related scenarios and provides an assessment of the risks and opportunities available to Glencore in a low-carbon economy.

In response to the guidance produced by the TCFD, we have provided a cross-reference table on page 32. The table references the sections in this report and other publications that meet the guidance of the TCFD.

Water and effluents

Water is an essential component of our business activities. We recognise that water is a shared and finite resource and we are conscious of the increasing concerns of our local stakeholders and other local water users regarding ongoing availability of water, security of access and the potential for impacts on water supply.

We are committed to managing our impact on water resources responsibly. We prioritise efficient water use, water reuse/recycling, responsible waste water disposal and maintaining any equipment that may pose a hazard to water quality. We engage with local water users to avoid material adverse impacts on the quality and quantity of local water sources or compromising their access to water.

In 2017, we withdrew 924 million m^3 of water (2016: 971 million m^3 or 829 million m^3 excluding Glencore Agriculture). The like-for-like increase is mainly due to two assets increasing their dewatering efforts as their operational profiles reached groundwater aquifers and all assets aligning with our revised water reporting requirements.

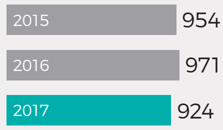
We are an active member of the International Council on Mining & Metals (ICMM)'s water management working group and participated in the development of its Position Statement on Water Stewardship. During 2017, our internal water working group finalised our water management guideline in line with the ICMM's position statement on water and water management framework. Furthermore we completed our high-risk site assessments related to water and set up a process for the internal sharing of best water-related practices. In 2017, we harmonised our water metrics to align with the Water Accounting Framework (WAF) of the Minerals Council of Australia.

Going forward, we will pilot the ICMM's catchment-based approach to water management during the first half of 2018. Catchment-based water management is a comprehensive, systematic approach to identifying, evaluating and responding to local water-related risks through the lifecycle of an asset as well as capturing an asset's impact on other local water users.

We publicly report to the CDP Water Disclosure programme.

Water withdrawn (million m^3)

924



2015 data is not directly comparable to later periods due to changes in data reporting methodology disclosed in our 2016 Sustainability Report.

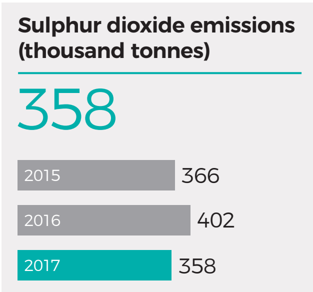
Waste and air emissions

Our operations emit emissions such as sulphur dioxide (SO_2), dust and nitrogen oxide as well as generate waste, which can affect the environment and nearby communities. We monitor all material emissions and continuously look for ways to reduce those that pollute the air around us. Wherever we operate, we comply with relevant regulatory limits and/or international standards for air emissions regarding SO_2. Our open cut operations emit dust from excavation and movement of material. We monitor dust levels at affected communities and minimise dust in a number of ways.

Our metal and coal assets generate tailings, which are stored in purpose-built tailings storage facilities. We continuously monitor our tailings facilities for integrity and structural stability. Flooding and seismic activity are the main natural phenomena that may affect them. We have an ongoing assurance programme that specifically focuses on our tailings facilities.

Our assets continually review their waste management procedures and identify opportunities for improvement, to minimise the impact of the waste we produce.

The increase in waste produced during 2017 was primarily due to increased stripping ratios at a number of assets and the reopening of an Australian coal operation.



Community engagement and social commitment compliance

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 aim to foster sustainable growth where we operate. We work with communities to deliver socio-economic development through investment in infrastructure, procurement, health and education projects.

We contribute to society throughout our value chain, via employment, procurement, enterprise development, infrastructure and social investment programmes.

Our community development programmes are an integral part of our community and stakeholder engagement strategies. We design our programmes to help reduce dependency on our operations, encourage self-reliance and contribute to sustainable growth in our host regions. In 2017, we spent $90 million on these programmes (2016: $84 million).

Human rights and grievance mechanisms

We prioritise respect for human rights everywhere that we operate. We uphold the human rights of our people and our local communities, including vulnerable groups such as women, children, indigenous people and victims of conflict.

Respect for human rights is enshrined in Glencore's Code of Conduct, which lays out the essential requirements for our people and stems from our values. It also explicitly aligns our security procedures with the United Nations Voluntary Principles on Security and Human Rights (Voluntary Principles). We also endorse the Voluntary Principles within our public Group Human Rights Policy.

As a member of the Voluntary Principles Initiative, we are working with the member governments, companies and NGOs to develop further our approach towards human rights. We have implemented the Voluntary Principles at our assets with a high risk of human rights breaches since 2013.

Our Group Human Rights Policy applies to all Glencore operations and offices over which we have operational control. The policy requires our operations to identify and assess risks of human rights breaches as part of our general risk assessment processes, which include baseline and impact studies at existing operations and due diligence on new operations and business partners.

Assets conduct regular human rights training for their workforce. This covers general human rights awareness during day-to-day activities for our wider workforce, as well as focused Voluntary Principles training for our security employees and contractors.

At operations with a relatively high risk of breaches of security-related, human rights, we require our own employees and private security contractors to undergo specific training on human rights, aligned with the Voluntary Principles. Where possible, we also provide awareness-raising sessions on the Voluntary Principles to public security forces deployed on our concessions.

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. We align our grievance mechanisms with the requirements of the UN Guiding Principles on Business and Human Rights.

As a member of the Voluntary Principles Initiative, we are working with the member governments, companies and NGOs to further develop our approach towards human rights.

During 2017, we received 1,063 complaints from the communities living around our operations. The majority of the complaints received related to three assets, Chad E&P, Mount Isa Mines and Pasar, and concerned impacts from construction works (Chad) and emissions (Mount Isa and Pasar).

Further details of such will be set out in our Sustainability Report. We take all complaints seriously and continuously look for new ways to minimise our impacts.

Product stewardship

Our products are vital to today's society, creating devices used daily, all over the world. Our goal is to provide competitively priced commodities that meet our customers' needs and contribute to global society, while addressing any associated health, societal and environmental risks.

We work with experts, industry consortia and our peers to study the properties and impacts of our products throughout their lifecycles, to spread understanding of our products. We engage with a broad range of stakeholders, including civil society, governments and our customers, to promote responsible commodity sourcing. In 2017, Glencore did not produce, process or market any 'conflict minerals' originating from the conflict areas as defined under the Dodd-Frank Act (tin, tungsten, tantalum and gold from the DRC and adjoining countries).

Our people

Our employees and contractors are fundamental to our success.

At Glencore, our people are at the heart of everything we do. We foster an environment where our different backgrounds, cultures and beliefs are supported and encouraged. We recognise that diversity brings new ideas, innovation and different ways of working and that mutual respect leads to a driven workforce, dedicated to our common goals.

We respect and implement relevant local regulations and the International Labour Organization Declaration on Fundamental Principles and Rights at Work.

Diversity

Reflecting the wide geographic footprint of our workplaces, diversity is at the core of Glencore's approach to its people. Our diversity policy promotes a diverse and inclusive workforce. We have established guiding principles to improve gender balance, encourage and support diversity and to prevent discrimination of gender or any other diverse attribute. Our principles support increased diversity awareness throughout our business.

Group-wide, we employ 12,037 women, which is 14% of our employees.

Not only do we have a diversified portfolio of commodities and services, our presence in 90 marketing offices and 150 assets in more than 50 countries means our people are varied, too. In our Baar corporate office, we employ people from 54 different nationalities, with the gender balance approaching 40% female. Details of senior management diversity is set out on page 90.

Our people

We are proud of our people and our shared commitment to who we are, what we do and to continuously improving the impact of our actions. We recognise that our presence can bring significant economic benefits to our operating countries and the communities living near to our assets.

Where possible, we employ locally and our training and skills-development programmes support this ambition. Reflecting the diversity of our business and workforce, we tailor our training programmes to meet the skills needed in the communities that support our assets.

The success of our business is reliant on attracting and retaining the best people at every level. We offer regular assessments of skill levels and competence, with the aim of identifying good performance, talent and potential, and offering suitable rewards, development opportunities, and support.

We periodically review the skills of our current workforce against future business requirements and take the necessary steps to match available talent against our current and future requirements. When appropriate, employees receive training and skills development to support their advancement.

During the year, a number of our regional businesses were recognised for their efforts to develop and support their employees:

- our Australian copper business received industry awards recognising its outstanding achievement in vocational education and training
- our Canadian Raglan nickel mine was recognised by the Conseil du Patronat of Quebec for high rates of job retention. This is particularly pleasing considering the harsh operating environment in the far north of Canada

Our global rate of turnover was 9%; similar to that experienced in 2016 (10%).

Union relations

We recognise and uphold the rights of our workforce to a safe workplace and collective representation and freedom of association. We are committed to working honestly and openly with labour unions at all of our locations and treating all employees with respect.

While several of our assets successfully engaged in labour re-negotiations during 2017, there were various instances where labour disputes occurred. Although where we find ourselves in dispute with our labour force or a part of it we usually can find an acceptable solution through negotiation, occasionally a situation can be challenging.

Workforce numbers at year end

	2015	2016	**2017 (excluding agriculture)**
Employees	100,614	95,958	83,679
Contractors	55,854	58,874	62,298
Total workforce	**156,468**	**154,832**	**145,977**
% of female employees	16	17	14

At CEZ, a zinc refinery in Canada, owned by the Noranda Income Fund (NIF) and in which Glencore has a 25% stake and operates, members of the United Steelworkers Union (USW) went on strike in February. The labour dispute resulted from the NIF's cost reduction initiatives to adjust to market terms after the conclusion of a 15-year term where the NIF enjoyed the advantage of fixed processing fees. In November, the 371 members of the USW voted in favour of a new six-year collective agreement. The agreement was a compromise between the NIF's need to restructure its cost base and the USW's goal of keeping its members' pension benefits unchanged.

During 2017, in Australia, we negotiated new enterprise agreements (EAs) with local Construction, Forestry, Mining and Energy Union (CFMEU) lodges at 13 of our coal operations. At our Oaky North mine we have been negotiating with the CFMEU on a new agreement for nearly three years. In early 2018, following an extended labour dispute, we reached an in-principle agreement with national, state and local CFMEU leaders; regrettably Oaky North's union members voted against the proposed agreement that would have resulted in a return to work. The in-principle agreed EA positions the mine for a successful future.

Wellbeing

Our entire workforce shares responsibility for creating, fostering and maintaining a culture of safe work. Our goal is a trained, competent and motivated workforce. We actively promote and support health and wellness programmes for all of our workers. Additionally, confidential and voluntary counselling services are made available to our employees and their dependents to help resolve both personal and work-related problems.

Our progress in 2017

During the year, we continued to advance the perception of our employer brand. We took steps to improve the consistency of our employee communications, to address transparently public concerns and to engage actively with interested stakeholders. Together, these efforts are reinforcing Glencore's position as an employer of choice in the main markets in which we operate.

Our Fundamental Values

Our objectives and policies towards our people reflect our values:

Safety

Our first priority in the workplace is to protect the health and well-being of all our people. We take a proactive approach to health and safety; our goal is continuous improvement in the prevention of occupational disease and injuries

Entrepreneurialism

Our approach fosters the highest level of professionalism, personal ownership and entrepreneurial spirit in all our people while never compromising on their safety and well-being. This is important to our success and the superior returns we aim to achieve for all our stakeholders.

Simplicity

We aim to achieve our key deliverables efficiently as a path to industry-leading returns, while maintaining a clear focus on excellence, quality, sustainability and continuous improvement in everything we do.

Responsibility

We recognise that our work can have an impact on our society and the environment. We care about our performance in relation to environmental protection, human rights, and health and safety.

Openness

We value open relationships and communication based on integrity, co-operation, transparency and mutual benefit, with our people, our customers, our suppliers, governments and society in general.

Compliance

Glencore's success is founded on a reputation, built over many years, as being an honest and reliable business partner. By upholding our commitment to ethical business practices, we seek to maintain this reputation and meet our long-term objectives through being regarded as a business partner of choice.

Our Approach

We seek to maintain a culture of ethical behaviour and compliance throughout the Group, rather than simply performing the minimum required by laws and regulations. We will not knowingly assist any third party in breaching the law, or participate in any criminal, fraudulent or corrupt practice in any country.

To support this, we have implemented a Group compliance programme that includes a range of policies, procedures, guidelines, training and monitoring. Our permanent and temporary employees, directors and officers (as well as contractors, where they are under a relevant contractual obligation) must comply with our compliance policies, procedures and guidelines that apply to their work, in addition to complying with applicable laws and regulations. When we enter into joint ventures where we are not the operator, we seek to influence our partners to adopt similar policies to ours.

Group Policy Framework

Our policy framework encompasses our values, Code of Conduct and policies, procedures and guidelines on various compliance topics including anti-corruption, sanctions, anti-money laundering, the prevention of fraud, market abuse, the prevention of the facilitation of tax evasion, anti-trust, data protection and conflict of interest. This framework reflects our commitment to uphold good business practices and to meet or exceed applicable laws and external requirements. We emphasise their importance in our business activities, including recruitment, induction, supplier briefings and external engagement activities. Training and awareness on our policies, procedures and guidelines, as well as strong leadership, are critical components of our compliance programme. They ensure our employees understand the behaviour expected of them and provide guidance on how they can identify and practically approach legal and ethical dilemmas in their daily work lives.

Compliance officers are full time compliance employees who provide dedicated compliance support to the business. Compliance coordinators, guided by the Group compliance team, take on the role in addition to their primary role. They support our employees in day-to-day business considerations, particularly those seeking advice on ethical, lawful behaviour or policy implementation. The Group currently has 111 compliance officers and coordinators. Employees may access the telephone, email and postal contact details of our compliance officers and coordinators via the Group intranet, their local intranet and notice boards.

Employees can access the compliance policies, procedures and guidelines through various channels, including via the compliance team, the Group intranet or local intranet of the specific asset at which they work. Our managers and supervisors are responsible for ensuring employees understand and comply with the policies and procedures. We monitor and test their implementation on a regular basis. Employees and contractors who have access to a work computer must confirm their awareness and understanding of our compliance requirements electronically every year. Certain assets implement their own policies and procedures in addition to those of the Group. These are designed to address specific local requirements, while being consistent with our policy framework.

In accordance with our Code of Conduct, anybody working for Glencore who breaches the law, the Code of Conduct, or other policies or procedures may face disciplinary action including dismissal. In 2017, Glencore dismissed 284 employees (2016: 318 and 2015: 523) for breaching the Code of Conduct. The dismissals predominantly related to failures to follow safety instructions or policies, or misappropriation of company property.

The Group Business Ethics Committee (BEC)

The BEC comprises Glencore's CEO, senior management and members of the compliance team, as well as external counsel. The BEC considers compliance issues relevant to the Group and reviews and approves our policies, procedures and guidelines. The BEC reports to the Audit Committee. The policies, procedures and guidelines approved by the BEC are implemented by our compliance team. The BEC meets two times per year and its sub-committee meets four times per year to consider in more detail matters addressed by the BEC.

Training and Awareness

Our employees receive induction sessions and ongoing training on a range of compliance issues. In 2017, 31,737 employees and contractors (2016: 29,569) completed our Code of Conduct e-learning, which includes guidance on raising concerns. In addition, 22,872 (2016: 20,119) completed e-learning training on our global anti-corruption policy, which includes guidance on giving and receiving gifts and entertainment. The target audience of the Code of Conduct e-Learning is employees with regular access to a work computer and the training on anti-corruption targets those whose function may require them to interact with third parties. For those employees who do not have regular access to a work computer, we provide training in other ways including induction sessions, pre-shift general training and toolbox talks. In addition, compliance officers and coordinators conduct face-to-face training for relevant employees to raise awareness about compliance risks related to their functions and to train them on Glencore's compliance policies and procedures.

Monitoring

As part of the Group compliance programme, we conduct monitoring to test and verify compliance with the Group policies, procedures and guidelines and with the laws and regulations applicable to Glencore's marketing and industrial activities. This entails performing periodic and ad hoc testing reviews in accordance with the corporate testing and monitoring plans, analysing documents and procedures and, in the case of findings, collaborating with the relevant marketing office or industrial operation to determine the most appropriate course of action, including any required corrective action.

Bribery and corruption

Glencore's Global Anti-Corruption Policy is available on the Group website. It contains our clear position on bribery and corruption: the offering, paying, authorising, soliciting or accepting of bribes is unacceptable. We conduct analysis for corruption risks within our businesses and seek to address these risks through policies and procedures, training and awareness raising, monitoring and controls.

Glencore is a member of the Partnering Against Corruption Initiative (PACI). Members collaborate on collective action and share leading practice in organisational compliance. The initiative is based on a commitment to zero tolerance on bribery and implementation of practical and effective anticorruption programmes. We are also an associate member of the Maritime Anti-Corruption Network (MACN).

The Group has also implemented the Third Party Due Diligence Procedures which seek to ensure that our third party relationships are in accordance with applicable laws and regulations and the Global Anti-Corruption Policy. The procedures set out a process whereby circumstances that may pose a corruption risk are reviewed, addressed and taken into consideration when deciding whether and on which conditions to proceed with a third party relationship, particularly intermediaries, joint-ventures and service providers on a risk basis.

Sanctions

Glencore is committed to respecting, upholding and complying with all sanctions applicable to our business and to all transactions in which we engage, regardless of our role or location. The applicability and scope of the applicable sanctions can differ per transaction, jurisdiction and other factors. The Glencore Global Sanctions Policy sets our approach to sanctions and how we seek to comply with applicable sanctions and appropriately manage sanctions risk. The Glencore Sanctions Procedures outline the steps and procedures we take to ensure compliance with the Global Sanctions Policy.

Prevention of Facilitation of Tax Evasion

The Group does not tolerate tax evasion of any kind, including facilitation of tax evasion by any person employed or contracted to the Group or acting on its behalf and has procedures which seek to prevent any such facilitation.

Reporting Misconduct

If one of our people encounters a situation that appears to breach our policy framework that individual must raise this promptly with his or her immediate supervisor or manager. Alternatively, the individual may raise the concern with another appropriate manager, compliance officer or coordinator, or a member of the BEC. If a concern remains unresolved through local channels, it can be referred to the Group's Raising Concerns programme. In countries with low levels of internet access we have telephone numbers, made known to our people via notice boards. Those who call or use the online form may choose to raise their concerns anonymously. Nobody working for Glencore suffers demotion, penalty or any other disciplinary action for raising a concern in good faith.

In 2017, the Raising Concerns programme received 183 (2016: 153) reports from employees, contractors or third parties regarding situations in which Group policies appeared to be breached.

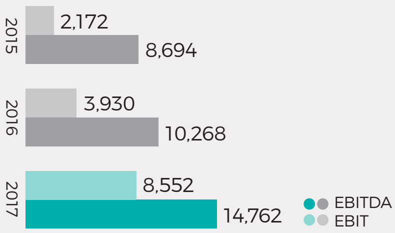
Key performance indicators

Our financial and non-financial key performance indicators (KPIs) provide a measure of our performance against the key drivers of our strategy

Financial key performance indicators

Adjusted EBIT/EBITDA◊ (US$ million)

14,762



Definition

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

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

2017 performance

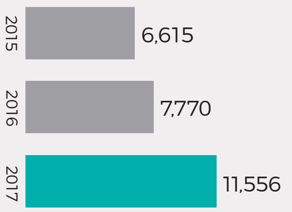
Adjusted EBITDA was $14,762 million and Adjusted EBIT was $8,552 million, increases of 44% and 118% respectively compared to 2016, primarily driven by higher commodity prices.

Market sentiment and commodity prices continued to improve over 2017 following the cyclical lows reached over H1 2016. The positive impact of the higher prices on Adjusted EBITDA was somewhat tempered by moderate cost inflation and the effects of a weaker US dollar against most producer country currencies.

Links to strategy

Funds from operations (FFO)◊ (US$ million)

11,556



Definition

Funds from operations (FFO) is a measure that reflects our ability to generate cash for investment, debt servicing and distributions to shareholders.

It comprises cash provided by operating activities before working capital changes, less tax and net interest payments plus dividends received, related Proportionate adjustments and Significant items, mainly comprising movements in coal related mark-to-market items.

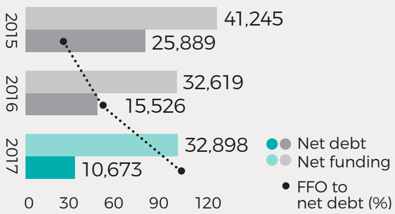
2017 performance

FFO of $11.6 billion was 49% up on 2016, reflecting the improved Adjusted EBITDA noted above and a tax payments cycle reflective of last year's lower earnings.

Links to strategy

Net funding/Net debt and FFO to net debt◊ (US$ million)

10,673



Definition

Net funding/Net debt demonstrates how our debt is being managed and is an important factor in ensuring we maintain an investment grade rating status and a competitive cost of capital.

Net debt is defined as total current and non-current borrowings less cash and cash equivalents, readily marketable inventories and related Proportionate adjustments. The net debt assumed in the Volcan acquisition (completed mid-November 2017) has also been adjusted to provide a more consistent and comparative analysis, but mostly to reflect the Group's relatively low 23.3% economic ownership (compared to its 63.0% voting interest) in this still fully ring-fenced listed entity, with its standalone, independent and separate capital structure. The relationship of FFO to net debt is an indication of our financial flexibility and strength.

2017 performance

Net funding as at 31 December 2017 increased by $279 million to $32,898 million, whereas net debt (net funding less readily marketable inventories) decreased by $4,853 million over the year to $10,673 million.

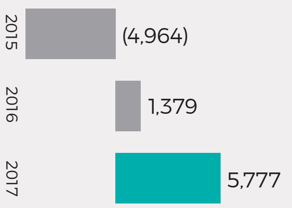
The latter measurement reflecting the increase in readily marketable inventories ($5,132 million of the working capital outflow of $5,245 million) over the year due to a combination of increased commodity prices and further investments into the strengthening commodity market environment.

FFO to Net debt more than doubled to 108.3% in line with higher FFO and lower Net debt over the period.

Links to strategy

Net income attributable to equity holders (US$ million)

5,777



Definition

Net income attributable to equity shareholders is a measure of our ability to generate shareholder returns.

2017 performance

Net income attributable to equity holders increased from a profit of $1,379 million in 2016 to a profit of $5,777 million in 2017, reflecting the Adjusted EBIT increase described above as well as lower impairment charges net of gains on disposals.

Links to strategy

◊ Refer to APMs section on page 197 for definition and reconciliations.

Our strategy for a sustainable future
Page 20

Strategic priorities

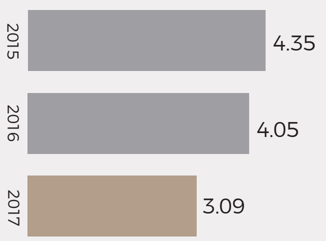
Integration of sustainability throughout our business

Maintain a robust and flexible balance sheet

Focus on cost control and operational efficiencies

Non-financial key performance indicators

Safety: Total recordable injury frequency rate (TRIFR) (per million hours worked)



Definition

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

TRIFR is the sum of fatalities, lost time injuries, restricted work injuries and medical treatment injuries per million hours worked. The metric represents all injuries that require medical treatment beyond first aid.

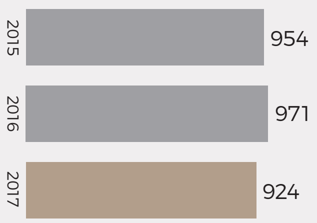
2017 performance

We are saddened to report that in 2017 nine people lost their lives at our operations (2016: 16 people). All loss of life is unacceptable and we are determined to eliminate fatalities across our Group.

Our TRIFR is 3.09 per million hours worked, an improvement over 4.05 recorded in 2016. We remain on track to meet our long-term TRIFR goal of a 50% reduction by 2020 using our 2014 TRIFR of 5.02 as a baseline.

Links to strategy

Water withdrawn* (million m³)



*2015 data is not directly comparable to later periods due to changes in data reporting methodology.

Definition

Water withdrawal is a measure of our operational resource efficiency.

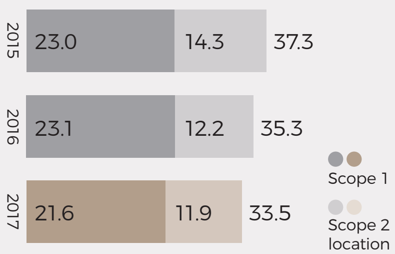
Our operations have an ongoing responsibility to increase the reuse of processed and use of recycled waste water in order to reduce our impact on local water supplies. Recycled water is predominantly used in place of fresh water for processes such as dust suppression.

2017 performance

In 2017, we withdrew 924 million m^3 of water (2016: 971 million m^3). We are committed to managing our impact on water resources responsibly. We prioritise efficient water use, water reuse/recycling, responsible waste water disposal and maintaining any equipment that may pose a hazard to water quality.

Links to strategy

Carbon emissions (million tonnes CO_2*)



*Scope 1 emissions are measured in CO_2e

Definition

Our CO_2 emissions reporting is separated into Scope 1 and Scope 2 – location-based emissions. Scope 1 includes emissions from combustion in owned or controlled boilers, furnaces and vehicles/vessels and coal seam emissions.

Scope 2 – location-based emissions applies the grid emission factor to all our purchased electricity, regardless of specific renewable electricity contracts. We monitor and report both the direct and indirect emissions generated by the industrial activities, entities and facilities where we have operational control.

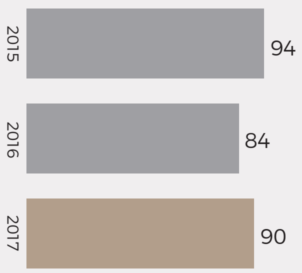
2017 performance

During 2017, we emitted 21.6 million tonnes CO_2e of Scope 1 (direct emissions). The improvement over 2016 is mainly as a result of lower coal seam emissions in our Australian coal operations.

We emitted 11.9 million tonnes CO_2 of Scope 2 – location based (indirect emissions). The small reduction in Scope 2 emissions was caused by the closure of Sherwin Alumina and some energy efficiency gains in our Ferroalloys smelters.

Links to strategy

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.

Funds are set aside to support 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.

2017 performance

In 2017, the funds we made available for community investments were $90 million, an increase on the amount invested in 2016 ($84 million). Our community development programmes are an integral part of our community and stakeholder engagement strategies and our investments supported various initiatives in all of our operating regions.

Links to strategy

Non-financial indicators includes information and data from our industrial activities, including only assets where we have operational control, and excluding investment, marketing and holding companies. The community investments spend also includes our marketing activities.

For some 2016 and 2015 indicators, data has been restated to reflect improvements in our data collection, analysis and validation systems.

Principal risks and uncertainties

Glencore is exposed to a variety of risks that can have an impact on our business and prospects, future performance, financial position, liquidity, asset values, growth potential, sustainable development and reputation

Therefore, risk management is one of the key responsibilities of the Board and its Audit and HSEC Committees. Our principal 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 priorities of opportunistically deploying capital, while protecting our future financial security and flexibility. Our approach towards risk management is framed by our ongoing 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 reviewed on an ongoing basis. 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 92–93. The current assessment of our principal risks, according to exposure and impact, is detailed on the following pages. In accordance with UK Financial Reporting Council guidance, we define a principal risk as a risk or combination of risks that can 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. We look at risk appetite from the context of severity of the consequences should the risk materialise, factors influencing the risk and the Company's ability to mitigate it.

In compiling this assessment we have indicated the impact and likelihood of these risks in comparison with a year ago in the chart below.

The commentary on the risks in this section should be read in conjunction with the explanatory text under *Understanding the information on risks* which is set out on the following page.

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

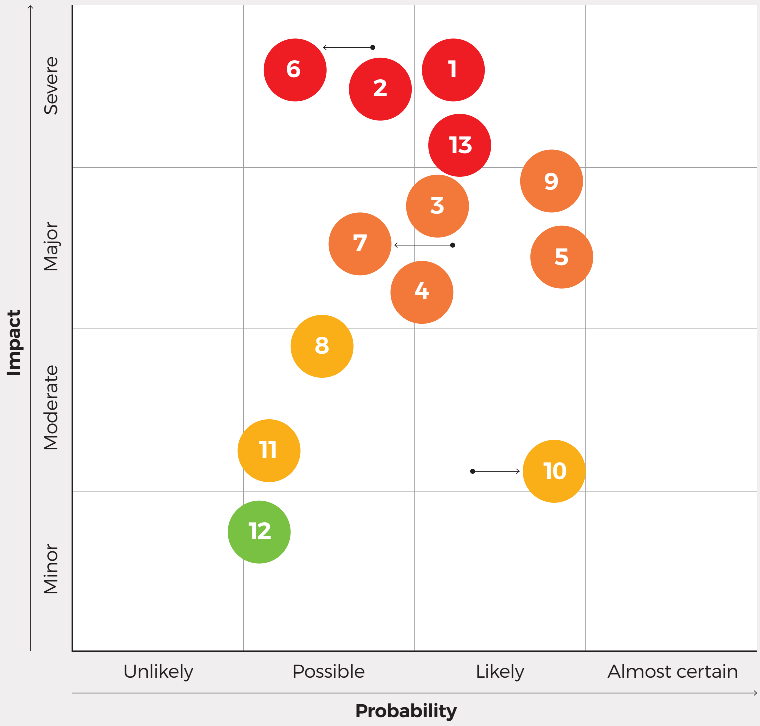
- our liquidity risk management policy requires us to maintain (via a $3 billion minimum prescribed level) sufficient cash and cash equivalents and other sources of committed funding available to meet anticipated and unanticipated funding needs
- making use of credit enhancement products, such as letters 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)

2017 developments

The following remain the leading risks (i.e. those posing the greatest potential threat) which the Group faces:

1. Reduction in commodity prices: there has been a general rise in commodity prices over the past 18 months. Notwithstanding these firmer price conditions, we remain mindful that underlying markets can be volatile and we continue to focus on the partially controllable element of the margin equation – costs. Any significant downturn in the current commodity price environment, especially in zinc, copper or coal, would have a severe drag on our financial performance. As a result, this continues to be the Group's foremost risk.
2. Fluctuations in supply of, or demand for commodities: the depression of commodity prices reflects the actual, perceived or prospective increases in supply of commodities and/or reductions in demand.
3. Fluctuations in currency exchange rates: the rise in commodity prices noted above is associated with a generally weaker U.S. dollar versus producer country currencies. Although strong producer currencies are generally detrimental over the short term to our locally denominated operating costs, this can be outweighed by stronger

2017 developments and overview of principal risks and uncertainties



Key

Risk impact
Minor · Moderate · Major · Severe

External risks
1 Reductions in commodity prices
2 Fluctuations in the supply of, or demand for, the commodities in which we operate
3 Fluctuations in currency exchange rates
4 Geopolitical risk including social unrest
5 Laws, regulations, enforcement, permits and licences to operate
6 Liquidity risk

Business risks
7 Counterparty credit and performance
8 Operating and cost risks
9 Cyber risk

Sustainability risks
10 Emissions and climate change
11 Community relations and human rights
12 Skills availability and retention
13 Health, safety, environment, including potential catastrophes

Indicates change in 2017

world economic conditions and the associated increases in commodity prices that may derive from this. Additionally, currency rates can change for political and economic reasons unlinked to the commodities markets, which could result in a mismatched impact of pricing and currency movements resulting in income volatility.

4. Health, safety, environment including catastrophic hazards: a serious failure in safety, health and environmental management could result in an operational emergency or catastrophe, injuries or fatalities and a negative impact on our corporate reputation. In particular, catastrophic hazards such as tailings leakages and collapses of pit walls or underground tunnels represent significant unquantifiable risks for resources companies. During 2017, the HSEC Committee continued to concentrate on the management and mitigation of the Group's catastrophic hazards – see page 100.

5. Liquidity risk: while our net debt has further reduced in 2017, we remain cognisant that access to credit is vital and that debt markets can be volatile.

Changes in risk exposure and analysis

As a result of the strong economic growth momentum seen over the past 18 months and the repositioning of our balance sheet and reduction in the cost and capex structures of our portfolio, the probability of *liquidity risk* and *counterparty credit and performance* exposures materialising has reduced. Climate change initiatives continue to be at the forefront during 2017. Many countries began to implement their commitments to address climate change, e.g. through announcing limits on the number of petrol/diesel cars to be produced or imposing production limits on certain industries. These events have led to an increase, compared to 2016, both in the probability of risk exposure and its impact related to *emissions and climate change*.

In reassessing our risk analysis, we have concluded that: *cyber* should now be a stand-alone risk; *sourcing, freight, storage infrastructure and logistics* related risks no longer merit inclusion as a separate risk; and we have combined *development and operating risks* and *cost control* as *Operating and cost risks* as they are largely inter-related.

Principal risks and uncertainties

continued

Longer-term viability

In accordance with the requirements of the UK Corporate Governance Code, the Board has assessed the prospects of the Group's viability over the four-year period from 1 January 2018. This period is consistent with the Group's established annual business planning and forecasting processes and cycle which is subject to review and approval each year by the Board. The four-year plan considers Glencore's Adjusted EBITDA, Capital expenditure, Funds from operations (FFO) and Net debt, and the key financial ratios of Net debt to Adjusted EBITDA and FFO to Net debt over the forecasted years and incorporates stress tests to simulate the potential impacts of exposure to the Group's principal risks and uncertainties.

These scenarios included:

- a prolonged downturn in the price and demand of commodities most impacting Glencore's operations
- foreign exchange movements to which the Group is exposed as a result of its global operations
- consideration of the potential impact of adverse movements in macro-economic assumptions and their effect on certain key financial KPIs and ratios which could increase the Group's access to or cost of funding

The scenarios were assessed taking into account current risk appetite and any mitigating actions Glencore could take, as required, in response to the potential realisation of any of the stressed scenarios.

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. They also believe that the review period of four years is appropriate having regard to the Group's business model, strategy, principal risks and uncertainties, and viability.

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 risk. 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, 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 220.

Identifying, quantifying and managing risk is complex and challenging. Although it is our policy to identify and, where appropriate and practical, actively manage risk, our policies and procedures may not adequately identify, monitor and quantify all risks.

This section describes our attempts to manage, balance or offset risk. Risk is, however, by its very nature uncertain and inevitably 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. Our scenario planning and stress testing may accordingly prove to be optimistic, particularly in situations where material negative events occur in close proximity. 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. 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. A recent example is available on our website at: **http://www.glencore.com/who-we-are/governance**

In addition, more information on our risks is available in the relevant sections of our website.

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
- where we refer to "mitigation" we do not intend to suggest that we eliminate the risk, but rather it shows 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
- "commodity/ies" will usually refer to those commodities which the Group produces or sells
- "law" includes regulation of any type
- "risk" includes uncertainty and 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 threaten the business model, future performance, reputation, solvency or liquidity of the Group
- a reference to a note is a note to the 2017 financial statements
- a reference to the sustainability report is our 2017 sustainability report to be published in May 2018

Strategic priorities

- Integration of sustainability throughout our business
- Maintain a robust and flexible balance sheet
- Focus on cost control and operational efficiencies

Risk description	Comments/impacts to the Group	Mitigation and risk appetite
External risks		
1 Reductions in commodity prices		**Risk movement in 2017: Stable**
Link to strategic priorities	**Risk appetite:** Low. Outside of the inherent risk of commodity prices on unmined reserves/ resources, flat price exposure on extracted or trading related positions is to be hedged.	
The revenue and earnings of substantial parts of our industrial 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, related industry cycles and production costs in major producing countries.	A significant downturn in the price of commodities generally results in a decline in our profitability and could potentially result in impairment and balance sheet constraints. 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. The dependence of the Group (especially our industrial business) on commodity prices, make this the Group's foremost risk. See the Chief Executive Officer's review on page 4 and the financial review on page 52. Any economic developments, particularly impacting China and other fast growing countries, could lead to reductions in demand for, and consequently prices of, commodities.	Diversification of our portfolio of commodities, geographies, currencies, assets and liabilities. Government policy decisions can be very important, e.g. in reducing the demand for coal or increasing its pricing (via carbon taxes) – see *Emissions and climate change* below. New or improved energy production or technologies can also reduce the demand for some commodities such as coal. Also see our longer-term viability analysis above and the business review on page 60.
2 Fluctuations in the supply of, or demand for, the commodities in which we operate		**Risk movement in 2017: Stable**
Link to strategic priorities	**Risk appetite:** Low. Although an inherent risk in the extractive and marketing industries, we seek to ensure this risk is minimised through scale of operations and diversity of product.	
We are dependent on the expected volumes of supply or demand for commodities 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, demand in end markets for products in which the commodities are used. These also include technological developments, e.g. commodity substitutions, fluctuations in global production capacity, global and regional weather conditions, natural disasters and diseases, all of which impact global markets and demand for commodities. Furthermore, changes in expected supply and demand conditions impact the expected future prices (and thus the price curve) of each commodity.	Future demand for certain commodities might decline (fossil fuels), whereas others might increase (such as copper, cobalt, and nickel for their use in electric vehicles and batteries), taking into consideration the "greening" of the global economy. This risk is currently prevalent in various commodities, such as steel, coal and oil. In particular, many analysts believe that demand for coal will reduce sooner than previously expected due to significant cost reductions in renewable capacity and greater efficiencies from coal power plants. Also see *Emissions and climate change* below. Market price responses to such changes are neither instantaneous nor perfectly calibrated nor can the sustained implementation of such policies be certain.	Diversification of our portfolio of commodities, geographies, currencies, assets and liabilities. Making sure we are prepared for the shift in commodity demand by putting a special focus on the parts of the business that will potentially grow with the anticipated increase of electric vehicles and battery production and closely monitor fossil fuel (particularly thermal coal) demands. See the Chief Executive Officer's review on page 4 and the business review on page 60.

Principal risks and uncertainties
continued

Risk description	Comments/impacts to the Group	Mitigation and risk appetite
3 Fluctuations in currency exchange rates		**Risk movement in 2017: Stable**
Link to strategic priorities	**Risk appetite:** Low. Where possible foreign exchange exposure to non operating foreign exchange risk are to be hedged.	
The vast majority of our transactions are denominated in U.S. dollars, while operating costs are spread across many different countries, the currencies of which fluctuate against the U.S. dollar. A depreciation in the value of the U.S. dollar against one or more of these currencies will result in an increase in the cost base of the relevant operations in U.S. dollar terms. 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 are to the currencies listed on page 61.	Currency 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 U.S. dollar relative to local producer currencies and vice versa. If this occurs then it is detrimental to us through higher equivalent U.S. dollar operating costs at the relevant operations. This negative, however, would usually be offset to some extent by the increases in commodity prices which had caused this change.	In respect of commodity purchase and sale transactions denominated in currencies other than U.S. 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 currency exposures and requirements in an attempt to limit any adverse effect of exchange rate fluctuations.
4 Geopolitical risk including social unrest		**Risk movement in 2017: Stable**
Link to strategic priorities	**Risk appetite:** High. We operate in countries with less developed political regimes. To be considered a truly diversified commodities group, operations in these jurisdictions are required.	
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, social and tax environments. The Group transacts business in locations where it is exposed to a risk of overt or effective expropriation – resource nationalism continues to be a challenging issue in many countries. Our operations may also be affected by political and economic instability, including terrorism, civil disorder, violent crime, war and social unrest. 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.	Policies or laws in the countries in which we do business may change in a manner that may be adverse for us, even those with stable political environments e.g. many governments have sought additional sources of revenue by increasing rates of taxation, royalties or resource rent taxes. We have no control over changes to policies, laws and taxes. The OECD tax reporting initiative on Base Erosion and Profit Sharing (BEPS) is now effective and in 2018 the Group will report for the first time with regard to the 2017 tax year. The continued operation of our existing assets and future plans are in part dependent upon broad support, our "social licence to operate", and a healthy relationship with the respective local communities – see further *Community Relations* and *Skills availability and retention* concerning workforce disputes.	The Group's industrial assets are diversified across various countries. Also, the Group continues to actively engage with governmental authorities in light of upcoming changes and developments in legislation and enforcement policies. See map on page 3 which sets out our global operational footprint. In 2017, we also published our second *Payments to Governments* report. This detailed total government contributions in 2016 of around $4 billion. We also continue to be an active member of the Extractive Industries Transparency Initiative (EITI).

Risk description	Comments/impacts to the Group	Mitigation and risk appetite
5 Laws, regulations, enforcement, permits and licences to operate		Risk movement in 2017: Stable
Link to strategic priorities	**Risk appetite:** Medium. The Group maintains programmes which seek to ensure that we comply with or exceed the laws and external requirements applicable to our operations and products. However, some of our industrial activities are located in countries that are categorised as developing, complex or having political or social climates and/or where corruption is generally understood to exist.	
We are exposed to extensive laws including those relating to bribery and corruption, sanctions, taxation, anti-trust, financial markets regulation, environmental protection, use of hazardous substances, product safety and dangerous goods regulations, development of natural resources, licences over resources, exploration, production and post-closure reclamation, employment of labour and occupational health and safety standards and preservation. The terms attaching to any permit or licence to operate may also be onerous and obtaining these and other approvals, which may be revoked, can be particularly onerous to comply with. Furthermore, in certain countries title to land and rights and permits in respect of resources are not always clear or may be challenged. The legal system and dispute resolution mechanisms in some countries may be uncertain so that we may be unable to enforce our understanding of our rights. Successful lawsuits based upon damage resulting from operations could lead to the imposition of substantial penalties, the cessation of operations, compensation and remedial and/or preventative orders. Moreover, the costs associated with legal compliance, including regulatory permits, are substantial and increasing. Any changes to these laws or their more stringent enforcement or restrictive interpretation could cause additional significant expenditure to be incurred or cause suspensions of operations and delays in the development of industrial assets. 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 asset and/or impede our ability to develop new industrial properties. As a diversified sourcing, marketing and distribution company conducting complex transactions globally, we are exposed to the risks of fraud, corruption, sanctions breaches and other unlawful activities both internally and externally. Our marketing operations are large in scale, which may make fraudulent or accidental transactions difficult to detect. In addition, some of our industrial activities are located in countries, such as the DRC, where corruption is generally understood to exist. Corruption and sanctions risks remain highly relevant for businesses operating in international markets as shown by recent regulatory enforcement actions both inside and outside the resources sector.	Since 2007 the Group has had various business dealings with entities associated with Dan Gertler in connection with its copper assets in the DRC. In December 2017 the United States government designated Dan Gertler and affiliated companies as Specially Designated Nationals (SDNs), thereby imposing blocking sanctions on them and companies owned 50% or more by them, under Executive Order 13818, titled “Blocking the Property of Persons Involved in Serious Human Rights Abuses or Corruption”. The Group has pre-existing contractual obligations to make royalty and pas-de-porte payments in respect of KCC and Mutanda to certain of these companies which pre-date the SDN designation and which arose when the companies acquired rights from Gecamines. The Group has not made any payment to the companies since the SDN designation. The Group is still considering how best to mitigate its risks in relation to these obligations. In January 2018, the DRC parliament adopted a revised Mining Code. This includes significant increases in royalties, taxes, government ownership requirements and repatriation restrictions and terminates retroactively the 10-year stability clause that exists in the current Mining Code. If the revised Mining Code is promulgated and implemented in this form, it would have a significant impact on the investments of the Group in the DRC and their value. During the year, a restatement of past financial statements at Katanga Mining Limited, a subsidiary of the Group, was required and the Ontario Securities Commission is investigating various matters relating to Katanga (see pages 92 and 97). As KCC (Katanga’s 75% held main operating subsidiary) did not rectify a capital deficiency by 31 December 2017 as required by DRC corporate laws, an interested party may commence legal action before DRC judicial authorities. Katanga continues to assess options to address the capital deficiency including options which may partially adversely impact its entitlement to KCC’s future cash flows.	We seek to ensure full compliance through our commitment to complying with or exceeding the laws and external requirements applicable to our operations and products and through monitoring of legislative requirements, engagement with government and regulators, and compliance with the terms of permits and licences. We keep informed of new regulations and legal requirements. We seek to manage the risk of breaching applicable laws and external requirements through our policy framework which is described on page 91. However, there can be no assurance that such policies, procedures and controls will adequately protect the Group against fraud, corruption, sanctions breaches or other unlawful activities.

Principal risks and uncertainties
continued

Risk description	Comments/impacts to the Group	Mitigation and risk appetite
6 Liquidity risk		**Risk movement in 2017: Decrease**
Link to strategic priorities	**Risk appetite:** Low. It is the Group's policy to operate a BBB rating or above balance sheet and to ensure a minimum level of cash or committed funding is available at any given time.	
Our failure to access funds (liquidity) would severely limit our ability to engage in desired activities. 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 price to fund our 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 commodity prices or an operational problem that affects our suppliers, customers or ourselves.	A lack of liquidity may mean that we will 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 will decrease. Note 25 details our financial and capital risk management including liquidity risk.	The Financial Review on page 52 sets out the Group's Net Funding and Net Debt in 2017, which are both currently within our targets. We also issued during the year the following bonds with applicable coupon and redemption dates: \$500 million 3% 2022, \$500 million 3.875% 2027 and \$1.0 billion 4% 2027. While we have delevered and repositioned the Group's balance sheet in the past two years, we remain cognisant that access to credit is vital and that market conditions can change rapidly. As at 31 December 2017, the Group had available undrawn committed credit facilities and cash amounting to \$12.9 billion (31 December 2016: \$16.7 billion), comfortably ahead of our \$3 billion minimum prescribed level. Standard & Poor's and Moody's latest assessments for the Company's investment grade credit are BBB (positive outlook) and Baa2 (stable) respectively.
Business risks		
7 Counterparty credit and performance		**Risk movement in 2017: Decrease**
Link to strategic priorities	**Risk appetite:** Low. Where possible, credit exposure are to be covered through credit mitigation products.	
Financial assets consisting principally of 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.	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 • suppliers subject to prepayment or hedging counterparties may find themselves unable to honour their contractual obligations due to financial distress or other reasons	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, bank guarantees and insurance policies. Specific credit risk policy rules apply to open account risk with an established threshold for referral of credit positions by departments to central management. In addition, note 25 details our financial and capital risk management approach.

Risk description	Comments/impacts to the Group	Mitigation and risk appetite
8 Operating and cost risks		**Risk movement in 2017: Stable**
Link to strategic priorities	**Risk appetite:** Low. It is the Company's strategic objective to focus on cost control and operating efficiencies.	
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, may not conform to expectations). Other examples include natural hazards, processing problems, technical malfunctions, unavailability of materials and equipment, unreliability and/or constraints of infrastructure, industrial accidents, labour force challenges, disasters, protests, force majeure factors, cost overruns, delays in permitting or other regulatory matters, vandalism and crime.	The development and operating of assets may lead to future upward revisions in estimated costs, delays or other operational difficulties or damage to properties or facilities. This may cause production to be reduced or to cease and may further result in a decrease in production, personal injury or death, third party damage or loss or require greater infrastructure spending. Also, the realisation of these risks could require significant and additional capital and operating expenditures. Some of the Group's interests in industrial assets do not constitute controlling stakes. Although the Group has various structures in place which seek to protect its position where it does not exercise control, these other shareholders may have interests or goals that are inconsistent with ours. They may take action contrary to the Group's interests or be unable or unwilling to fulfil their obligations. Infrastructure availability remains a key risk, e.g. availability of continuous high-voltage power to our copper operations in the Democratic Republic of Congo. We are continuing to seek long-term power solutions via the Inga dam refurbishment.	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 along with updates to the risk register. We publish quarterly our production results and annually our assessment of reserves and resources based on available drilling and other data sources. Conversion of resources to reserves and, eventually, reserves to production is an ongoing process that takes into account technical and operational challenges, economics of the particular commodities concerned and the impact on the communities in which we operate. Local cost control measures are complemented by global procurement that leverages our scale to seek to achieve favourable terms on high-consumption materials such as fuel, explosives and tyres. Details of the significant impairments recorded during the year are contained in note 5. Deterioration in the price outlook or operating difficulties may result in additional impairments.
9 Cyber risk		**Risk movement in 2017: New principal risk**
Link to strategic priorities	**Risk appetite:** Low. Where possible, cyber exposures are to be mitigated through proactive monitoring and routing test to confirm security of systems.	
A cyber security breach, incident or failure of Glencore's IT systems could disrupt our businesses, result in the disclosure of confidential information, damage our reputation and create significant financial and legal exposures. Although Glencore invests heavily to monitor, maintain and regularly upgrade its systems, processes and networks, absolute security is not possible.	Cyber risks for firms have increased significantly in recent years owing in part to the proliferation of new technologies, the use of the internet and the increasing degree of connectivity, telecommunications technologies and major increase in cyber-crime. Our activities depend on technology for industrial production, efficient operations, environmental management, health and safety, communications, transaction processing and risk management. We see the increasing convergence of IT and OT (Operational Technology) networks that will create new risks and demand additional management time and focus. We also depend on third parties in long supply chains that are exposed to the same cyber risks but which are largely outside our control.	We have invested in global IT security platforms in order to seek to proactively monitor and manage our cyber risks. We conduct routine third party penetration tests to confirm the security of our systems. Our designated IT Security Council sets the global cyber security strategy, conducts regular risk assessments and designs targeted cyber security packages that seek to thwart emerging malware, virus, vulnerabilities etc. Our incident response team is established and responsible to respond in the event of any major cyber incident. We conduct ongoing training of our employees in order to raise the awareness of cyber security threats.

Principal risks and uncertainties
continued

Risk description	Comments/impacts to the Group	Mitigation and risk appetite
Sustainability risks		
10 Emissions and climate change		**Risk movement in 2017: Increase**
Link to strategic priorities	**Risk appetite:** High. Our business involves mining and consuming fossil fuels along with processing minerals which inevitably entails emitting harmful emissions.	
Our global presence exposes us to a number of jurisdictions in which regulations have been or are being considered to reduce emissions. The likely effect of these changes will be to increase the cost for fossil fuels, impose levies for emissions and increase costs for monitoring and reporting and to reduce demand for fossil fuels. Third parties, including potential or actual investors, may also introduce policies adverse to the Company due to its interest in fossil fuels.	A number of national governments have already introduced, or are contemplating the introduction of regulatory responses to greenhouse gas emissions. This includes countries where we have assets such as Australia, Canada and Chile, as well as customer markets such as China, India and Europe. Many countries are also pledging to stop using fossil fuels (specifically coal) in power generation, e.g. in 2017 25 countries and regions including the UK, France and Mexico undertook to do so by 2030. As a result of these factors, some other market participants and analysts have a more bearish view (some strongly so) in relation to coal and oil and believe that many fossil fuel assets could become "stranded", i.e. no longer capable of operating for an economic return with the capital invested being irretrievably lost. We are one of the major producers of key metals (including copper, cobalt, nickel) that are currently essential for electric vehicles and the transition to a low carbon economy, although technological change may over time reduce their requirement.	Through our sustainability programme, we strive to ensure emissions and climate change issues are identified, understood 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. During 2017, we published our second *Climate Change Considerations for our Business* which sets out information about how our business operates, our position on climate change and how we are managing the opportunities and challenges of climate change across our business. In order to understand and plan for the effects of climate change on our business, we are seeking to provide a framework for identifying, understanding and, ultimately, managing (to the extent possible) climate-related challenges and opportunities facing our portfolio. This covers in particular government policy, energy costs, physical impacts, stakeholder perceptions, and market impacts. Further information is available at **www.glencore.com/sustainability/climate-change**
11 Community relations and human rights		**Risk movement in 2017: Stable**
Link to strategic priorities	**Risk appetite:** Low. It is our policy to ensure we proactively engage with local communities to maintain our social licence to operate.	
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, 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 this instability could negatively impact the perceived value of our assets.	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 communities, along with the regular reporting as outlined on our website at: **www.glencore.com/sustainability/community-and-human-rights**. Some of our mine sites are in remote locations where they are a – or the – key employer in the region. Inevitably, every mine will reach a point of depletion where it is no longer economic to operate and must be closed in an orderly fashion. We are working with all stakeholders at our mine sites to operate for as long as it is economically viable to do so, and to prepare long-term plans that provide for a gradual transition to the end of mine life.

Risk description	Comments/impacts to the Group	Mitigation and risk appetite
12 Skills availability and retention		**Risk movement in 2017: Stable**
Link to strategic priorities	**Risk appetite:** Low. It is a key strategic objective of the Company to maintain positive employee relationships and to attract and retain skilled workers.	
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 attraction and retention of highly qualified and skilled personnel can be challenging, especially, but not only, in locations experiencing political or civil unrest, or in which they may be exposed to other hazardous conditions.	Many employees, especially at the Group's industrial activities, 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.	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: **www.glencore.com/careers/Our-culture** and in our People section on page **www.glencore.com/sustainability/our-people**. Various union strike action has occurred at several of our operations during the year e.g. Coal Australia. Group companies seek negotiated outcomes with employee representatives, based on reasonableness and fairness, however unfortunately and occasionally strike action can occur.
13 Health, safety, environment, including potential catastrophes		**Risk movement in 2017: Stable**
Link to strategic priorities	**Risk appetite:** Low. It is our policy to ensure we comply with or exceed the health, safety and environmental laws and external requirements applicable to our operations and products.	
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, which could result in injuries or fatalities and also impact production and our corporate reputation. 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 those 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. We regret, we recorded nine fatalities at our operations from nine separate incidents.	Our approach to sustainability and our expectations of our workers and our business partners are outlined in our sustainability framework. 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 top priorities. We remain focused on the significant risks facing our industry arising from operational catastrophes such as the examples of tailings dam collapses in Canada and Brazil and the coal mine explosions experienced in the last five years. We seek to learn from these events, and proactively assess our exposure to similar incidents and implement measures to avoid these. Considerable ongoing investment continues in the Group's SafeWork health and safety programme. See also the Sustainable development review on page 24 and the HSEC Committee report on page 100. Further details will also be published in our 2017 sustainability report.

Financial review

Highlights

US$ million	2017	2016	Change %
Key statement of income and cash flows highlights[1]:			
Net income attributable to equity holders	5,777	1,379	319
Adjusted EBITDA◊	14,762	10,268	44
Adjusted EBIT◊	8,552	3,930	118
Earnings per share (Basic) (US$)	0.41	0.10	310
Funds from operations (FFO)[2]◊	11,556	7,770	49
Net cash generated by operating activities before working capital changes	11,866	7,868	51
Capital expenditure◊	4,234	3,497	21

US$ million	31.12.2017	31.12.2016	Change %
Key financial position highlights:			
Total assets	135,593	124,600	9
Net funding[2]◊	32,898	32,619	1
Net debt[2]◊	10,673	15,526	(31)
Ratios:			
FFO to Net debt[2]◊	108.3%	50.0%	119
Net debt to Adjusted EBITDA◊	0.72x	1.51x	(52)

1 Refer to basis of preparation below.
2 Refer to page 56.

◊ Adjusted measures referred to as Alternative performance measures (APMs) which are not defined or specified under the requirements of International Financial Reporting Standards; refer to APMs section on page 197 for definition and reconciliations and note 2 of the financial statements for reconciliation of Adjusted EBIT/EBITDA and capital expenditure.

Basis of presentation

The financial information in the Financial and Business Review is on a segmental measurement basis, including all references to revenue (see note 2) and has been prepared on the basis as outlined in note 1 of the financial statements, with the exception of the accounting treatment applied to relevant material associates and joint ventures for which Glencore's attributable share of revenues and expenses are presented.

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

Alternative performance measures are denoted by the symbol ◊ and are further defined and reconciled to the underlying IFRS measures in the APMs section on page 197.

Financial results

Net income attributable to equity holders increased from $1,379 million in 2016 to $5,777 million in 2017 and EPS increased from $0.10 per share to $0.41 per share, driven by the factors discussed below.

Adjusted EBITDA was $14,762 million and Adjusted EBIT was $8,552 million, increases of 44% and 118% respectively compared to 2016, primarily driven by higher commodity prices. Market sentiment and commodity prices continued to improve over 2017, following the cyclical lows seen in early 2016. Notable year over year average price increases were cobalt (108%), zinc (38%), coal (GC Newc. 34%) and copper (27%). The positive impact of the higher prices on Adjusted EBITDA was somewhat tempered by upward trending, albeit until now, relatively moderate cost inflation and the effects of a weaker U.S. dollar against most producer country currencies, including average year-over-year declines against the South African rand (9%), Kazakh tenge (5%) and Australian dollar (3%). Adjusted EBITDA mining margins were robust at 38% and 41% in our metals and energy operations, up respectively from 33% and 32% in 2016.

Marketing Adjusted EBITDA and EBIT increased by 5% and 3% to $3,224 million and $3,012 million respectively:

- Metals and minerals Adjusted Marketing EBIT was up 28% over 2016, with strong contributions from most commodity departments, reflecting the improved physical commodity market conditions and solid growth in volumes handled, particularly copper, cobalt, zinc and ferroalloys.
- Energy products Adjusted Marketing EBIT was up 9% compared to 2016, with healthy contributions from both oil and coal. The oil result was augmented by a substantial volume increase during the year, notably crude, up 33%.
- Like-for-like, Agricultural products Adjusted Marketing EBIT was down 26% compared to 2016, but up 7% at the Adjusted EBITDA level, due to a higher depreciation charge in 2017. This was an overall satisfactory result, given the general industry margin pressures, following a succession of global bumper crops. Following the sale of a 50% interest in December 2016, Adjusted EBIT, on a reported basis, was down 63% compared to 2016.

Industrial Adjusted EBITDA increased by 60% to $11,538 million (Adjusted EBIT was $5,540 million, compared to $1,011 million in 2016). As noted above, the increase was primarily driven by stronger average year-over-year commodity prices, offset by volume related impacts (including temporary industrial action, acid supply and weather related factors), moderate cost inflation and adverse foreign currency impacts, given the generally weaker U.S. dollar against the vast majority of local currencies in our key operating jurisdictions.

Adjusted EBITDA/EBIT◊

Adjusted EBITDA by business segment is as follows:

	2017			2016			
US$ million	Marketing activities	Industrial activities	Adjusted EBITDA	Marketing activities	Industrial activities	Adjusted EBITDA	Change %
Metals and minerals	2,029	8,281	10,310	1,586	6,030	7,616	35
Energy products	1,054	3,599	4,653	959	1,503	2,462	89
Agricultural products[1]	316	–	316	592	–	592	(47)
Corporate and other	(175)	(342)	(517)	(74)	(328)	(402)	29
Total	**3,224**	**11,538**	**14,762**	**3,063**	**7,205**	**10,268**	44

Adjusted EBIT by business segment is as follows:

	2017			2016			
US$ million	Marketing activities	Industrial activities	Adjusted EBIT	Marketing activities	Industrial activities	Adjusted EBIT	Change %
Metals and minerals	2,005	4,496	6,501	1,562	2,182	3,744	74
Energy products	990	1,424	2,414	909	(842)	67	n.m.
Agricultural products[1]	192	–	192	522	–	522	(63)
Corporate and other	(175)	(380)	(555)	(74)	(329)	(403)	38
Total	**3,012**	**5,540**	**8,552**	**2,919**	**1,011**	**3,930**	118

1 The above balances represent Glencore's interest in Glencore Agri, being 49.9% post 1 December 2016, and 100% pre the sale date. Following completion of the sale, the results from Agricultural products have been combined under Marketing activities and the 2016 comparatives, relating to Industrial 2016 EBITDA/EBIT of $138 million and $104 million respectively have been reclassified from Industrial to Marketing activities. See page 78 and note 2.

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	**2017**	2016
Adjusted EBIT◊	8,552	3,930
Net finance and income tax expense in relevant material associates and joint ventures[1]	(591)	(264)
Net finance and income tax expense of discontinued operations[2]	–	(201)
Net finance costs	(1,451)	(1,533)
Income tax expense[3]	(1,572)	(362)
Non-controlling interests	570	422
Income attributable to equity holders of the Parent from continuing and discontinued operations pre-significant items	**5,508**	**1,992**
Earnings per share (Basic) pre-significant items (US$)	0.39	0.14
Significant items◊		
Share of Associates' significant items[4]	(6)	(132)
Mark-to-market valuation on certain coal hedging contracts[5]	225	(225)
Unrealised intergroup profit elimination[5]	(523)	(374)
Gain on disposals and investments[6]	1,309	2,370
Other expense – net[7]	(594)	(1,997)
Income tax expense[3]	(187)	(276)
Non-controlling interests' share of significant items[8]	45	21
Total significant items	**269**	**(613)**
Income attributable to equity holders of the Parent from continuing and discontinued operations	**5,777**	**1,379**
Earnings per share (Basic) (US$)	0.41	0.10

1 Refer to note 2 of the financial statements and to APMs section for reconciliations.
2 Refer to note 24 of the financial statements.
3 Refer to other reconciliations section for the allocation of the total income tax expense between pre-significant and significant items.
4 Recognised within share of income from associates and joint ventures, see note 2 of the financial statements.
5 Recognised within cost of goods sold, see note 2 of the financial statements.
6 Refer to notes 3 and 24 of the financial statements and to APMs section for reconciliations.
7 Recognised within other expense – net, see notes 4 and 24 of the financial statements and to APMs section for reconciliations.
8 Recognised within non-controlling interests, refer to APMs section.

Significant items

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

In 2017, Glencore recognised a net $269 million gain (2016: net expenses of $613 million) in significant items, including $187 million of income tax related expense items mainly related to the substantial reductions in U.S. corporate income tax rates. The net gain comprises primarily:

- Income of $225 million (2016: $225 million expense) relating to the accounting period matching of certain coal derivative positions open at 31 December 2016 and subsequently fully settled during 2017. These positions related to portfolio risk management/ hedging activities initiated in Q2 2016 to manage forward sales price exposure, relating to future coal production. The transactions were not able to be designated as hedging instruments under IFRS, which would have allowed for the deferment of any income statement effect until performance of the underlying future sale transactions. The fair value movements were offset against revenue in the segment information as the related sales (of production) were realised.
- A $6 million expense (2016: $132 million) representing Glencore's share of significant expenses recognised directly by our associates, primarily impairment charges recognised within Century.
- Gain on disposals and investments of $1,309 million (2016: $2,370 million) see note 3. In 2017, the gain primarily relates to the disposal of Zinc Africa ($232 million), an oil storage business (HG Storage, $674 million) and a royalty portfolio ($210 million). In 2016, the balance is primarily comprised of gains on disposals of $430 million related to GRail and $1,848 million related to Glencore Agri.
- Other expenses – net $594 million (2016: $1,923 million) see notes 4 and 5. Balance primarily comprises:
  - impairments of $628 million (2016: $1,268 million). 2017 impairments related mainly to Chad oil ($278 million), Cameroon oil ($81 million) and junior loans extended to a coal terminal facility ($149 million). These impairments were partially offset by a reversal of $243 million related to the Equatorial Guinea oil operations. 2016 impairments related primarily to Chad oil ($622 million), Equatorial Guinea oil operations ($311 million), Cerrejón coal (recognised within share of income from associates, $345 million) and various coal shipping investments ($61 million).
  - $290 million (2016: $121 million) of mark-to-market gains on investments held for trading.
  - $80 million (2016: $70 million) of net foreign exchange losses.
  - $75 million (2016: $92 million) relating to certain legal matters. The 2017 balance is a cost estimate for potential settlement of claims brought against the Group related to an operation disposed in 2005. The 2016 amount relates to expenses incurred to settle a compliance matter in respect of a U.S. biofuels program in the years 2011/12.
  - $78 million (2016: $Nil) relating to the cumulative effect of certain accounting issues that resulted in Katanga, an 86.3% controlled subsidiary listed on the Toronto Stock Exchange, restating its 2014, 2015 and 2016 results. The cumulative effect has been corrected in Glencore's 2017 financial statements. Had the Group's results been restated, income before taxes for the year ended 2016 would have been lower by $10 million.

Net finance costs

Net finance costs were $1,451 million in 2017, compared to $1,533 million incurred during the comparable reporting period. Interest expense in 2017 was $1,619 million, a 4% decrease from $1,688 million in 2016, owing mainly to the repayment of higher margin debt. Interest income in 2017 was $168 million, consistent with the prior year.

Income taxes

An income tax expense of $1,759 million was recognised during 2017, compared to an income tax expense of $638 million in 2016. Adjusting for a net $187 million (2016: $276 million) of income tax expense related to significant items – $30 million (2016: $19 million) due to currency translation effects and a net $157 million of income tax arising primarily from the substantial reduction in US tax rates, following the announced US tax reform, the 2017 pre-significant items income tax expense was $1,572 million (2016: $362 million). The 2017 effective tax rate, pre-significant items, was 30.3%, consistent with a calculated effective tax rate of 32.4% in 2016.

Assets, leverage and working capital

Total assets were $135,593 million as at 31 December 2017, compared to $124,600 million as at 31 December 2016, a period over which, current assets increased from $43,412 million to $49,726 million, due to increases in inventories, primarily as a result of commodity price increases, notably in our metals and minerals segment. Non-current assets increased from $81,188 million to $85,867 million, primarily due to the acquisition of Volcan, as outlined in note 24 of the financial statements.

Cash flow and net funding/debt

Net funding

US$ million	31.12.2017	31.12.2016
Total borrowings as per financial statements	33,934	33,218
Relevant associates and joint ventures' net funding[1]	1,792	1,919
Cash and cash equivalents	(2,124)	(2,518)
Volcan net funding	(704)	–
Net funding◊	**32,898**	**32,619**

Cash and non-cash movements in net funding

US$ million	31.12.2017	31.12.2016
Cash generated by operating activities before working capital changes	11,866	7,868
Coal related hedging and legal settlement costs included above (via statement of income)	(225)	368
Relevant associates and joint ventures Adjusted EBITDA[2]	2,440	1,447
Share in earnings from other associates included within EBITDA	(39)	–
Net interest paid[1]	(1,199)	(1,271)
Tax paid[1]	(1,372)	(680)
Dividends received from associates[1]	85	38
Funds from operations◊	**11,556**	**7,770**
Net working capital changes (excluding gold and silver streaming proceeds)[1]	(5,073)	(2,371)
Gold and silver streaming proceeds	–	971
Acquisition and disposal of subsidiaries – net[1]	8	5,944
Purchase and sale of investments – net[1]	(350)	(13)
Purchase and sale of property, plant and equipment – net[1]	(3,898)	(3,306)
Net margin receipts/(calls) in respect of financing related hedging activities	1,255	(695)
Acquisition of additional interests in subsidiaries	(561)	(7)
Distributions paid and transactions of own shares – net	(1,175)	(88)
Coal related hedging and legal settlement costs (refer above)	225	(368)
Cash movement in net funding	**1,987**	**7,837**
Foreign currency revaluation of borrowings and other non-cash items	(2,266)	789
Total movement in net funding	**(279)**	**8,626**
Net funding, beginning of period	(32,619)	(41,245)
Net funding◊, end of period	**(32,898)**	**(32,619)**
Less: Readily marketable inventories[2]	22,225	17,093
Net debt◊, end of period	**(10,673)**	**(15,526)**

1 Adjusted to include the impacts of proportionate consolidation of relevant material associates and joint ventures as outlined in the APMs and other reconciliations section.
2 Refer to APMs section for definition and reconciliations.

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

Excluding $704 million of net debt assumed in the Volcan acquisition (completed mid-November 2017), net funding as at 31 December 2017 increased by $279 million to $32,898 million, whereas net debt (net funding less readily marketable inventories) decreased by $4,853 million over the year to $10,673 million. The Volcan assumed debt has been adjusted/excluded to provide a more consistent and comparative analysis, but mostly to reflect the Group's relatively low 23.3% economic ownership (compared to its 63.0% voting interest) in this still fully ring-fenced listed entity, with its standalone, independent and separate capital structure. The cash outlay in respect of the 2017 share purchase is included in acquisition of subsidiaries above. It is the Group's current intention to internally report on/treat this investment in accordance with equity accounting principles, in parallel with full consolidation for IFRS reporting purposes.

The net funding movement reflects the increase in readily marketable inventories ($5,132 million of the net working capital outflow of $5,073 million) over the year, primarily due to the substantially higher commodity prices, but also to proactive seizing of further short-term capital deployment opportunities in the buoyant commodity market environment. It is contextually noteworthy, given the earnings enhancing controllable inventory build, that funds from operations significantly exceeded (nearly double) the $3,898 million of net capital expenditure, $342 million of net acquisitions of subsidiaries and investments, $561 million of acquisitions of non-controlling interests in subsidiaries (African copper) and payment of $1,175 million of dividends to shareholders and non-controlling interests.

The ratio of Net debt to Adjusted EBITDA improved to 0.72 times in 2017 from 1.51 times in 2016, and the ratio of FFO to Net debt improved to 108.3% in 2017 from 50.0% in 2016.

Business and investment acquisitions and disposals

Net outflows from business acquisitions and divestures was $903 million, compared to an inflow on disposals of $5,944 million in 2016. The net outflow in 2017 is primarily due to the acquisition of an additional interest in Volcan ($653 million), the acquisition of the remaining 31% interest of Mutanda not previously owned ($524 million), an increase in our interest in Katanga to 86.3% from 75.3% ($38 million) and a $300 million investment in Yancoal. These are offset by disposals and ongoing smaller stake retentions in HG Storage ($502 million), Zinc Africa ($222 million) and BaseCore Metals ($150 million). The 2016 net inflow from divestitures resulted primarily from the disposal of a 50% interest in Glencore Agri. See note 24 for further explanations.

Liquidity and funding activities

In 2017, the following significant financing activities took place:

- In May 2017, Glencore signed new one-year revolving credit facilities for a total amount of $7,335 million, refinancing the $7,700 million one-year revolving credit facilities signed in February 2016. Funds drawn under the facilities bear interest at U.S.$ LIBOR plus a margin of 40 basis points. Glencore also voluntarily reduced the medium term facility size from $6,800 million to $5,425 million and extended its maturity by 24 months to 2022. As at 31 December 2017, the facilities comprise:
  - a $7,335 million one year revolving credit facility with a 12 month term-out borrower's option (to May 2019) and a 12-month extension option; and
  - a $5,425 million medium-term revolving credit facility (to May 2022).
- In March 2017, issued a 10 year $1,000 million, 4% coupon bond.
- In October, issued a 5 year $500 million, 3% coupon bond and a 10 year $500 million, 3.875% coupon bond.

As at 31 December 2017, Glencore had available committed undrawn credit facilities and cash amounting to $12.9 billion.

Credit ratings

In light of the Group's extensive funding activities, maintaining investment grade credit rating status is a financial priority. The Group's credit ratings are currently Baa2 (stable) from Moody's and BBB (positive outlook) from Standard & Poor's. Glencore's publicly stated objective, as part of its overall financial policy package, is to seek and maintain strong Baa/BBB credit ratings from Moody's and Standard & Poor's respectively. In support thereof, Glencore targets a maximum 2x Net debt/Adjusted EBITDA ratio through the cycle.

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. In Q2 2016, this limit was technically breached for 1 day by $1 million as the VaR calculation did not account for the future physical coal production that was economically hedged with the corresponding derivatives captured and reported on. If such underlying hedged exposure had been included in the VaR calculation, the actual VaR number would have been substantially lower, with no resulting technical breach. This hedge book has now fully rolled off, as noted above. 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 2017 was $25 million, representing less than 0.1% of equity. Average equivalent VaR during 2016 was $42 million.

Distributions

The directors have recommended a 2017 financial year cash distribution of $0.20 per share amounting to $2.9 billion, excluding any distribution on own shares and ignoring any attribution of shares which may take place prior to the record dates. Payment will be effected as a $0.10 per share distribution in May 2018 (see below) and a $0.10 per share distribution in September 2018 (in accordance with the Company's announcement on the 2018 Distribution timetable also made on 21 February 2018).

The distribution is proposed to be effected as a reduction of the capital contribution reserves of the Company. As such, this distribution would be exempt from Swiss withholding tax. As at 31 December 2017, Glencore plc had CHF 37 billion of such capital contribution reserves in its statutory accounts. The distribution is subject to shareholders' approval at its AGM on 2 May 2018.

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

First tranche of proposed distribution	2018
Applicable exchange rate reference date (Johannesburg Stock Exchange (JSE))	Close of business (UK) 12 April
Applicable exchange rate announced on the JSE	13 April
Last day to effect removal of shares cum distribution between Jersey and JSE registers at commencement of trade	13 April
Last time to trade on JSE to be recorded in the register for distribution	23 April
Ex-distribution date (JSE)	24 April
Ex-distribution date (Jersey)	26 April
Distribution record date for JSE	Close of business (SA) 26 April
Distribution record date in Jersey	Close of business (UK) 27 April
Deadline for return of currency elections form (Shareholders on Jersey Register only)	30 April
Removal of shares between the Jersey and JSE registers permissible from	30 April
Applicable exchange rate reference date (Jersey)	2 May
Annual General Meeting (shareholder vote to approve aggregate 2018 distribution)	2 May
H1 distribution payment date	23 May

Metals and minerals

Highlights

Adjusted EBITDA of $10.3 billion was $2.7 billion (36%) over 2016. Marketing and Industrial activities each contributed strongly to the year-over-year growth, with a 28% and 37% increase, respectively.

These strong results were fuelled by solid underlying global economic growth, which combined with overall industry capital discipline and generally muted production growth, resulted in commodity markets tightening over the year, with a corresponding increase in prices and premiums. Such market conditions, together with continued Industrial cost and productivity focus, contributed to the increase in Adjusted EBITDA mining margin from 33% to 38%, while increased marketing base metals' volumes aided the segment's overall strong performance improvement compared to 2016.

Adjusted EBITDA (US$ million)◊

2015	5,310
2016	7,616
2017	10,310

Adjusted EBIT (US$ million)◊

2015	1,403
2016	3,744
2017	6,501

Mining margin

38%

Strong cash flow generation/conversion

Marketing Adjusted EBIT

$2,005m

Robust demand for our commodities amid tightening supply

Metals and minerals

US$ million	Marketing activities	Industrial activities	2017	Marketing activities	Industrial activities	2016
Revenue◊	51,017	29,448	80,465	42,142	24,196	66,338
Adjusted EBITDA◊	2,029	8,281	10,310	1,586	6,030	7,616
Adjusted EBIT◊	2,005	4,496	6,501	1,562	2,182	3,744
Adjusted EBITDA margin	4.0%	28.1%	12.8%	3.8%	24.9%	11.5%

Market conditions

Selected average commodity prices

	2017	2016	Change %
S&P GSCI Industrial Metals Index	341	272	25
LME (cash) copper price ($/t)	6,173	4,867	27
LME (cash) zinc price ($/t)	2,893	2,094	38
LME (cash) lead price ($/t)	2,315	1,868	24
LME (cash) nickel price ($/t)	10,414	9,606	8
Gold price ($/oz)	1,258	1,248	1
Silver price ($/oz)	17	17	–
Metal Bulletin cobalt price 99.3% ($/lb)	25	12	108
Metal Bulletin ferrochrome 6 – 8.5% C basis 60 – 70% Cr, max 1.5% Si (¢/lb)	129	90	43
Iron ore (Platts 62% CFR North China) price ($/DMT)	71	58	22

Currency table

	Spot 31 Dec 2017	Spot 31 Dec 2016	Average 2017	Average 2016	Change in average %
AUD : USD	0.78	0.72	0.77	0.75	3
USD : CAD	1.26	1.34	1.30	1.32	(2)
USD : COP	2,986	3,002	2,952	3,052	(3)
EUR : USD	1.20	1.05	1.14	1.11	3
GBP : USD	1.35	1.23	1.28	1.35	(5)
USD : CHF	0.97	1.02	0.98	0.99	(1)
USD : KZT	333	334	326	342	(5)
USD : ZAR	12.38	13.74	13.31	14.69	(9)

Marketing

Highlights

Base metals' prices continued their positive momentum from the second half of 2016, into and through 2017. Indeed, year-end prices for most of the selected commodities in the table above were considerably higher than the annual averages, with copper around $7,200/t, zinc at $3,300/t, nickel at $12,700/t and equivalent cobalt at $34/lb. LME stocks of copper, zinc, nickel and lead all reduced over the year. Market concerns related to heightened Chinese economic risks proved short-lived, and by year end, a level of consensus had emerged that growth in both developed and emerging markets was more sustainable.

Reflecting these improved fundamental physical commodity market conditions, with solid growth in volumes handled, particularly copper, cobalt, zinc and ferroalloys, Marketing's Adjusted EBIT was $2.0 billion, up 28% compared to 2016.

Financial information

US$ million	**2017**	2016	Change %
Revenue◊	51,017	42,142	21
Adjusted EBITDA◊	2,029	1,586	28
Adjusted EBIT◊	2,005	1,562	28

Selected marketing volumes sold

	Units	**2017**	2016	Change %
Copper metal and concentrates[1]	mt	4.0	3.5	14
Zinc metal and concentrates[1]	mt	2.8	2.0	40
Lead metal and concentrates[1]	mt	1.0	0.9	11
Gold	moz	2.0	2.1	(5)
Silver	moz	89.1	92.1	(3)
Nickel	kt	204	221	(8)
Cobalt	kt	42	39	8
Ferroalloys (incl. agency)	mt	8.7	7.6	14
Alumina/aluminium	mt	10.7	11.4	(6)
Iron ore	mt	47.7	47.1	1

1 Estimated metal unit contained.

Copper

Robust price growth driven by both demand and supply

c.390ktpa

EV demand projected by 2030

c.2%

Supply contraction in 2017

In 2017, the copper price averaged $6,173/t, increasing 27% year-over-year. The rally was most apparent in the second half, with a 2017 high of $7,254/t in late December marking levels last seen in early 2014. Over the year, synchronised global growth fuelled healthy demand in major copper consuming regions. Mine supply challenges continued to exceed market expectations, resulting in a c.2% contraction in mined volumes year-on-year, the first decline in over 15 years.

Copper scrap flows played an important role in the first half of the year, as higher prices triggered the release of stockpiled scrap into the market and contributed to a short period of apparent demand weakness. Combined with misplaced fears of tightening financial conditions in China, this resulted in a temporary pullback in the price rally. Copper scrap inventory reverted to normalised levels by mid-year, with drawdowns in copper units across the value chain through to year-end.

Looking ahead, global supply is expected to be impacted by ageing assets, limited sector reinvestment, a diminished project pipeline and elevated risk of mine disruptions. With global economic growth pointing to healthy demand, the copper market is likely to remain in substantial supply deficit, which, if it occurs, will in turn result in further inventory drawdowns.

The emerging battery and electric vehicle trend adds further uplift to the demand outlook and attractive fundamentals. Copper and cobalt are expected to play important roles across the value chain of the energy and mobility evolution, from power generation and distribution, to energy storage and vehicles.

During 2017, Glencore commissioned CRU to model the metal requirements to realise the Electric Vehicle Initiative target of 30 million electric vehicle sales by 2030. CRU forecast that 4.1Mt of copper (18% of 2016 supply), 1.1Mt of nickel (56% of 2016 supply) and 314kt of cobalt (314% of 2016 supply) will be required annually by 2030. As early as 2020, forecast EV related metal demand becomes material, requiring an additional c.390kt of copper and c.24kt of cobalt. In 2017, the pricing impact/expectation of this new demand dynamic was clearly evident in cobalt, with the spot price rallying 130% through the year.

Zinc

Global supply increases comfortably absorbed by the market

59%

YoY increase in Chinese metal imports

9%

Non-China supply increase in 2017

In 2017, the zinc price recorded a 38% year-over-year increase, benefiting from the combination of synchronised global growth, strong orders from the steel industry and continuing tightness in the concentrate market, which progressively spread to the metal market during the course of the year.

Despite the higher prices, for a range of reasons, China did not contribute to any mine supply growth, which meant that the 9% (~650kt) increase in concentrate supply from the Rest of the World was comfortably absorbed by the market. 2017 Chinese mine production dropped by 8.6% (~300kt). The environmental drive in China continued to put pressure on extractive industries, limiting domestic zinc mine output. In response, Chinese zinc concentrates imports rose by 21.9% (~140kt), despite the lower spot TC levels ($38/dmt in 2017 vs $102/dmt in 2016).

On the metal front, Chinese production was down by 0.7% in 2017 (~40kt). With local stocks already at low levels, Chinese consumers resorted to higher metal imports, up 59.3% year-on-year. 2017 Chinese zinc metal imports were a record 676kt. Both LME and SHFE zinc stocks continued to draw down; LME stocks fell to 182kt at December 2017 (2016: 428kt), while SHFE stocks more than halved to 69kt at December 2017 (2016: 153kt).

The lead supply trend is similar, recording a year-over-year price increase of 24%. Spot TCs are also at a historical low, at $26/dmt in 2017 (2016: $119/dmt).

Going forward, higher prices will incentivise higher concentrate production, easing TCs in the mid-term and eventually resulting in higher metal production. However, the environmental constraints in China and the slower than anticipated pace of mine restarts (or new mines) means that the current zinc tightness may remain for some time. As there is also a time lag before concentrates units convert into metal units, we expect the current strong pricing environment to be supported in the near to mid-term.

Nickel

Solid demand increases in stainless and non-stainless steels, plus emerging battery demand

10%
Estimated demand growth in 2017

5%
Estimated output growth

In 2017, a record supply deficit was evident in the nickel market, as strong synchronised demand growth across all regions and industry segments offset supply gains. Such positive fundamentals, backed by strong physical activity and significant draws in global inventory, drove nickel premiums to record highs.

Growth in global stainless steel – the dominant driver of nickel demand – is estimated at 6%, fuelled by a 9% increase in 300-series stainless. Positive developments in non-stainless further supported demand growth, including orders from the oil and gas industry and a solid upswing in the European automotive market, while nickel demand from the battery sector accelerated through 2017, with annual growth estimated at 30%.

Overall we estimate primary nickel demand in 2017 of >2.2Mt, representing a 10% increase on 2016.

Price-induced closures, production issues and general supply disruptions prompted widespread under-performance in non-nickel pig iron supply. This was nevertheless offset by the ramp up of Indonesian NPI capacity and the acceleration of Chinese NPI supply through year end. While Indonesia's reversal of a ban on ore exports incited fears of unconstrained ore availability, boosting Chinese NPI supply growth, actual shipments were c.5Mt wet ore for the year.

Global nickel output in 2017 is estimated at <2.1Mt, marking a 5% increase on 2016, which masks a 2% decline in non-NPI supply.

Consequently, the nickel market remained in material supply deficit for a second year running, enabling global stocks to draw down quickly despite headline LME inventory suggesting otherwise. Even with a conservative forecast for 2018 demand, the outlook is for continued sizeable deficits and further draws in primary nickel stocks. Forecast supply increases are based on Indonesia exporting more nickel units in ore or NPI, with production elsewhere expected to be flat or fall.

Ferroalloys

Large demand swings and volatile pricing, with overall growth led by the steel sector

6%

Estimated stainless steel market growth

The 2017 chrome market was characterised by large demand swings and volatile pricing for both chrome ore and ferrochrome. The year started with a series of environmental and price-driven Chinese stainless steel mill closures, which temporarily impacted chrome demand. This reversed in the second half when global stainless steel melts reached record volumes, partly through the commissioning of a new major Indonesian project. Overall, global stainless steel production and ferrochrome demand are estimated to have grown 6% and 7% respectively in 2017.

Carbon steel market fundamentals continued to improve throughout 2017, resulting in increased demand for manganese units, which supported manganese ore and alloy prices globally.

Vanadium demand continued to strengthen across product applications. Ongoing Chinese commitment to reducing pollution levels resulted in a reduction of local vanadium output, lower exports and an increased drawdown of stock. This boosted vanadium prices by 50% in H2 2017.

Alumina/Aluminium

Chinese government following through on environmental commitments

23%

Increase in LME aluminium price YoY

Unprecedented supply-side events in China shaped the aluminium market in the second half of 2017, helping aluminium and its raw material prices gather further momentum. Shutdown of illegal capacities and winter production cuts in China demonstrated the government's willingness to enforce its environmental policies.

The alumina market was balanced in 2017 but supply-side concerns as a result of the winter production cuts caused large scale stockpiling and "panic buying" in China during Q4. Prices rallied to a 10-year high of $480/t FOB Australia in November. The average H2 2017 price was 45% higher than the same period last year.

Meanwhile, metal prices showed more modest gains, with the average H2 2017 LME 3-Month price 24% higher than H2 2016. Divergent sentiment about the scale of reductions undertaken by Chinese producers led to a brief drop in December 2017, but the price recovered, ending the year at $2,268/t.

U.S. premiums continued to lead global premium levels. In the second half of 2017, in-warehouse Rotterdam premiums fluctuated between $75 – $95/t, CIF Main Japanese Ports between $74 – $103/t and delivered Midwest USA ranging from 7.25 – 9.5c/lb.

Iron ore

Quality differentials dominated product pricing

21%

YoY increase in iron ore spot price index (62% CFR North China)

In 2017, we believe iron ore prices decoupled from iron ore fundamentals, by following steel margins instead. Iron ore split further into different market segments: the price of low grade iron ore continued to decrease throughout the year, while higher grades benefited from improving steel markets, hence overall prices remained at fairly high levels. Discounts for lower grade and high silica cargoes have now reached a level that is starting to elicit a supply response. For 2018, while overall supply of iron ore may increase, we could see a decrease in low grade cargoes exported to China.

Metals and minerals
continued

Industrial activities

Highlights

The metals' price increases noted above, partially offset by the generally lower production volumes and some inflationary cost pressures over prior year, resulted in Adjusted EBITDA of $8.3 billion, a 37% increase over 2016. The net positive development led to an increase in Adjusted EBITDA mining margin from 33% to 38%.

Looking forward, train one of Katanga's whole ore leach project commissioned in Q4 2017 and is planned to ramp up through 2018, while Lady Loretta (Mount Isa zinc) is expected to restart production in H1 2018, following its shutdown in 2015.

Financial information

US$ million	2017	2016	Change %
Revenue◊			
Copper assets			
African copper (Katanga, Mutanda, Mopani)	2,695	1,839	47
Collahuasi[1]	1,303	1,006	30
Antamina[1]	1,199	820	46
Other South America (Alumbrera, Lomas Bayas, Antapaccay, Punitaqui)	2,394	2,257	6
Australia (Mount Isa, Ernest Henry, Townsville, Cobar)	1,965	1,799	9
Custom metallurgical (Altonorte, Pasar, Horne, CCR)	7,957	6,572	21
Intergroup revenue elimination	(295)	(429)	n.m.
Copper	**17,218**	**13,864**	**24**
Zinc assets			
Kazzinc	3,075	2,602	18
Australia (Mount Isa, McArthur River)	1,362	1,133	20
European custom metallurgical (Portovesme, San Juan de Nieva, Nordenham, Northfleet)	1,273	1,209	5
North America (Matagami, Kidd, Brunswick, CEZ Refinery)	1,790	1,030	74
Other Zinc (Argentina, Bolivia, Peru, Rosh Pinah[2], Perkoa[2])	695	537	29
Zinc	**8,195**	**6,511**	**26**
Nickel assets			
Integrated Nickel Operations (Sudbury, Raglan, Nikkelverk)	1,323	1,432	(8)
Australia (Murrin Murrin)	598	503	19
Nickel	**1,921**	**1,935**	**(1)**
Ferroalloys	**2,111**	**1,873**	**13**
Aluminium/Alumina	**3**	**13**	**(77)**
Metals and minerals revenue◊	**29,448**	**24,196**	**22**

1 Represents the Group's share of these JVs.
2 Disposed of in August 2017.

US$ million	Adjusted EBITDA◊ 2017	2016	Change %	Adjusted EBIT◊ 2017	2016	Change %
Copper assets						
African copper	668	264	153	63	(240)	n.m.
Collahuasi[1]	803	542	48	551	286	93
Antamina[1]	934	602	55	675	341	98
Other South America	1,088	1,060	3	546	407	34
Australia	524	458	14	186	85	119
Custom metallurgical	343	407	(16)	194	280	(31)
Copper	**4,360**	**3,333**	**31**	**2,215**	**1,159**	**91**
Adjusted EBITDA mining margin[2]	*42%*	*38%*				
Zinc assets						
Kazzinc	1,203	989	22	769	539	43
Australia	645	454	42	371	143	159
European custom metallurgical	169	174	(3)	78	84	(7)
North America	359	184	95	260	104	150
Other Zinc	244	115	112	152	1	n.m.
Zinc	**2,620**	**1,916**	**37**	**1,630**	**871**	**87**
Adjusted EBITDA mining margin[2]	*35%*	*33%*				
Nickel assets						
Integrated Nickel Operations	555	446	24	99	(28)	n.m.
Australia	78	(19)	n.m.	12	(61)	n.m.
Nickel	**633**	**427**	**48**	**111**	**(89)**	**n.m.**
Adjusted EBITDA margin	*33%*	*22%*				
Ferroalloys	**655**	**423**	**55**	**528**	**310**	**70**
Aluminium/Alumina	**5**	**(60)**	**n.m.**	**5**	**(60)**	**n.m.**
Iron ore	**8**	**(9)**	**n.m.**	**7**	**(9)**	**n.m.**
Metals and minerals Adjusted EBITDA/EBIT◊	**8,281**	**6,030**	**37**	**4,496**	**2,182**	**106**
Adjusted EBITDA mining margin[2]	*38%*	*33%*				

1 Represents the Group's share of these JVs.

2 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
continued

US$ million	2017 Sustaining	2017 Expansion	2017 Total	2016 Sustaining	2016 Expansion	2016 Total
Capital expenditure◊						
Copper assets						
African copper	352	381	733	270	357	627
Collahuasi[1]	214	45	259	160	4	164
Antamina[1]	180	–	180	194	1	195
Other South America	308	46	354	310	34	344
Australia	218	12	230	176	2	178
Custom metallurgical	161	–	161	127	3	130
Copper	**1,433**	**484**	**1,917**	**1,237**	**401**	**1,638**
Zinc assets						
Kazzinc	121	52	173	127	26	153
Australia	256	–	256	209	–	209
European custom metallurgical	74	–	74	54	–	54
North America	65	13	78	61	4	65
Other Zinc	77	–	77	55	–	55
Zinc	**593**	**65**	**658**	**506**	**30**	**536**
Nickel assets						
Integrated Nickel Operations	131	102	233	96	34	130
Australia	14	–	14	14	–	14
Koniambo	–	241	241	–	263	263
Nickel	**145**	**343**	**488**	**110**	**297**	**407**
Ferroalloys	**163**	**4**	**167**	**101**	**13**	**114**
Aluminium/Alumina	**2**	**–**	**2**	**–**	**–**	**–**
Capital expenditure◊	**2,336**	**896**	**3,232**	**1,954**	**741**	**2,695**

1 Represents the Group's share of these JVs.

Production data

Production from own sources – Total[1]

		2017	2016	Change %
Copper	kt	1,309.7	1,425.8	(8)
Zinc	kt	1,090.2	1,094.1	–
Lead	kt	272.5	294.2	(7)
Nickel	kt	109.1	115.1	(5)
Gold	koz	1,033	1,027	1
Silver	koz	37,743	39,069	(3)
Cobalt	kt	27.4	28.3	(3)
Ferrochrome	kt	1,531	1,523	1
Platinum	koz	116	148	(22)
Palladium	koz	161	209	(23)
Rhodium	koz	13	16	(19)
Vanadium Pentoxide	mlb	20.9	21.1	(1)

Production from own sources – Copper assets[1]

		2017	2016	Change %
African Copper (Katanga, Mutanda, Mopani)				
Copper metal	kt	236.0	254.4	(7)
Copper in concentrates	kt	2.7	–	n.m.
Cobalt[3]	kt	23.9	24.5	(2)
Collahuasi[4]				
Copper metal	kt	–	2.1	(100)
Copper in concentrates	kt	230.5	220.8	4
Silver in concentrates	koz	3,103	3,276	(5)
Antamina[5]				
Copper in concentrates	kt	142.6	145.5	(2)
Zinc in concentrates	kt	128.1	66.8	92
Silver in concentrates	koz	6,579	6,778	(3)
Other South America (Alumbrera, Lomas Bayas, Antapaccay, Punitaqui)				
Copper metal	kt	78.1	80.0	(2)
Copper in concentrates	kt	245.3	308.8	(21)
Gold in concentrates and in doré	koz	348	382	(9)
Silver in concentrates and in doré	koz	1,821	2,366	(23)
Australia (Mount Isa, Ernest Henry, Townsville, Cobar)				
Copper metal	kt	164.6	205.1	(20)
Copper in concentrates	kt	65.9	53.9	22
Gold	koz	67	86	(22)
Silver	koz	1,721	1,794	(4)
Total Copper department				
Copper	**kt**	**1,165.7**	**1,270.6**	**(8)**
Cobalt	**kt**	**23.9**	**24.5**	**(2)**
Zinc	**kt**	**128.1**	**66.8**	**92**
Gold	**koz**	**415**	**468**	**(11)**
Silver	**koz**	**13,224**	**14,214**	**(7)**

Production from own sources – Zinc assets[1]

		2017	2016	Change %
Kazzinc				
Zinc metal	kt	210.5	187.6	12
Lead metal	kt	52.9	44.0	20
Lead in concentrates	kt	4.7	15.2	(69)
Copper metal[2]	kt	49.7	53.9	(8)
Gold	koz	585	521	12
Silver	koz	5,780	4,510	28
Silver in concentrates	koz	132	469	(72)
Australia (Mount Isa, McArthur River)				
Zinc in concentrates	kt	436.0	488.4	(11)
Lead in concentrates	kt	156.4	185.4	(16)
Silver in concentrates	koz	7,114	8,741	(19)
North America (Matagami, Kidd)				
Zinc in concentrates	kt	123.7	130.1	(5)
Copper in concentrates	kt	47.3	48.0	(1)
Silver in concentrates	koz	2,271	2,292	(1)
Other Zinc: South America (Argentina, Bolivia, Peru)				
Zinc in concentrates	kt	99.8	99.0	1
Lead metal	kt	13.6	12.7	7
Lead in concentrates	kt	41.2	29.7	39
Copper in concentrates	kt	3.4	2.1	62
Silver metal	koz	637	666	(4)
Silver in concentrates	koz	7,775	7,271	7
Other Zinc: Africa (Rosh Pinah, Perkoa)				
Zinc in concentrates	kt	92.1	122.2	(25)
Lead in concentrates	kt	3.7	7.2	(49)
Silver in concentrates	koz	157	282	(44)
Total Zinc department				
Zinc	**kt**	**962.1**	**1,027.3**	**(6)**
Lead	**kt**	**272.5**	**294.2**	**(7)**
Copper	**kt**	**100.4**	**104.0**	**(3)**
Gold	**koz**	**585**	**521**	**12**
Silver	**koz**	**23,866**	**24,231**	**(2)**

South American production above excludes Volcan Compania Minera. Owing to the recent timing of the share tender in Q4 2017 (Glencore now has 63% of the voting shares and a 23% overall economic interest), management is in preliminary stages of reviewing the operations and the associated reporting framework. Therefore production data has been excluded, which currently provides a more consistent comparative analysis.

Production from own sources – Nickel assets[1]

		2017	2016	Change %
Integrated Nickel Operations (INO) (Sudbury, Raglan, Nikkelverk)				
Nickel metal	kt	57.0	65.6	(13)
Nickel in concentrates	kt	0.5	0.6	(17)
Copper metal	kt	15.6	16.6	(6)
Copper in concentrates	kt	28.0	34.6	(19)
Cobalt metal	kt	0.8	1.0	(20)
Gold	koz	32	37	(14)
Silver	koz	653	624	5
Platinum	koz	75	90	(17)
Palladium	koz	136	173	(21)
Rhodium	koz	6	6	–
Murrin Murrin				
Nickel metal	kt	34.1	35.3	(3)
Cobalt metal	kt	2.7	2.8	(4)
Koniambo				
Nickel in ferronickel	kt	17.5	13.6	29
Total Nickel department				
Nickel	**kt**	**109.1**	**115.1**	**(5)**
Copper	**kt**	**43.6**	**51.2**	**(15)**
Cobalt	**kt**	**3.5**	**3.8**	**(8)**
Gold	**koz**	**32**	**37**	**(14)**
Silver	**koz**	**653**	**624**	**5**
Platinum	**koz**	**75**	**90**	**(17)**
Palladium	**koz**	**136**	**173**	**(21)**
Rhodium	**koz**	**6**	**6**	**–**

Production from own sources – Ferroalloys assets[1]

		2017	2016	Change %
Ferrochrome[6]	kt	1,531	1,523	1
PGM[7]				
Platinum	koz	41	58	(29)
Palladium	koz	25	36	(31)
Rhodium	koz	7	10	(30)
Gold	koz	1	1	–
4E	**koz**	**74**	**105**	**(30)**
Vanadium Pentoxide	mlb	20.9	21.1	(1)

Total production – Custom metallurgical assets[1]

		2017	2016	Change %
Copper (Altonorte, Pasar, Horne, CCR)				
Copper metal	kt	526.8	489.1	8
Copper anode	kt	535.7	522.5	3
Zinc (Portovesme, San Juan de Nieva, Nordenham, Northfleet)				
Zinc metal	kt	788.0	789.8	–
Lead metal	kt	193.8	216.6	(11)
Silver	koz	13,656	14,845	(8)

1 Controlled industrial assets and joint ventures only. Production is on a 100% basis, except as stated.
2 Copper metal includes copper contained in copper concentrates and blister.
3 Cobalt contained in concentrates and hydroxides.
4 The Group's pro-rata share of Collahuasi production (44%).
5 The Group's pro-rata share of Antamina production (33.75%).
6 The Group's attributable 79.5% share of the Glencore-Merafe Chrome Venture.
7 Consolidated 50% of Mototolo and 100% of the Group's PGM recovery plant.

Operating highlights

Copper assets

Own sourced copper production of 1,309,700 tonnes was 116,100 tonnes (8%) lower than in 2016, reflecting the Ernest Henry minority sale in Q4 2016, end of life production declines at Alumbrera and various temporary effects including lower throughput at Mutanda (due to constrained supply of sulphuric acid) and smelter maintenance at Mount Isa. Q4 production of 363,200 tonnes was 59,600 tonnes (20%) higher than in Q3, reflecting the resolution of such temporary impacts.

African copper

Own sourced copper production of 238,700 tonnes was 15,700 tonnes (6%) lower than in 2016, reflecting throughput restrictions at Mutanda, initially related to unusually wet weather, and in Q3, due to an interruption in sulphuric acid supply from Mopani, resulting from its power supply constraints. Mutanda's Q4 own sourced production of 51,500 tonnes was in line with historical performance levels.

Cobalt production of 23,900 tonnes was broadly in line with 2016.

Katanga commissioned phase 1 of its new whole ore leach processing project in December 2017, with 2,200 tonnes of copper cathode produced by the end of December. Prior to such commissioning, 2,700 tonnes of copper in concentrates were produced and sold, originating from the KITD Tailings project.

Collahuasi

Glencore's share of copper production was 230,500 tonnes, up 7,600 tonnes (3%) on 2016, mainly reflecting marginally improved ore grades and consistently strong milling performance.

Antamina

Glencore's share of copper production was 142,600 tonnes, in line with 2016, and the share of zinc production was 128,100 tonnes, an increase of 61,300 tonnes (92%) on 2016, reflecting the higher proportion of copper/zinc ores being mined, and the inherent nature of the Antamina deposit.

Other South America

Own sourced copper production of 323,400 tonnes was 65,400 tonnes (17%) down on 2016, mainly relating to Alumbrera as it nears end of life. Antapaccay mined and processed on average lower grades for the year, but performed strongly in Q4 as the mine sequenced to a new phase of production with higher grades.

Australia
Own sourced copper production of 230,500 tonnes was 28,500 tonnes (11%) lower than in 2016, reflecting the sale of a minority stake in the Ernest Henry mine in late 2016 and smelter maintenance in Q3 2017. Q4 production post-maintenance was substantially stronger.

Custom metallurgical assets
Copper cathode production of 526,800 tonnes was 37,700 tonnes (8%) higher than in 2016, mainly reflecting Pasar's expansion project. Copper anode production of 535,700 tonnes was within 3% of 2016 levels.

Zinc assets
Own sourced zinc production of 1,090,200 tonnes was in line with 2016, as the step-up in Antamina zinc production noted above was offset by the disposals of the African mines to Trevali Mining, and lower production, as expected, at Mount Isa.

Kazzinc
Own sourced zinc production of 210,500 tonnes was 22,900 tonnes (12%) higher than in 2016, reflecting the increased mix of processing some site work-in-process, compared to third party material. Production including third party material was 316,800 tonnes, up 4%, reflecting various process improvements.

Own sourced lead production of 57,600 tonnes was 1,600 tonnes (3%) lower than in 2016. Total lead production including third party feed was 151,000 tonnes, in line with the comparable period.

Own sourced copper production of 49,700 tonnes was 4,200 tonnes (8%) lower than in 2016, due to a planned smelter shutdown in Q3 2017.

Own sourced gold production of 585,000 ounces was 64,000 ounces (12%) higher than in 2016, reflecting stronger grades and recoveries at Vasilkovsky plus initial gold production from the Dolinnoe mine.

Australia
Zinc production of 436,000 tonnes was 52,400 tonnes (11%) down on 2016 and lead production of 156,400 tonnes was 29,000 tonnes (16%) down, reflecting general mine planning changes at Mount Isa and the impact of no longer processing Black Star ore.

North America
The Canadian mines produced 123,700 tonnes of zinc, down 6,400 tonnes (5%) on 2016, reflecting expected variability in mined volumes and head grades as both operations reach end of life.

Other Zinc
The South American assets produced 99,800 tonnes of zinc, in line with 2016. Lead production of 54,800 tonnes was 12,400 tonnes (29%) up on 2016, mainly relating to stronger production at Aguilar in Argentina.

The African assets produced 92,100 tonnes of zinc and 3,700 tonnes of lead up to 31 August 2017, at which point they were sold to Trevali Mining.

European custom metallurgical assets
Zinc production of 788,000 tonnes was in line with 2016. Lead production of 193,800 tonnes was 22,800 tonnes (11%) lower, reflecting more complex feeds than previously being processed.

Nickel assets
Own sourced nickel production of 109,100 tonnes was 6,000 tonnes (5%) down on 2016, owing to changes in the use of third party versus own sourced feeds in the INO circuit, partly offset by a strengthening operational performance at Koniambo.

Integrated Nickel Operations (INO)
Own sourced nickel production of 57,500 tonnes was 8,700 tonnes (13%) down on 2016, mainly due to a higher proportion of third party feeds in the production mix, as noted above. Total production including third-party feeds was 87,100 tonnes, down 7% on 2016.

Murrin Murrin
Own sourced nickel production of 34,100 tonnes was 1,200 tonnes (3%) lower than in 2016, mainly reflecting the maintenance shut in H1 2017.

Koniambo
Production of 17,500 tonnes was 3,900 tonnes (29%) higher than in 2016, reflecting efforts to steadily improve the plant's operating performance towards capacity expectation levels. The DC furnace 2 rebuild is complete with first metal tapped in December 2017. A progressive testing and ramp-up process will continue in the coming months.

Ferroalloys assets
Ferrochrome
Attributable ferrochrome production of 1,531,000 tonnes was in line with 2016. Quarter on quarter changes were largely driven by timing of furnace refurbishments.

Platinum Group Metals (PGM)
Mototolo's concentrate production was temporarily suspended from August to December 2017, while strengthening of the tailings dam was carried out. Glencore's share of production at 72,000 ounces was therefore down ~30% on 2016. Normal operations have since resumed.

A further 2,000 ounces were reclaimed from a PGM recovery plant at Eastern Chrome Mines, mainly in Q4 2017. Steady-state operations from such activities are expected to yield ~10,000 ounces per year.

Vanadium
Production of 20.9 million pounds was in line with 2016.

Energy products

Highlights

Energy Products Adjusted EBITDA of $4.7 billion was $2.2 billion (89%) up on 2016. Both periods were constrained somewhat by the corporate risk management decision in Q2 2016 to economically hedge a portion of future coal sales, effectively "locking in" H1 2016 pricing, resulting in an "opportunity cost" of $380 million (2016: $980 million) realised in 2017. All the affected tonnes had rolled off by year-end. Adjusting for this hedging impact, 2017 Adjusted EBITDA was up 60% over the prior year. Much of this increase was due to higher realised coal prices, with benchmark thermal coal averages up around 30 – 35% year over year. Marketing also contributed to the increase, aided by higher oil volumes and supportive coal market conditions.

In August 2017, Glencore reached an agreement with Yancoal to acquire a 49% JV interest in the Hunter Valley Operations coal business in New South Wales, which is expected to complete in H1 2018, subject to regulatory approvals.

Adjusted EBITDA (US$ million)◊

Year	US$ million
2015	3,095
2016	2,462
2017	4,653

Adjusted EBIT (US$ million)◊

Year	US$ million
2015	690
2016	67
2017	2,414

Coal Adjusted EBITDA margin

41%

Pre economic hedge

Crude oil marketed

33% higher

Strategic partnerships and offtakes include Rosneft

Energy products

US$ million	**Marketing activities**	**Industrial activities**	**2017**	Marketing activities	Industrial activities	2016
Revenue◊	118,199	10,067	128,266	81,872	7,149	89,021
Adjusted EBITDA◊	1,054	3,599	4,653	959	1,503	2,462
Adjusted EBIT◊	990	1,424	2,414	909	(842)	67
Adjusted EBITDA margin	0.9%	35.8%	3.6%	1.2%	21.0%	2.8%

Market conditions

Selected average commodity prices

	2017	2016	Change %
S&P GSCI Energy Index	178	151	18
Coal API4 ($/t)	84	64	31
Coal Newcastle (6,000) ($/t)	88	65	35
Oil price – Brent ($/bbl)	55	45	22

Marketing highlights

Seaborne coal prices continued their momentum from 2016, as Chinese policy restrictions were maintained to limit/cap supply to support targeted domestic coal price bands. After a relatively prolonged period of range-bound prices, from mid-year, oil prices began to meaningfully increase, with OPEC and non-OPEC cuts, gradually reducing inventories and improving sentiment all contributing.

As a result of these positive market developments and a meaningful increase in oil volumes marketed, 2017 Marketing Adjusted EBIT of $990 million was up 9% year over year.

Financial information

US$ million	**2017**	2016	Change %
Revenue◊	118,199	81,872	44
Adjusted EBITDA◊	1,054	959	10
Adjusted EBIT◊	990	909	9

Selected marketing volumes sold

		2017	2016	Change %
Thermal coal[1]	mt	106.3	105.7	1
Metallurgical coal[1]	mt	2.3	2.4	(4)
Coke[1]	mt	0.6	0.9	(33)
Crude oil	mbbl	1,209	911	33
Oil products	mbbl	853	844	1

1 Includes agency volumes.

Thermal coal

Chinese domestic supply restrictions led to increased demand for imported coal

3.7%

Seaborne thermal coal demand growth in 2017

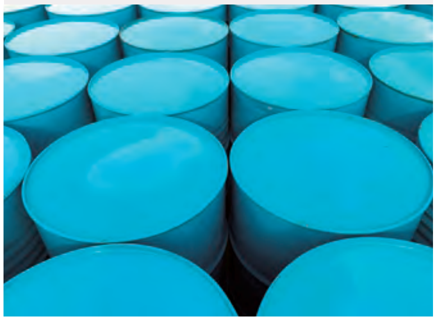
35%

YoY increase in Newcastle index price

Global seaborne thermal coal demand grew >30Mt or 3.7% during 2017, largely in the Pacific and Indian Ocean markets. Korean and Chinese demand growth dominated among broad-based demand increases across Asia, where increased coal use for power generation and industrial applications was supported by its relatively low cost as a fuel supply. Growth of the Chinese economy supported total electricity and thermal power generation demand growth of 5.7% and 4.6% respectively year over year. Combined with production limitations, associated with ongoing improvements to domestic mines' safety and production controls, the increased power demand contributed to Chinese domestic coal supply shortages, supporting prices and increased import coal demand. Hydro electricity generation shortfalls in parts of Europe and strong demand for electricity in Turkey contributed to increased thermal coal demand in the Atlantic.

On the supply side, Cyclone Debbie and strikes curtailed Australian supply, while weather also impacted Colombia, with thermal coal export volumes declining from both origins during 2017. While higher prices attracted additional supply from the USA, Russia and Indonesia, overall the short term supply response struggled to keep up, with strong demand during the second half of 2017. To date, such supply response has typically been in low energy and/or high sulphur products, but this could change in the future. In the longer term, price volatility and environmental concerns continue to limit investment in new supply capacity. At the end of December 2017, market index prices for Newcastle, API4 and API2 closed respectively 7%, 9% and 10% higher than end December 2016, returning to levels last seen briefly in November 2016, and prior to that, in April 2012.

Oil



OPEC cuts and renewed optimism about global growth supported higher prices

22%

YoY increase in Brent crude price

During the first half of 2017, oil prices were largely range bound, with Brent capped around $55 per barrel. By mid-year the benchmark slipped to $45 per barrel as market sentiment weakened, amidst events that increased concerns about oversupply and global inventories remaining stubbornly high. However, by the third quarter, high OPEC compliance with its production cuts was evident, and forecasters, encouraged by synchronous GDP growth in most global markets, predicted strong oil demand growth. Inventories started to draw down meaningfully, which led to renewed optimism that expectations on the oil market rebalancing within the coming year would be fulfilled, providing the impetus for higher oil prices in the second half of 2017.

Further support came from geopolitical events and supply disruptions, with outages in Libya, Iraq, the North Sea, Canada, and mounting concerns about Venezuela production declines. The steady increase in short-cycle US and other non-OPEC production coming on line was less influential in capping oil price gains, as speculator net length increased rapidly to historically high levels, driving the price of Brent up to $67 per barrel at the end of the year.

The Brent curve shifted decisively into backwardation midway through the year, and by year end, the WTI curve followed suit. Refinery margins were generally healthy for most of 2017, in part supported by the impact of some unexpected capacity losses in Europe and the US. In shipping, the tanker freight market remained lacklustre and struggled to perform as fleet expansion continued to outpace scrapping of tanker tonnage.

Industrial activities

Highlights

Energy Products' Adjusted EBITDA of $3.6 billion was up $2.1 billion year over year. As noted above, a portion of this relates to the roll off of the economic hedges during 2017, but the far greater part reflects the improved price environment, partially offset by lower tonnes resulting primarily from industrial action and some inflationary cost pressures. The Adjusted EBITDA mining margin, pre economic hedges, increased from 32% to 41%.

Financial information

US$ million	2017	2016	Change %
Net revenue◊			
Coal operating revenue			
Coking Australia	1,088	651	67
Thermal Australia	4,892	3,763	30
Thermal South Africa	1,500	1,349	11
Prodeco	1,199	1,130	6
Cerrejón[1]	789	606	30
Impact of corporate coal economic hedging	(380)	(980)	n.m.
Coal operating revenue	**9,088**	**6,519**	**39**
Coal other revenue			
Coking Australia	3	2	50
Thermal Australia	672	325	107
Thermal South Africa	17	9	89
Prodeco	6	12	(50)
Cerrejón[1]	1	1	–
Coal other revenue (buy-in coal)	**699**	**349**	**100**
Coal total revenue			
Coking Australia	1,091	653	67
Thermal Australia	5,564	4,088	36
Thermal South Africa	1,517	1,358	12
Prodeco	1,205	1,142	6
Cerrejón[1]	790	607	30
Impact of corporate coal economic hedging	(380)	(980)	n.m.
Coal total revenue	**9,787**	**6,868**	**43**
Oil	**280**	**281**	**–**
Energy products revenue◊	**10,067**	**7,149**	**41**

1 Represents the Group's share of this JV.

Energy products
continued

US$ million	Adjusted EBITDA◊ 2017	2016	Change %	Adjusted EBIT◊ 2017	2016	Change %
Coking Australia	541	154	251	249	12	n.m.
Thermal Australia	1,999	1,334	50	876	(26)	n.m.
Thermal South Africa	577	456	27	289	213	36
Prodeco	359	178	102	192	16	n.m.
Cerrejón[1]	387	240	61	210	62	239
Coal result prior to hedging	**3,863**	**2,362**	**64**	**1,816**	**277**	**556**
Impact of corporate coal economic hedging	(380)	(980)	n.m.	(380)	(980)	n.m.
Total coal	**3,483**	**1,382**	**152**	**1,436**	**(703)**	**n.m.**
Adjusted EBITDA margin[2]	*41%*	*31%*				
Oil	**116**	**121**	**(4)**	**(12)**	**(139)**	**n.m.**
Adjusted EBITDA margin	*41%*	*43%*				
Energy products Adjusted EBITDA/EBIT◊	**3,599**	**1,503**	**139**	**1,424**	**(842)**	**n.m.**
Adjusted EBITDA margin – pre economic hedge	*41%*	*32%*				
Adjusted EBITDA margin – post economic hedge	*38%*	*22%*				

1 Represents the Group's share of this JV.
2 Coal EBITDA margin is calculated on the basis of Coal operating revenue before corporate hedging, as set out in the preceding table.

	2017			2016		
US$ million	**Sustaining**	**Expansion**	**Total**	Sustaining	Expansion	Total
Capital expenditure						
Australia (thermal and coking)	153	73	226	181	110	291
Thermal South Africa	162	26	188	98	30	128
Prodeco	175	1	176	43	3	46
Cerrejón[1]	54	–	54	31	2	33
Total Coal	**544**	**100**	**644**	**353**	**145**	**498**
Oil	**98**	**–**	**98**	**72**	**1**	**73**
Capital expenditure◊	**642**	**100**	**742**	**425**	**146**	**571**

1 Represents the Group's share of this JV.

Production data

Coal assets[1]

		2017	2016	Change %
Australian coking coal	mt	6.1	5.3	15
Australian semi-soft coal	mt	4.0	4.2	(5)
Australian thermal coal (export)	mt	49.1	52.5	(6)
Australian thermal coal (domestic)	mt	7.5	5.6	34
South African thermal coal (export)	mt	18.7	17.2	9
South African thermal coal (domestic)	mt	10.0	12.1	(17)
Prodeco	mt	14.6	17.3	(16)
Cerrejón[2]	mt	10.6	10.7	(1)
Total Coal department	mt	**120.6**	**124.9**	**(3)**

1 Controlled industrial assets and joint ventures only. Production is on a 100% basis except for joint ventures, where the Group's attributable share of production is included.
2 The Group's pro-rata share of Cerrejón production (33.3%).

Oil assets

		2017	2016	Change %
Glencore entitlement interest basis				
Equatorial Guinea	kbbl	2,529	3,629	(30)
Chad	kbbl	2,524	3,882	(35)
Total Oil department	kbbl	**5,053**	**7,511**	**(33)**
Gross basis				
Equatorial Guinea	kbbl	11,914	16,909	(30)
Chad	kbbl	3,450	5,308	(35)
Total Oil department	kbbl	**15,364**	**22,217**	**(31)**

Operating highlights

Coal assets

Coal production of 121 million tonnes was 3% down on 2016, as reductions associated with industrial action and adverse weather events, were mostly offset by productivity improvements and Glencore's higher equity share in certain mines.

Australian coking

Production of 6.1 million tonnes was 0.8 million tonnes (15%) higher than in 2016, mainly related to the restart of the Integra mine.

Australian thermal and semi-soft

Production of 60.6 million tonnes was 1.7 million tonnes (3%) down on 2016, as higher equity ownership of the Newlands and Collinsville mines, expected ramp-ups (notably Rolleston) and production efficiencies across the board were offset by planned mine closures and the impact of industrial action.

South African thermal

Production of 28.7 million tonnes was in line with 2016, as improved operating performances at the main mine complexes were offset by planned closures of smaller mines.

Prodeco

Production of 14.6 million tonnes was 2.7 million tonnes (16%) lower than in 2016, initially due to the impact of severe wet weather and later, as a result of a geotechnical event, with productivity adversely affected by the necessary workarounds.

Cerrejón

Glencore's share of production at 10.6 million tonnes was in line with 2016, as the easement of some restrictions related to dust emissions in 2016, was offset by the disruption caused by unusually heavy rainfall.

Oil assets

Glencore's oil entitlement interest of 5.1 million barrels was 1.4 million barrels (33%) lower than in 2016, reflecting expected reductions in a period of inactive field development in a low oil price environment. Drilling in Chad recommenced in H2 2017 with a single-rig campaign, which is expected to offset natural field declines in Equatorial Guinea.

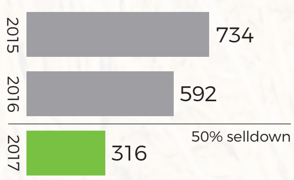
Agricultural products

Highlights

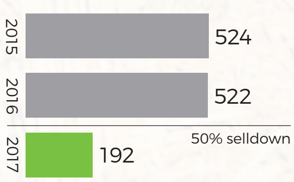
At the end of 2016, we completed the sale of 50% of the Agricultural products business. The resulting joint venture has been presented on a proportionate consolidation basis in this analysis, hence the apparent year over year reductions reflecting the changed ownership interest. Underlying performance was within expectations in a difficult trading environment, characterised by relatively low prices and volatility, which limited arbitrage opportunities.

Portfolio changes reflected the addition of a sugarcane mill in Brazil, adding 50% to crushed volumes, and the sale of our farming assets in Ukraine.

Adjusted EBITDA (US$ million)◊



Adjusted EBIT (US$ million)◊



Adjusted EBITDA (100% basis)

$631m

Adjusted EBIT (100% basis)

$384m

Agricultural products

US$ million	**2017**	*2017 (100% basis)*	2016	Change % (100% basis)
Revenue◊	12,611	*25,278*	21,970	15
Adjusted EBITDA◊	316	*631*	592	7
Adjusted EBIT◊	192	*384*	522	(26)
Adjusted EBITDA margin	*2.5%*	*2.5%*	*2.7%*	
Sustaining capital expenditure◊	65	*130*	93	40
Expansionary capital expenditure◊	53	*105*	47	123
Total capital expenditure◊	118	*235*	140	68

2016 financial information reflected 11 months results on a 100% consolidated basis, and 1 month on a 50% proportionate consolidated basis. 2017 reflected 50% proportionate consolidation throughout.

Market conditions

Selected average commodity prices

	2017	2016	Change %
S&P GSCI Agriculture Index	290	295	(2)
CBOT wheat price (US¢/bu)	436	436	–
CBOT corn no.2 price (US¢/bu)	359	358	–
CBOT soya beans (US¢/bu)	976	989	(1)
ICE cotton price (US¢/lb)	73	66	11
ICE sugar # 11 price (US¢/lb)	16	18	(11)

Selected marketing volumes sold

Million tonnes	**2017**	2016	Change %
Grain	45.3	43.8	3
Oil/Oilseeds	29.6	26.7	11
Cotton	0.5	0.4	25
Sugar	0.7	0.5	40

Marketing highlights

The grain and oilseed markets were again well supplied, low priced and lacked volatility, which in turn limited arbitrage opportunities. Despite a brief U.S. weather concern in late June, impacting primarily spring wheat, which proved to be less significant than initially thought, global crops were problem free with Russia, Australia (basis late 2016 harvest carried over) and Brazil all recording historically high production.

Global grain marketing performed well in the environment and whilst oilseed marketing results were satisfactory, they fell short of 2016. Record exports in Russia and Australia were beneficial for the grain handling and marketing businesses in both countries. In Canada, the Viterra handling business faced challenges, particularly in the second half. Reluctant selling by farmers in the face of excess handling capacity pressured margins. The disruption of the pulses trade into India, due to government intervention in support of local producers, was also a negative for Canadian exports.

Agricultural products
continued

Processing/production data[1]

		2017	2016	Change %
Farming	kt	360	792	(55)
Crushing	kt	8,065	7,680	5
Long-term toll agreement	kt	812	804	1
Biodiesel	kt	735	687	7
Rice milling	kt	177	274	(35)
Wheat milling	kt	920	989	(7)
Sugarcane processing	kt	4,884	3,259	50
Total agricultural products	kt	**15,953**	**14,485**	**10**

1 Reported on a 100% basis.

Operating highlights

Soft seed processing margins in both the EU and Canada were below expectations. In the EU, the rape seed deficit was filled by imports, which was of some benefit to the coastal facilities but not to facilities, such as ours, located inland. The lifting of tariffs on imported biodiesel into the EU depressed biodiesel margins towards the end of the year. In Argentina our performance was satisfactory, but we endured periods of crush margin weakness. Our sugar milling performance, including the Unialco mill acquired in February 2017, was also satisfactory, despite weaker sugar prices in H2 2017.

The economic environment in Brazil continues to provide challenges for our wheat milling business, with processing volumes down 7% year over year reflective of reduced domestic demand. We continued our progressive exit from farming with the sale of our remaining Ukrainian farming assets in H2 2017.

Corporate Governance

Directors and officers

Directors

Anthony Hayward
Chairman (H)
(60)

Chairman since May 2013; he joined the Board in 2011 as the Senior Independent Director.

Experience: Currently a managing partner of St. James Asset Management and AEA Capital. Chairman of Compact GTL Limited and Colombia Oil and Gas.

He was CEO of BP plc from 2007–10, having joined BP in 1982. He became group treasurer in 2000, chief executive for BP upstream activities and a member of the main board of BP in 2003.

From 2011–15 he was CEO of Genel Energy plc and chairman from 2015–17.

Dr Hayward studied geology at Aston University in Birmingham and completed a Ph.D at Edinburgh University. He is a fellow of the Royal Society of Edinburgh.

Ivan Glasenberg
Chief Executive Officer (H)
(61)

Joined Glencore in April 1984; Chief Executive Officer since January 2002.

Experience: Initially worked in Glencore's coal department in South Africa as a marketer. Following time in Australian and Asian offices, in 1990 he was made head of Glencore's coal marketing and industrial businesses, and remained in this role until he became Group CEO in January 2002.

Mr Glasenberg is a Chartered Accountant of South Africa, holds a Bachelor of Accountancy from the University of Witwatersrand and an MBA from the University of Southern California. He is currently a non-executive director of Rusal (HKG: 0486) and Rosneft (MCX:ROSN).

Peter Coates AO
Non-Executive Director (H[c])
(72)

Non-Executive Director since January 2014; previously Executive Director from June to December 2013 and Non-Executive Director from April 2011 to May 2013.

Experience: Prior to joining Glencore in 1994 as a senior executive in the coal department, Mr Coates had occupied senior positions in a range of resource companies. He joined Xstrata in 2002 as CEO of Xstrata's coal business, when Glencore sold its Australian and South African coal assets to Xstrata, stepping down in December 2007.

He was non-executive chairman of (1) Xstrata Australia from 2008–09, (2) Minara Resources Ltd from 2008–11 and (3) Santos Limited from 2009–13 and 2015–18. He is currently a non-executive director of Event Hospitality and Entertainment Limited (ASX:EVT).

Mr Coates holds a degree in Mining Engineering from the University of New South Wales.

John Mack
Non-Executive Director (R[c], N)
(73)

Appointed in June 2013.

Experience: Mr Mack is the chairman of Lantern Credit, a non-executive director of Lending Club (NYSE:LC) and also serves on the board of Tri Alpha. He also serves on the board of Trustees of New York-Presbyterian Hospital and the University Hospitals of both Columbia and Cornell.

Mr Mack previously served as CEO of Morgan Stanley from 2005–09. He retired as chairman in 2011. Mr Mack first joined Morgan Stanley in May 1972, becoming a board director in 1987 and president in 1993.

Before rejoining Morgan Stanley as chairman and CEO in 2005, Mr Mack served as co-CEO of Credit Suisse.

Mr Mack is a graduate of Duke University.

Gill Marcus
Non-Executive Director (A, N)
(68)

Appointed with effect from 1 January 2018.

Experience: Ms Marcus was Governor of the South African Reserve Bank from 2009–14.

She worked in exile for the African National Congress from 1970 before returning to South Africa in 1990. In 1994 she was elected to the South African Parliament. In 1996 she was elected as the deputy minister of finance and 1999 the deputy governor of the Reserve Bank.

Ms Marcus was the non-executive chair of the Absa Group from 2007–09. She has also been a non-executive director of Gold Fields Ltd and Bidvest. She acted as chair of a number of South African regulatory bodies, including the Financial Services Board and the Standing Committee for the Revision of the Banks Act.

Ms Marcus is a graduate of the University of South Africa.

Patrice Merrin
Non-Executive Director (H)
(69)

Appointed in June 2014.

Experience: Ms Merrin is currently a non-executive director of Kew Media Group Inc. (TSX:KEW). She has been a director and then chairman of CML Healthcare from 2008–13, and a director of various other companies including Stillwater Mining, NB Power and Arconic.

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.

Ms Merrin was a director of the Alberta Climate Change and Emissions Management Corporation from 2009–14.

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

Leonhard Fischer
Non-Executive Director (A[c], N, R)
(55)

Appointed in April 2011.

Experience: Mr Fischer is founder and chairman of the investment committee of DFG Deutsche Fondsgesellschaft SE Invest. Member of the board of Gesellschaft zuer Foerderung der Frankfurter Wertpapierboerst e.V.

He was CEO of BHF Kleinwort Benson group S.A. from 2009–16. He was CEO of Winterthur group from 2003–06 and a member of the executive board of Credit Suisse group from 2004–07. He joined Credit Suisse from Allianz, where he had been a member of the management board.

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

Martin Gilbert
Non-Executive Director (A, R)
(61)

Appointed in May 2017.

Experience: Mr Gilbert is co-chief executive of Standard Life Aberdeen plc (LON:SLA). Mr Gilbert was a co-founder of Aberdeen Asset Management, which was established in 1983.

Mr Gilbert sits on the board of directors of the Institute of International Finance. He is also a member of the international advisory panel of the Monetary Authority of Singapore and the international advisory board of BritishAmerican Business. He is also the deputy chairman of Sky plc (LON:SKY). He was appointed chairman of the Prudential Regulation Authority's practitioner panel in December 2013.

Mr Gilbert was educated in Aberdeen, has an MA in Accountancy and an LLB and is a Chartered Accountant.

Peter Grauer
Senior Independent Director (A, N[c])
(72)

Appointed in June 2013 and became the Senior Independent Director in May 2014.

Experience: Mr Grauer is chairman of Bloomberg Inc. He was chairman and chief executive officer from 2002–11 and has been a member of Bloomberg's board of directors since 1996. He is also currently a director of Davita Inc (NYSE:DVA), a member of the International Business Council of the WEF, and a trustee of Rockefeller University.

Mr Grauer was managing director of Donaldson, Lufkin & Jenrette from 1992–2000 and CSFB Private Equity until 2002.

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

Officers

Steven Kalmin
Chief Financial Officer
(47)

Appointed as Chief Financial Officer in June 2005.

Experience: Joined Glencore in September 1999 as general manager of finance and treasury functions at Glencore's coal industrial unit. He moved to Glencore's head office in 2003 to oversee Glencore's accounting functions, becoming CFO in June 2005. In November 2017 he was appointed as a director of Katanga Mining Limited (TSX: KAT).

Mr Kalmin holds a Bachelor of Business (with distinction) from the University of Technology, Sydney and is a member of the Chartered Accountants Australia and New Zealand and the Financial Services Institute of Australasia.

Before joining Glencore, Mr Kalmin worked for nine years at Horwath Chartered Accountants.

John Burton
Company Secretary
(53)

Appointed Company Secretary in September 2011.

Experience: He was formerly company secretary and general counsel of Informa plc and before that a partner of CMS 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.

Notes

All the Directors are non-executive apart from Mr Glasenberg. The non-executive Directors are designated as independent apart from Mr Coates. Committee membership is as follows:

A Audit

H Health, Safety, Environment and Communities (HSEC)

N Nomination

R Remuneration

c denotes Committee chair

Chairman's introduction

> While the business has performed well, we are constantly reminded of the importance of governance, compliance and sustainability issues. We have refreshed and strengthened the Board with the appointments of Martin Gilbert and Gill Marcus

Dear shareholders
I am pleased to present our corporate governance report for 2017.

Following the down-cycle challenges of 2015–16, the past year has been one of consolidation and renewal.

Our wide-ranging portfolio of assets together with our leading marketing business are unique in the industry. Even at the low point in the most recent downturn, the Group's annualised Adjusted EBITDA was circa $8 billion (H2 2015 and H1 2016), supported by the generally more stable Marketing earnings.

Shareholders will of course note the comparative figure of $14.8 billion for 2017, reflecting both stronger pricing across the industrial portfolio and our strongest performance from Marketing since 2008.

During the last year we have grown the business through delivery of major brownfield capital projects and corporate transactions on both the buy-side and sell-side, including:

- considerable progress in the Katanga (copper/cobalt), Mopani (copper) and Koniambo (nickel) projects
- BaseCore Metals streams and royalties joint venture with Ontario Teachers
- agreed the formation of a joint venture with Yancoal for the Hunter Valley Coal Operations
- acquisition of the majority of voting shares in Peruvian zinc miner Volcan
- contribution of a portfolio of petroleum storage and logistics assets to an arrangement with HNA

Safety remains a top priority for the Board. We are committed to achieving our goal of zero fatalities. We offer our condolences to the families of the nine people who lost their lives while working at our operations last year. The HSEC Committee has met with the management of all the operations where the fatalities occurred to review the incidents and ensure that appropriate actions are taken to prevent recurrence.

Our numerous and wide-ranging asset base provides unique challenges. However, during every year in which I have served on your Board, I have seen considerable efforts to tackle legacy issues from some previous underinvestment and a continuous and significant record of improvement.

We continue to invest in our considerable and committed workforce and will seek over time to widen our reporting on people matters.

While the business has performed well, we are constantly reminded of the importance of governance, compliance and sustainability issues, not least by some adverse media and NGO reports.

The Board has overseen the Company's response to Katanga's accounting restatement. This has been an important area of focus for us in the past few months, as detailed further on pages 92 and 97.

We continue to refresh the Board. Over the past twelve months we have been pleased to welcome two new Directors. Gill Marcus has led an exemplary career of public service to South Africa, which culminated in her five year tenure as head of the Reserve Bank of South Africa. Martin Gilbert is one of Europe's leading asset management entrepreneurs and is now co-CEO of Standard Life Aberdeen plc. Further details of their experience is on page 82.

Also during the year, Bill Macaulay stepped down from the Board. He had been a Director since the Company's IPO in May 2011 and has been a strong and consistent contributor to board debate and I would like to thank him again for his valuable contribution to Glencore.

In tax, we have seen, previously through the EITI standards and latterly through the EU Directive on mandatory reporting for listed companies on payments to governments, a welcome move to transparency with regard to the tax position of corporates in the resources sector. Our relevant disclosures are referred to on page 106. As the OECD's base erosion and profit shifting project moves into the implementation stage, we are now complying with the reporting requests of member countries.

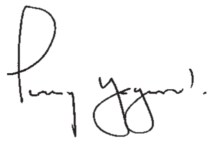
Following the endorsement of the "Aiming for A" shareholder resolution at our 2016 AGM, last year we welcomed the launch of the recommendations of the Taskforce on Climate-related Financial Disclosure (TCFD). We have stated publicly our support for the TCFD, and details of our progress in identifying and addressing the risks and opportunities resulting from climate change for our business are included in this report and the upcoming 2017 Sustainability Report.

We face many challenging situations at our operations, as we work to extract resources safely, profitably and responsibly, to mitigate our environmental impact and support our host communities. We recognise the value of multi-stakeholder dialogue in addressing these complex situations through shared learnings and expertise.

This year we have participated in a number of such initiatives, including those focused on management of security, development of guidance on human rights for the commodities trading sector, and addressing the challenges associated with the cobalt value chain. Looking ahead, we seek to continue to strengthen our engagement in these platforms, and to identify opportunities for partnerships that can help us solve the complex challenges we encounter at and around our operations.

We remain committed to transparency, and in 2017 on a voluntary basis we published our first report on the steps we are taking to review modern slavery in our supply chain, and will be providing a further update this year.

There are many opportunities and challenges ahead for resource businesses. I believe that Glencore will continue to play a leading role in sustainable value creation for all our stakeholders.



Anthony Hayward
Chairman
1 March 2018

Corporate Governance report

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

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. 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.

The Glencore Board currently comprises eight Non-Executive Directors (including the Chairman) and one Executive Director. On 1 January 2018 Gill Marcus joined the Board. A list of the Directors with their brief biographical details and other significant commitments, is provided in the previous pages. The Chief Financial Officer attends all meetings of the Board and Audit Committee. The Company Secretary attends all meetings of the Board and its committees.

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 CFO have line of sight across the Group. The CEO is further supported by the Group's senior management team principally comprising the heads of the businesses and the heads of legal and strategy. The Company Secretary is responsible for ensuring that there is clear and effective information flow to the Non-Executive Directors.

The Senior Independent Director 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.

Further details of these responsibilities are set out below.

Roles and responsibilities

Chairman

- Leader of the Board
- Responsible for effective communication flow between Directors
- Facilitates effective contribution of all Directors
- Responsible for effective Board governance
- Ensures effective communication with shareholders

Chief Executive Officer

- Leads and motivates management team
- Implements strategy and objectives as directed by the Board
- Develops Group policies and proposals for approval by the Board and ensures effective implementation

Senior Independent Director

- Is a confidant of the Chairman and (when appropriate) also acts as an intermediary for other independent Directors
- Will stand in for the Chairman if he is unable to attend
- Responsible for appraising the Chairman's performance along with other independent Directors
- Available to shareholders to answer questions

Other Non-Executive Directors

- Supply challenge and support to management
- Bring independent mindset and differing backgrounds and experience to Board debates
- Provide leadership and challenge as chair of, or a member of, the Board Committees which (except HSEC) comprise only Non-Executive Directors
- Scrutinise leadership of Chairman

Company Secretary

- Secretary to Board and its Committees
- Informs the Board on all matters reserved to it and ensures papers are provided in sufficient detail and on time
- Available to Directors in respect of Board procedures and provides support and advice
- Ensures the Board is kept informed on governance matters
- Coordinates and assists with the Board evaluation process along with the Chairman

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 employment by the Group during 2013–14, 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.

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 2017, no abstention procedures for conflicts had to be activated.

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 significant areas of financial and accounting oversight and risk management
- the HSEC Committee, whose membership includes both Chairman and CEO, continues to have the heaviest workload of all the committees due to its strong focus on sustainability issues, especially safety performance

A report for 2017 from each Committee Chairman is set out later in this 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 reflect the Board's expectations as to the Committee's role.

All Committees' terms of reference are available at: **www.glencore.com/who-we-are/governance**

Board attendance throughout the year

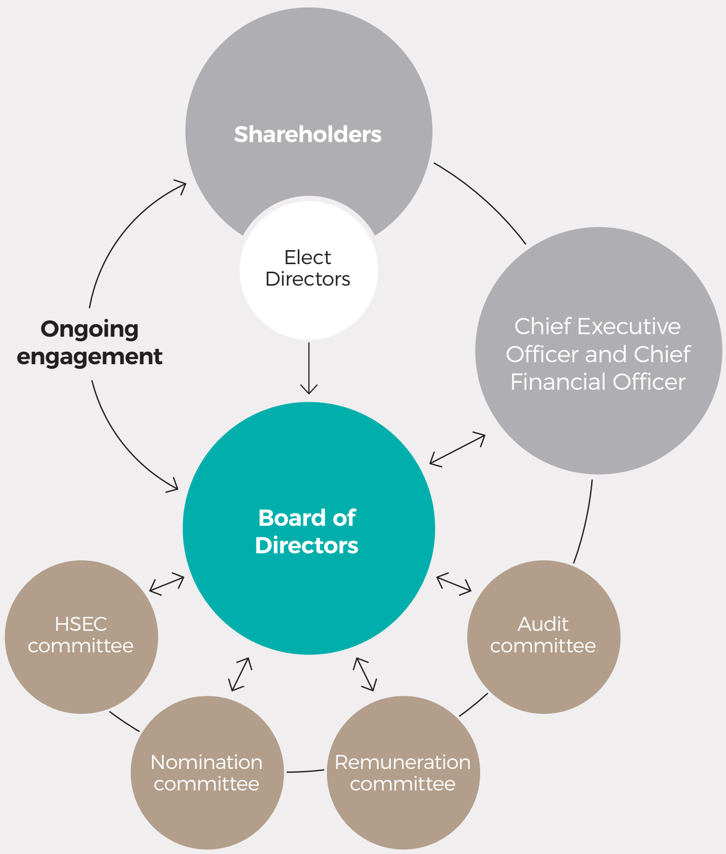
Attendance during the year for all scheduled full agenda Board and all Board Committee meetings is set out in the table below:

	Board of 6	Audit of 4	Remuneration of 2	Nomination of 4	HSEC of 5
Peter Coates	6	–	–	–	5
Leonhard Fischer	6	4	2	4	–
Martin Gilbert[1]	5	3	1	–	–
Ivan Glasenberg	6	–	–	–	5
Peter Grauer	6	4	–	4	–
Anthony Hayward	6	–	–	–	5
William Macaulay[2]	1	1	1	–	–
John Mack	5	–	2	4	–
Patrice Merrin	6	–	–	–	5

1 Attended all meetings since appointment on 5 May 2017.
2 Attended all meetings until he retired from the Board on 14 April 2017.

In addition, there were another five limited agenda meetings of the Board. Details of all these Board meetings are set out on page 89.

Board structure



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. Meetings are usually held at the Company's headquarters in Baar, Switzerland. Details of the Board and Committee meetings held during the year are detailed above.

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 2017 is set out on the next page.

Several times a year 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.

Appointment and re-election of Directors

All Directors will be offering themselves for re-election at the 2018 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 attain a good knowledge of the Company and its business and 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. As well as internal briefings, Directors attend appropriate external seminars and briefings.

While attending Company meetings, the Directors also usually engage with heads of commodities and other senior Group functions. In addition, in order to better familiarise themselves with the industrial activities, site visits are also arranged. During 2017, three operations were visited.

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.

Work at Board meetings and principal Board activities during 2017

The main considerations and actions carried out at the meetings of the Board during 2017 are summarised here. The work of the committees is described later in this report.

At each main scheduled 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
- 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/contractions, acquisitions/disposals, material debt refinancing and analysis of risks

In addition:

- regular updates are provided by the Company Secretary on governance, Board processes and other Company secretarial matters
- usually the Non-Executive Directors have a separate meeting, with sometimes a second session without the Chairman present

First scheduled short agenda meeting
- Results/business update
- Initial discussion as to proposed impairment charges
- Consideration and approval of Mutanda and Katanga share purchase transactions
- Review and approval of prior year Production Report and Reserves and Resources Report

First scheduled meeting
- Annual results, including review and approval, where appropriate, of:
  - from the Audit Committee Chairman;
  - detailed consideration of principal risks uncertainties and mitigation to be disclosed;
  - report on going concern;
  - final distribution recommendation;
  - full-year results announcement for the prior year;
  - Annual Report draft; and
  - management representation letter
- Consideration of AGM resolutions
- Report from the Nomination Committee Chairman and discussion on whether all current Directors should stand at AGM
- Report from the Remuneration Committee Chairman
- Report from the HSEC Committee Chairman, in particular discussions on safety and draft sustainability report
- Reviewed updated Board governance documents and key policies
- Board evaluation report and discussion

Second scheduled short agenda meeting
- Business update
- Considered and approved the Q1 Production Report
- Consideration and conditional approval of the appointment of Martin Gilbert as independent Non-Executive Director

Second scheduled meeting
- Briefing on the business to be conducted at the AGM (and after, of the other issues raised)
- Business update and review
- Report from the HSEC Committee Chairman
- Report from the Audit Committee Chairman including as to the current year audit plan
- Report from the Nomination Committee Chairman

First short notice meeting
- Business update
- Consideration and approval of proposal for an acquisition of Rio Tinto's Australian Hunter Valley coal assets

Third scheduled meeting
- Review of various business issues
- Consideration and approval of updated proposal concerning Hunter Valley
- Review of other M&A matters
- Consideration of certain regulatory matters

Third scheduled short agenda meeting
- Business update
- Review and approval of half-year Production Report
- Review of potential M&A and other material matters including an update on and approval of proposals concerning Hunter Valley

Fourth scheduled meeting
- Half-year results, including review and approval, where appropriate, of:
  - report from the Audit Committee Chairman
  - principal risks and mitigation to be disclosed
  - report on going concern
  - half-year results announcement
  - other material accounting issues
  - management representation letter
- Report from the HSEC Committee Chairman
- Considered outcomes from multiple shareholder meetings on governance and sustainability issues
- Initial discussion concerning Katanga control issues

Second short notice meeting
- Consideration and approval of proposed investment in Chevron's downstream oil business in South Africa and Botswana

Fifth scheduled meeting
- Review of Q3 financial report
- Review and approval of Q3 production report
- Consideration and approval of Rusal share exchange transaction
- Consideration and approval of the Company's delisting in Hong Kong
- Established committee to oversee Katanga review
- Review of the Group's Zinc business
- Review of Group's IT function including cyber security
- Review of legal and compliance function including actual or potential litigation and the Raising Concerns programme
- Report from the HSEC Committee Chairman

Sixth scheduled meeting
- Review of Katanga control issues
- Review of principal risks and uncertainties and preparation for longer-term viability statement
- Consideration and approval of the 2018 budget and 2019–21 business plan
- Presentations from senior management of copper and nickel
- Report from the HSEC Committee Chairman
- Report from the Audit Committee Chairman

Director induction

New Directors receive a full, formal and tailored induction on joining the Board, including meetings with senior management. The induction process for Martin Gilbert in 2017 provided a comprehensive introduction to the main aspects of the Group, its business and functions and the roles and responsibilities of a UK listed company director and the Company's Code of Conduct. A similar induction is being undertaken for Gill Marcus in 2018.

Board effectiveness

Since an external evaluation was carried out during 2015 and no material governance issues arose during 2016, the Board resolved to carry out an internal evaluation for the year. As part of this process, the findings from the external evaluation (which were summarised in the 2015 Annual Report) were reviewed. The evaluation process has been augmented by the private sessions which take place between the Non-Executive Directors without management and ongoing discussions as to the efficiency and effectiveness of the Board and its committees. There are currently no material issues which have been identified regarding the composition or operation of the Board. The next Board evaluation will be facilitated externally.

Remuneration

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

Diversity

The diversity policy which is applied to appointments to our administrative, management and supervisory bodies with regard to aspects such as, for instance, age, gender, or education and professional backgrounds is the same as for all Group employees, as described on page 36. During 2017 Martin Gilbert and Gill Marcus were appointed to the Board.

The Board is very cognisant of the ongoing desire from stakeholders for greater diversity in senior management and boards. In particular, leading institutional shareholders have set a target for women to comprise 30% of the senior management and boards of FTSE100 companies by 2020. While we support the aims of diversity, we do not believe that a one size fits all policy is correct. Historically, certain sectors have attracted a considerable number of career women while others – such as mining and commodities – have not. Even today we find it challenging to fill positions in remote mining locations and for the marketing of commodities by women.

Risk – Board leadership

The Board provides leadership and oversight on risk management. Specifically it:

(1) provides a robust assessment of the principal risks facing the Group

The Board determines the nature and extent of the principal risks the Group should take in achieving its strategic objectives. The Board has carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity. The Directors' description of those risks and their explanation as to how they are being managed or mitigated are set out on page 42.

(2) determines a longer-term viability statement

Taking account of the Group's position and principal risks, the Directors assess the prospects of the Group and conclude whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment. Their conclusions are set out on page 109.

(3) monitors the Group's risk management and internal control systems

The Board oversees sound risk management and internal control systems. It carries out a regular review of their effectiveness including reviewing the Group's internal financial controls and the Group's internal control and risk management. This monitoring and review covers all material controls, including financial, operational and compliance controls. Their work and conclusions are described on pages 42 and 91–94.

Accountability and audit

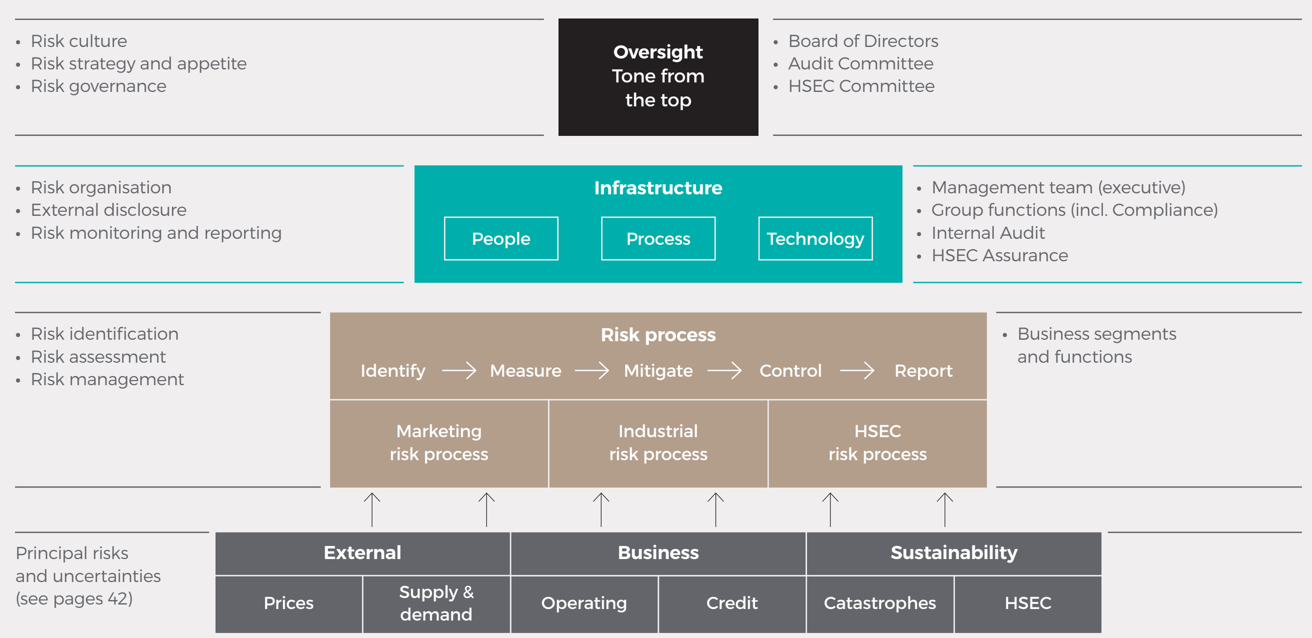
Financial reporting

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 receives 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 works closely with our external auditor 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 carried out a robust assessment of the principal risks facing the Group and 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.

Risk Management Framework



Katanga Restatement

Notwithstanding the strong Group internal control environment, a restatement of past financial statements was required at Katanga. This followed an internal review of certain of Katanga's historic accounting practices under the direction of the independent directors of Katanga, who engaged Canadian legal counsel, and an international accounting firm, to assist them in conducting the review. Despite the matter not having a material adverse effect on the consolidated income, financial position or cash flows of Glencore, the Board regarded it as serious and accordingly established a Board committee headed by the Chairman to carefully consider the findings of this review, and noted the material weaknesses identified in Katanga's internal controls over financial reporting. As a result of these matters, three of the Katanga executive directors resigned from the Katanga board and Glencore nominated three new directors to replace them. Additionally as a result of a review by Glencore, various structural and internal control changes have been implemented across the copper department in order to enhance and strengthen its financial processes and procedures. Your Board has been committed to ensure that the weaknesses identified are addressed and do not recur.

Katanga has been advised by the Ontario Securities Commission (OSC) that its enforcement staff are investigating, among other things, whether Katanga's previously filed periodic public disclosures contain statements that are misleading in a material respect and the adequacy of Katanga's corporate governance practices and the related conduct of certain directors and officers of Katanga. Katanga has also been advised that OSC enforcement staff are reviewing Katanga's risk disclosure in connection with applicable requirements under certain international bribery, government payment and anti-corruption laws. Katanga is cooperating fully with the OSC investigations and the Board committee continues to closely monitor developments with respect to the OSC investigation.

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. It is assisted by the work of the Audit Committee for oversight and by senior management for day-to-day operational matters, in order to maintain an effective risk management governance apparatus for the Group.

Risk Management Framework

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 and HSEC Committees are responsible for ensuring that the significant risks identified are properly managed.

Group functions

Group functions (Risk Management, Compliance, Legal and Sustainable Development) support the Business Risk Owners and senior management in 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.

As well as being subject to a review of the Audit Committee for its effectiveness, the Internal Audit function was also subject to a conformance review in 2017 by KPMG pursuant to the International Internal Audit Standards and International Professional Practices Framework Guidance. A Generally Conforms assessment (the best scale of assessment available) was made by KPMG.

Industrial risk management

We believe that every employee should be accountable for the risks related to their role. As a result, we encourage our employees to escalate all risks 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.

HSEC risk management

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

The Group's internal assurance programme continues to be developed for the assessment of compliance with leading practices in health and safety, environment and communities.

Further information is provided in the report from the HSEC Committee below and will be published in the Group's sustainability report for 2017.

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 update and implement policies which are intended to mitigate and manage commodity price, credit and other related risks.

Glencore's MR is managed at an individual, business and central level. 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 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 a report from the CRO at each of its scheduled 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.

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.

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.

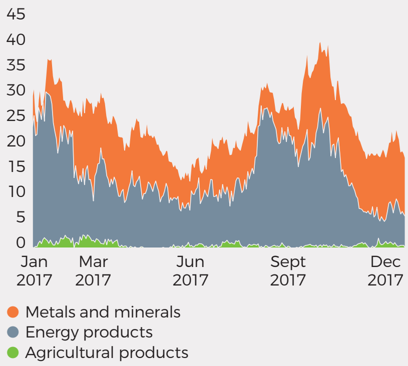
Last year, the Board approved the Audit Committee's recommendation of a one day, 95% VaR limit of $100 million for 2017, consistent with the previous year. This limit is subject to review and approval on an annual basis. The purpose of this Group limit is to assist senior management in controlling the Group's overall risk profile, within this tolerance threshold. During 2017 Glencore's reported average daily VaR was approximately $25 million, with an observed high of $41 million and a low of $13 million.

There were no breaches in the limit during the year.

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 2018.

VaR development ($m)



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.

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 requirements arising from regulatory reform In 2017, Glencore continued to implement the requirements of financial regulatory reform, including:

- the European Market Abuse Regulation (MAR) which affects the protection and disclosure of inside information and the prevention of market manipulation
- the Dodd-Frank Act, the European Market Infrastructure Regulation (EMIR) and the Swiss Financial Market Infrastructure Act (FMIA) which affect in particular the areas of risk mitigation (trade confirmation timeframes, portfolio reconciliation, portfolio compression and dispute resolution) and trade reporting

Upcoming financial regulatory reform proposals or requirements include:

- further requirements under EMIR including mandatory clearing and margining requirements
- further requirements under FMIA including trade reporting, risk mitigation, margin requirements and mandatory clearing
- MIFID II including EU authorisations and position limits

The impact of certain aspects of these and other new regulations to commodity market participants is potentially considerable. The impact on our marketing business will largely be in the form of compliance requirements (with associated costs), rather than meaningful commercial limitations. Glencore's compliance, finance, IT and risk teams continue to work together in monitoring and advising management on these developments.

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 is extremely important.

We communicate with shareholders in a number of different ways. The formal reporting of our full- and half-year results and quarterly production reports 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 senior members of the Investor Relations team and 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 senior Sustainability managers.

In particular in 2017, the following were undertaken:

- a presentation and investor roadshow was held in May 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
- the Chairman and Company Secretary met with a large number of institutional shareholders in the summer, principally to discuss governance and reporting

The Board receives regular updates from the Company's Head of Strategy 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.

AGM

The Company's next AGM is due to be held in Zug on 2 May 2018. Full details of the meeting will be set out in the Notice of Meeting which will be sent to shareholders one month before the meeting. 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/agm**

Audit Committee report

Chairman
Leonhard Fischer

Other members
Martin Gilbert
Peter Grauer

Mr Fischer and Mr Grauer served throughout the year. Mr Gilbert joined the Committee at its second meeting of the year in May. Mr Macaulay retired from the Board in April 2017, and participated in one meeting prior to this date. 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 and one additional meeting during the year, which all the Committee members attended. John Burton is Secretary to the Committee.

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 auditor to attend each meeting. Other members of management and the external auditor may attend as and when required. Other Directors, and sometimes all other Directors, also attend its meetings. The Committee also holds private sessions with the external auditor 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 auditor on the basis set out below.

Role, responsibilities and main activities

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.

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

- reviewing Glencore's internal financial and compliance controls and internal controls and risk management systems
- reviewing and agreeing the preparation and scope of the year-end reporting process;
- determining the global audit plan, scope and fees of the audit work to be undertaken by the external auditor
- evaluating the Group's procedures for ensuring that the Annual Report and accounts, taken as a whole, are fair, balanced and understandable
- reviewing the full-year (audited), and half-year (unaudited), financial statements with management and the external auditor
- reviewing the Group's financial and accounting policies and practices including discussing material issues with management and the external auditor, especially matters that influence or could affect the presentation of accounts and key figures
- considering applicable regulatory changes to reporting obligations
- evaluating the effectiveness of the external auditor
- recommending to the Board a resolution to be put to the shareholders for their approval on the appointment of the external auditor and to authorise the Board to fix the remuneration and terms of engagement of the external auditor
- monitoring the independence of the external auditor and reviewing the operation of the Company's policy for the provision of non-audit services by it
- considering and approving two assignments above the approval threshold with the external auditor 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

- considering the scope and methodologies to determine the Company's going concern and longer-term viability statements
- 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 for which there were no significant failings or weaknesses noted other than the Katanga restatement noted below
- reviewing reports on the operation of 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 other risks (excluding sustainability risks which are reviewed by the HSEC Committee).

Significant issues related to the financial statements

The Committee assesses whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements. They also review external auditor 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 focused in particular on these key matters:

1. Katanga restatement

The Katanga restatement issue is described on page 92. Areas of focus for the Audit Committee were:

- understanding the material defects in the internal control environment which led to the misstatements
- to satisfy itself, in discussions with the CEO and CFO and the internal and external auditor that the remedial steps proposed to the internal controls are sufficient to ensure that the weaknesses identified do not recur
- overseeing the implementation and monitoring of recommendations by external experts and the Board committee to strengthen internal controls
- to consider the appropriate treatment in our accounts for matters arising as a result of these issues

2. Acquisitions and disposals

Accounting for acquisitions involves significant management judgements and estimates. In 2017, the Committee analysed the accounting treatment of the QIA and Rosneft strategic partnership, the purchase of interests in Katanga, Mutanda and Volcan, the finalisation of the sale of a ~50% stake in Glencore Agriculture, the sale of a controlling stake in oil storage assets and the Trevali zinc assets transaction.

3. 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 commodity price volatility and some asset specific factors. The Committee reviewed management's reports, 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 remain achievable. Considerable focus was applied to management's commodity price and exchange rate assumptions. The Committee discussed with the external auditor their work in respect of impairment review, which was a key area of focus for them.

4. Taxation

Due to its global reach, including operating in high risk 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. The Committee has engaged with management to understand the potential tax exposures globally and the key estimates taken in determining the positions recorded, including the status of communications with local tax authorities and the carrying values of deferred tax assets.

5. Counterparty exposures

The Group's global operations expose it to credit and performance risk, which result in the requirement to make estimates around recoverability of receivables, loans, trade advances and contractual non-performance. As part of an ongoing review, the Committee considered material continuing exposures, the robustness of processes followed to evaluate recoverability and whether the amounts recorded in the financial statements are reasonable.

Following its analysis of these matters, the Committee satisfied itself that the estimates made by management are reasonable and that financial statements disclosures included in the accounts are appropriate.

Internal Audit

The Committee monitored the internal audit function as described under Internal Audit on page 95.

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 auditor 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
- the proven stability that is gained from the continued engagement of Deloitte as external auditor
- the benefit of lead audit partner rotation.

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 auditor 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 2017, fees paid to the external auditor were $32 million, the total non-audit fees of which were $9 million; further details are contained in note 28 to the financial statements.

Reappointment of the external auditor

Deloitte has been the auditor of the listed entity since its IPO in 2011. A lead audit engagement partner rotation occurred prior to the financial year ended 31 December 2013 and is due to take place again during 2018 for which preparations have already commenced.

The Board and the Audit Committee acknowledge the greater investor scrutiny as to a tendering for, and rotation of, the external auditor and note the recent regulatory and guidance changes.

Taking into account all relevant factors the Audit Committee has concluded that it is not appropriate 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 2018 AGM for the reappointment of Deloitte LLP as external auditor.

Leonhard Fischer
Chairman of the Audit Committee
1 March 2018

Nomination Committee report

Chairman
Peter Grauer

Other members
John Mack
Leonhard Fischer

All members served on the Committee throughout the year. The Committee only comprises Independent Non-Executive Directors. The Committee met four times during the year and all members attended these meetings. In addition, some of the discussions and deliberations in respect of the matters summarised below were carried out at Board 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 and qualities (including diversity) required for a particular appointment
- overseeing the search process
- evaluating the need for Board refreshment and succession planning generally

Main activities

The Committee focused on two main tasks during this year. Firstly, prior to the notice of 2017 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 continuing Director at the 2017 AGM.

Secondly, the Committee considered the composition of the Board and refreshment. Search processes for suitable additional Non-Executive Directors were conducted.

Martin Gilbert was appointed in May 2017. In recommending his appointment to the Board, Mr Gilbert's in-depth financial knowledge and long track record both as a listed company CEO and as a FTSE Non-Executive Director were considered. At the end of the year Gill Marcus was also appointed, with effect from 1 January 2018. Ms Marcus will bring to the Board extensive experience of finance and public service.

The Committee has noted the recommendations of the Hampton/Alexander Review on gender and the Parker Review on ethnic diversity. It is part of the Committee's policy when making new Board appointments to consider the importance of diversity on the Board, including gender and ethnicity. This is considered in conjunction with experience and qualifications. Further details are set out on page 90.

External consultancy Spencer Stuart was retained for search mandates during the year. Other than this engagement Spencer Stuart do not provide other services to the Group.

Peter Grauer
Chairman of the Nomination Committee
1 March 2018

Health, Safety, Environment & Communities (HSEC) report

Chairman
Peter Coates

Other members
Ivan Glasenberg
Anthony Hayward
Patrice Merrin

The Committee met five times during the year. Each Committee member served throughout the year and attended all of the meetings. Every scheduled meeting had a substantial agenda, reflecting the Committee's objective of overseeing the Group's ongoing improvements in HSEC performance.

Responsibilities

The main responsibilities of the Committee are to:

- ensure that appropriate Group policies are developed in line with our Values and Code of Conduct for the identification and management of current and emerging health, safety, environmental and community risks
- evaluate the effectiveness of policy implementation and HSEC risk management through:
  - assessment of operational performance
  - review of recent internal and external reports
  - independent audits and reviews of performance in regard to HSEC matters, and action plans developed by management in response to issues raised
- report to the Board

Main activities

During the year, the Committee:

- reviewed and approved the Group's HSEC strategy
- continued its monitoring of achieving ongoing reductions in fatalities, especially at the higher risk "focus assets". For this purpose it received a report on, reviewed and made recommendations in respect of, each fatality
- ongoing review of the Group's progress on its catastrophic hazard management, as the most important non-financial risk management issue for the Group
- continued to analyse implementation of the SafeWork programme focusing on identification of fatal hazards and an appropriate safety culture
- considered reports from the Group's assurance programme for sustainability matters with an emphasis on catastrophic hazards and approved the assurance plan for 2018
- provided ongoing support for management's engagement on climate change and emissions matters. This included considering the work of the Group's climate change working group, chaired by Dr Hayward
- considered reports on key performance indicators in relation to material issues, including water and energy use and complaints from host communities
- considered process safety management, water and effluents, waste and spills, human rights and grievance mechanism, product stewardship and community engagement and compliance to social commitments
- considered engagement with communities and NGOs on sustainability matters
- reviewed and oversaw the Group's sustainability report
- held an investor roadshow to inform and receive feedback on the Company's sustainable development strategy and approach to HSEC management
- considered a variety of other material HSEC issues such as resettlement programmes, incident reporting and health strategy

Peter Coates
Chairman of the HSEC Committee
1 March 2018

Directors' remuneration report

For the year ended 31 December 2017

Introduction

On behalf of the Remuneration Committee, I am pleased to present our Directors' Remuneration Report for the year ended 31 December 2017. As usual, we have sought to make this report as short, simple and straightforward as possible.

As a Jersey registered company headquartered in Switzerland, Glencore is not subject to the UK's reporting regime but this report is prepared in full compliance with the UK rules, unless stated otherwise. Accordingly, over the following pages, we have set out details of the implementation of our reward policy in 2017 including the governance surrounding pay decisions, members of the Committee and its advisers and details of what was paid to Directors during the year.

At the 2017 AGM, shareholders approved our remuneration arrangements through two votes, one on the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) and the other on our Directors' Remuneration Policy with votes in excess of 98% in favour of each resolution.

There are no changes in Board remuneration to report.

The Committee continues to ensure that the Directors' Remuneration Policy and its implementation are attractive to shareholders in reflecting good governance, reasonable terms and complete transparency.

John Mack
Remuneration Committee Chairman
1 March 2018

Basis of reporting

We have presented this Remuneration Report to reflect the reporting requirements on remuneration matters for companies with a UK governance profile, particularly the UK's Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (the "UK Remuneration Regulations"). The Company aims to comply in all material respects with the reporting obligations within these regulations as a matter of good practice. The report also describes how the Board has complied with the provisions set out in the UK Corporate Governance Code relating to remuneration matters.

Our auditors have reported on certain parts of the Directors' Remuneration Report and stated whether, 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.

Part A – Directors' Remuneration Policy

The Directors' Remuneration Policy was approved by shareholders at the 2017 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 2018 AGM, it has not been included in this Annual Report. A summary is set out below and it is reproduced in full on our website at: **www.glencore.com/who-we-are/governance**.

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 practice, the CEO has continued to waive participation in bonus or LTI arrangements.

Base salary

Provides market competitive fixed remuneration. The Committee has not increased the salary level for any Executive Director since 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 $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 $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.

Long-Term Incentives

Glencore Performance Share Plan incentivises the creation of shareholder value over the longer-term. The Committee has set a maximum annual grant level of 200% of base salary.

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.

Potential rewards under various scenarios

Under the formal policy, consistent with other large FTSE companies, the total available variable pay (i.e. the maximum amount payable in respect of bonus and long-term incentives) available to Mr Glasenberg would be approximately $5,790,000 (being four times base salary). As Mr Glasenberg has continued to waive entitlement to all variable elements, including both bonus and long-term incentives, his base salary and all benefits are set at less than 25% of the aggregate remuneration which would potentially have been available to him had he not waived participation in these aspects. These waivers are considered appropriate as the level of his personal shareholding is sufficient to provide a keen alignment of interest between him and of shareholders more generally without the need to add additional aspects to his package (and cost to other shareholders). His fixed remuneration set out below was set at a modestly below market level so the waivers do not reflect any element of an excessive bias to fixed pay in the traditional sense. Consistent with UK legislation, it has been prepared using the following assumptions.

In 2017, Mr Glasenberg's base salary was paid in US dollars and his benefits and pension contributions were paid in Swiss francs, as described in this report.

Fixed	• Consists of base salary, benefits and pension • Base salary is applicable to both 2017 and 2018 • Benefits measured as benefits figure in the single figure table • Pension measured as pension figure in the single figure table			
Ivan Glasenberg	**Base Salary $'000**	**Benefits $'000**	**Pension $'000**	**Total Fixed $'000**
	1,447	**4**	**62**	**1,513**
On-target and Maximum	Based on what the Director would receive if performance was on-target (whether inclusive or exclusive of share price appreciation and dividends): • STI: Mr Glasenberg currently waives any right to participate in the annual bonus plan • LTI: He does not currently participate in the Performance Share Plan			

Executive Directors' contracts

The table below summarises the key features of the service contract for Ivan Glasenberg, the only person who served as an Executive Director during the year.

All Directors' contracts and letters of appointment will be available for inspection on the terms to be specified in the Notice of 2018 AGM.

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. 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

The Executive Director's external appointments are noted on page 82. He assigns to the Group the compensation received in relation to each appointment. 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.

As set out in last year's Annual Report, the fees payable to the Non-Executive Directors were increased with effect from 1 January 2017. The annual fees are paid in accordance with a Non-Executive Director's role and responsibilities. The fees payable for 2018 are unchanged and are as follows:

US$ '000	
Directors	
Chairman	1,150
Senior Independent Director	200
Non-Executive Director	135
Remuneration Committee	
Chairman	45
Member	25
Audit Committee	
Chairman	60
Member	35
Nomination Committee	
Chairman	40
Member	20
HSEC Committee	
Chairman	125
Member	40

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. Each of John Mack, Leonhard Fischer and Martin Gilbert has had a long career in the management of large financial services organisations and therefore provides considerable experience of remuneration analysis and implementation. All members of the Remuneration Committee are considered to be independent. Further details concerning independence of the Non-Executive Directors are contained on page 87.

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/governance**

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
- 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 meetings

The Committee met two times during the year and considered, amongst other matters, 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 the content and approval of the Remuneration Report.

The Chairman, CEO and CFO 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. The Committee was satisfied that the advice provided by FIT was objective and independent. FIT's fees for this advice in respect of 2017 were $4,872 (2016: $10,410). FIT's fees were charged on the basis of the firm's standard terms of business for advice provided. FIT provided no other services to the Group in the year.

The Committee also receives advice from John Burton, the Company Secretary.

Relative importance of remuneration spend

The table below illustrates the change in total remuneration, distributions paid and net profit from 2016 to 2017.

	2017 US$m	2016 US$m
Distributions and buy-backs	998	–
Net income attributable to equity holders	5,777	1,379
Total remuneration	4,656	4,245

The figures presented have been calculated on the following bases:

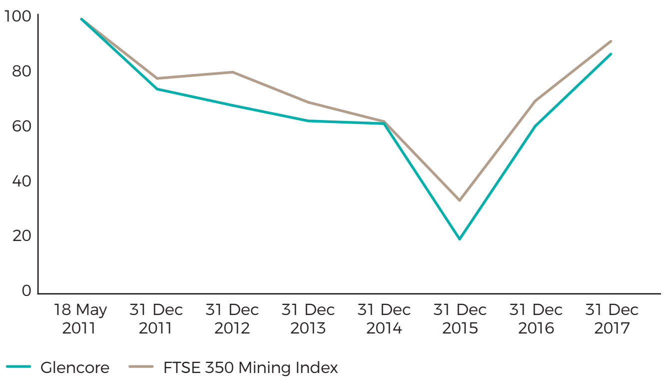
- **Distributions and buy-backs** – distributions paid during the financial year. No shares were bought back during the year.
- **Net income attributable to equity holders** – our reported net income in respect of the financial year. The Committee believes it is a good indicator of ongoing relative statutory performance.
- **Total remuneration** – represents total personnel costs as disclosed in note 22 to the financial statements which includes salaries, wages, social security, other personnel costs and share-based payments.

Performance graph and table

This graph shows the value to 31 December 2017, on a total shareholder return (TSR) basis, of £100 invested in Glencore plc on 24 May 2011 (our 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:

Performance



		Single figure of total remuneration[1] (US$'000)	Annual variable element award rates against maximum opportunity[2]	Long-term incentive vesting rates against maximum opportunity[2]
2017	Ivan Glasenberg	1,513	–	–
2016	Ivan Glasenberg	1,509	–	–
2015	Ivan Glasenberg	1,510	–	–
2014	Ivan Glasenberg	1,513	–	–
2013	Ivan Glasenberg	1,509	–	–
2012	Ivan Glasenberg	1,533	–	–
2011	Ivan Glasenberg	1,483	–	–

1 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 these parts of Mr Glasenberg's remuneration have not altered since May 2011. In this table the figures are reported in US dollars, the currency in which Mr Glasenberg received his salary in 2017. The salary was payable in pounds sterling prior to 2014. Therefore those figures have been translated into US dollars at the exchange rates used for the preparation of the financial statements in those years. Mr Glasenberg's pension and other benefits are charged to the Group in Swiss francs and these amounts are translated into US dollars on the same basis.

2 The CEO has requested not to be considered for these potential awards.

Percentage change in pay of Chief Executive Officer and comparative ratios

The UK Remuneration Regulations 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. In addition, the UK Investment Association's 2016 Remuneration Principles recommend disclosure as to how the remuneration out-turn for a Company's CEO compares with that of a) its median employee and b) its Executive Committee. Given that the CEO has, since 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 comparisons or ratios have been made.

Most recent shareholder voting outcomes

The votes cast (1) to approve the Directors' remuneration report, for the year ended 31 December 2016 and (2) to approve the Directors' Remuneration Policy at the 2017 AGM were:

Votes "For"	Votes "Against"	Votes "Abstentions" (as a total of votes cast)
Directors' Remuneration Report		
98.24%	1.76%	0.11%
(10,748,442,346)	(192,592,622)	(12,442,987)
Directors' Remuneration Policy		
98.20%	1.80%	0.52%
(10,700,495,856)	(196,055,182)	(56,926,916)

The Committee continues to seek a productive and ongoing dialogue with investors on the Directors' Remuneration Policy, remuneration aspects of corporate governance, any changes to the Company's executive pay arrangements and developments as to executive remuneration issues in general.

Implementation of policy in 2018

No change to any aspect of Directors' remuneration is envisaged for 2018.

Implementation Report – Audited Information

Single figure table	Salary		Benefits		Annual Bonus		Long-term incentives		Pension		Total	
US$'000	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Ivan Glasenberg	1,447	1,447	4	2	–	–	–	–	62	60	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 been granted to Mr Glasenberg, there are no relevant performance measures to be disclosed although the first page of this report notes the alignment of his position with that of other shareholders.

Non-Executive fees

The emoluments of the Non-Executive Directors for 2017 were as follows:

Name	**Total 2017 US$'000**	Total 2016 US$'000
Non-Executive Chairman		
Anthony Hayward	1,150	1,056
Non-Executive Directors		
Peter Coates	260	249
Leonhard Fischer	240	221
Martin Gilbert[1]	127	–
Peter Grauer	275	237
William Macaulay[2]	57	178
John Mack	200	187
Patrice Merrin	175	143

1 Appointed on 5 May 2017.
2 Retired on 14 April 2017.

The aggregate emoluments of all Directors for 2017 (including pension contributions) were $3,997,000 (2016: $3,780,000). 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 which is set out after this report. Mr Glasenberg's holding is considerably in excess of the formal share ownership guideline for Executive Directors 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
1 March 2018

Directors' report

For the year ended 31 December 2017

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 2017. The Directors' report includes details of the business, the development of the Group and likely future developments as set out in the Strategic Report, which together form the management report for the purposes of the UK Financial Conduct 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.

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 and Johannesburg Stock Exchanges. On 31 January 2018 the Company delisted its shares from the Hong Kong Stock Exchange.

Financial results and distributions

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

A distribution of US$0.07 per share was paid in 2017.

The Board is recommending two distributions totalling US$0.20 per share in respect of the 2017 financial year as further detailed on page 58.

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, is included in the Financial review and in note 24 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 25 and 26 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. The work of the HSEC Board committee is contained in the Corporate Governance report.

Taxation policy

Our Tax Policy: **www.glencore.com/group-tax-policy** and our second payments to Governments report: **www.glencore.com/payments-to-goverments-report** set out the Company's approach to tax and transparency and disclose the payments made by the Group on a country-by-country and project-by-project basis.

Exploration and research and development

The Group's 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. Further information on our people is set out on pages 36 and 39.

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' 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 and Officers

The names of the Company's Directors and Officers who were in office at the end of 2017, together with their biographical details and other information, are shown on page 82.

Directors' interests

Details of interests in the ordinary shares of the Company of those Directors who held office during 2017 are given below:

Name	Number of Glencore Shares	Percentage of Total Voting Rights
Executive Directors		
Ivan Glasenberg	1,211,957,850	8.40
Non-Executive Directors		
Peter Coates	1,585,150	0.01
Leonhard Fischer	–	–
Martin Gilbert[1]	50,000	0.00
Peter Grauer	129,792	0.00
Anthony Hayward	244,907	0.00
William Macaulay[2]	200,000	0.00
John Mack	750,000	0.00
Patrice Merrin	43,997	0.00

1 Appointed to the Board on 5 May 2017.
2 Retired from the Board on 14 April 2017. Figures provided at date of retirement.

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

No changes in Directors' interests of those in office at the date of this report have occurred between 31 December 2017 and 1 March 2018.

Share capital and shareholder rights

As at 1 March 2018, the issued ordinary share capital of the Company was $145,862,001 represented by 14,586,200,066 ordinary shares of $0.01 each, of which 161,459,158 shares are held in treasury and 127,711,907 shares are held by Group employee benefit trusts.

Major interests in shares

As at 31 January 2018 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 of Total Voting Rights
Qatar Holding	1,221,497,099	8.47
Ivan Glasenberg	1,211,957,850	8.40
BlackRock Inc	820,422,580	5.69
Harris Associates	545,706,610	3.78
Daniel Maté	454,136,143	3.15
Aristotelis Mistakidis	450,175,134	3.12

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/who-we-are/board-of-directors/governance-downloads/**. 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 distribution. 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 Company may amend its Articles by special resolution approved at a GM.

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.

Purchase of own shares

At the end of the year, the Directors had authority, under a shareholders' resolution passed on 24 May 2017, to purchase through the market up to 10% of the Company's issued ordinary shares. No purchase was made by the Company during 2017. The Directors will seek a similar authority at the Company's AGM to be held in 2018.

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 25 and 26 to the financial statements include 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.

The results of the Group, principally pertaining to its industrial asset base, are exposed to fluctuations in both commodity prices and currency exchange rates whereas the performance of marketing activities is primarily physical volume driven with commodity price risk substantially hedged.

The Directors have a reasonable expectation, 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 of the identified uncertainties (being primarily commodity prices and currency exchange rates) and undrawn credit facilities, monitoring of debt maturities, and after review of the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting 2014 as published by the UK Financial Reporting Council.

Longer-term viability
In accordance with paragraph C2.2 of the Code, the Directors have assessed the prospects of the Group's viability over a longer period than the 12 months required by the going concern assessment above. A summary of the assessment made is set out on page 44 in the Principal risks and uncertainties section.

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. They also believe that the review period of four years is appropriate having regard to the Group's business model, strategy, principal risks and uncertainties, and viability.

Auditor
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 auditor is 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 auditor is aware of that information.

Deloitte LLP have expressed their willingness to continue in office as auditor 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 the Company for each financial year. The financial statements are prepared 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
- 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
1 March 2018

Directors' report

For the year ended 31 December 2017
continued

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)	See Chief Executive Officer's review
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(12)	Waivers of dividends	See note 17 to the financial statements
9.8.4(13)	Waivers of future dividends	See note 17 to the financial statements
9.8.4(14)	Agreement with a controlling shareholder (LR 9.2.2A)	Not applicable
There are no disclosures to be made in respect of the other numbered parts of LR 9.8.4.		

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 income 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, position, strategy and business model of the Company.

The consolidated financial statements of the Group for the year ended 31 December 2017 were approved on the date below by the Board of Directors.

Signed on behalf of the Board:

Anthony Hayward
Chairman
1 March 2018

Ivan Glasenberg
Chief Executive Officer

Financial statements

Independent Auditor's Report to the members of Glencore plc

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- **give a true and fair view of the affairs of Glencore plc and its subsidiaries' (together "the Group") affairs as at 31 December 2017 and of the Group's income for the year then ended;**
- **have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as issued by the International Accounting Standards Board (IASB); and**
- **have been properly prepared in accordance with the Companies (Jersey) Law 1991.**

We have audited the financial statements of the Group which comprise:

- the consolidated statement of income
- the consolidated statement of comprehensive income
- the consolidated statement of financial position
- the consolidated statement of cash flows
- the consolidated statement of changes of equity, and
- the related notes 1 to 33

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that the non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Impairments • Revenue recognition • Fair value measurements within the marketing operations • Classification of financial instruments • Credit and performance risk • Taxation, and • Katanga Mining Limited (Katanga) Restatements Our assessment of the Group's key audit matters is broadly consistent with 2016. "Capital preservation/ Debt reduction plans" is no longer considered a key audit matter as a result of the Group completing the capital preservation and debt reduction plan announced in 2015. We identified "Katanga Restatements" as a current year key audit matter following the announcement of the completion of an internal review of certain of Katanga's historic accounting practices.
Materiality	We determined materiality for the Group to be $200 million, based on a normalised 3-year average pre-tax profit.
Scoping	We focused our Group audit scope primarily on the audit work at 47 components, representing the Group's most material marketing operations and industrial assets. These 47 components account for 93% of the Group's net assets, 97% of the Group's revenue and 89% of the Group's adjusted EBITDA (as set out in Note 2).
Significant changes in our approach	Aside from the changes in key audit matters noted above, there were no significant changes to our audit approach when compared to 2016.

Conclusions relating to going concern, principal risks and viability statement

Going concern We have reviewed the directors' statement in note 1 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements. We are required to state whether we have anything material to add or draw attention to in relation to that statement required by Listing Rule 9.8.6R(3) and report if the statement is materially inconsistent with our knowledge obtained in the audit.	We confirm that we have nothing material to report, add or draw attention to in respect of these matters.
Principal risks and viability statement Based solely on reading the directors' statements and considering whether they were consistent with the knowledge we obtained in the course of the audit, including the knowledge obtained in the evaluation of the directors' assessment of the Group's ability to continue as a going concern, we are required to state whether we have anything material to add or draw attention to in relation to: • the disclosures on pages 42 – 51 that describe the principal risks and explain how they are being managed or mitigated; • the directors' confirmation on page 90 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; or • the directors' explanation on page 44 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions. We are also required to report whether the directors' statement relating to the prospects of the Group required by Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We confirm that we have nothing material to report, add or draw attention to in respect of these matters.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairments

Description of key audit matter	How the scope of our audit responded to the key audit matter
The carrying value of the Group's non-current assets, which includes intangible assets, property, plant and equipment, loans and advances, and investments in associates and joint ventures, amounted to $85,867 million at 31 December 2017. The volatility in expected future prices of certain commodities key to the Group (particularly oil, copper, cobalt, zinc and coal), foreign exchange rates, production levels, operating costs, discount rates and macro-economic developments require management to closely monitor non-current asset carrying values. Given the nature of the Group's industrial assets, developments concerning geology, production or distribution of the Group's products may also trigger a need to consider impairment. For loans, advances and other investments, assessing counterparty risk, solvency and liquidity can be highly subjective. Management completes an impairment review on all of the Group's significant investments annually, as part of the Group's budgeting process. The outcome of impairment assessments could vary significantly were different assumptions applied. Refer to "Key sources of estimation uncertainty" within note 1, notes 4, 5 and 9 as well as the Audit Committee Report on pages 96 – 98. In total impairments amounting to $871 million were recognised in the year ended 31 December 2017 primarily relating to oil assets as a result of commodity prices and operational developments. This was offset by $243 million of impairment reversals within oil assets following production plan optimisation and cost efficiency identification.	We reviewed management's assessment of impairment risk and their assessment of the indicators of impairment and challenged the significant assumptions used. We sought to identify additional potential indicators of impairment through our review of operational performance and financial results as well as the impact of any significant regulatory changes. Where significant indicators of impairment (or impairment reversals) were identified, we utilised Deloitte extractive industry valuation specialists to assess the appropriateness of management's underlying model inputs and significant assumptions. In performing our challenge, we considered the risk of management bias in the assumptions and estimates. We challenged the significant inputs and assumptions used in impairment and impairment reversal testing for intangible assets, property, plant and equipment, associates and joint ventures. Our challenge included comparing inputs and significant assumptions as noted above, to third party forecasts and Deloitte developed discount rates. Production assumptions were compared to life of mine or hydrocarbon extraction plans where applicable as well as reserves and resources estimates. Operating costs and production levels were also compared to the current period actual results, management approved budgets and life of mine models. Further, we assessed whether macro assumptions had been applied on a consistent basis across the Group. We challenged management's sensitivity analysis by performing independent sensitivity analyses on selected assets, including those which were not identified as having indicators of impairment but have a higher risk of impairment due to lower available headroom in fair value models, volatility in key pricing assumptions, or the existence of operational circumstances which may indicate potential for impairment. For impairment reversals, we reviewed the audit evidence relating to the reversal of conditions previously leading to the impairment and the models supporting the reversal. With respect to loans and advances of $2,976 million, our procedures included challenging their recoverability by reviewing supporting agreements and obtaining evidence of current performance to identify potential indicators of impairment. We assessed the adequacy of impairment related disclosures in the financial statements, including the key assumptions used and the sensitivity of the financial statements to these assumptions.

Key observations

Based on the results of our testing, we concluded that management's assessment of impairment indicators was appropriate. Where there were impairment indicators, our procedures found that the impairment models were in line with the underlying mine and hydrocarbon extraction plans and supported by appropriate inputs and assumptions. We concluded that the key pricing and discount rate assumptions were in line with third party evidence and our expert's acceptable ranges.

We found management's disclosures on key assumptions and impairment sensitivities to be appropriate.

Revenue recognition

Description of key audit matter	How the scope of our audit responded to the key audit matter
Revenue for the year was $205,476 million (2016: $152,948 million), and the identification as a key audit matter primarily relates to the following: Marketing operations: We identified a risk that the capture of trades within the trade book is incomplete or inaccurate impacting the timing and quantum of revenue recognition for commodity sales with deliveries occurring on or around year-end. Judgement is required to determine when risks and rewards have transferred under certain contractual arrangements with third parties, especially on or around year-end. As a majority of the Group's trades are measured at fair value through profit and loss, a complete and accurate trade capture process that includes all specific and bespoke terms within the commodity contracts is critical for accurate financial reporting and monitoring of trade book exposures and performance. Marketing related activities depend on the reliability of the trade capture systems and their IT infrastructure environment. Industrial assets: Substantially all output from industrial assets is sold by the Group's marketing divisions. Where third party sales occur, the key risks relate to provisional pricing terms, metal concentrate estimates and the consideration of embedded derivatives in sales contracts. Judgement must be exercised to determine when risks and rewards have transferred under bill and hold and other non-standard contract arrangements. We presume a risk of material misstatement due to fraud related to revenue recognition. Refer to note 1 for the revenue accounting policies.	We have reviewed Glencore's revenue recognition policies for compliance with the requirements of IAS 18 Revenue (IAS 18). For marketing operations we: • evaluated the design, implementation and tested the operating effectiveness of key controls surrounding the completeness and accuracy of trade capture and the revenue and trade cycle • tested the operating effectiveness of general IT controls surrounding major technology applications and critical interfaces involving revenue recognition and the completeness and accuracy of trade capture • agreed, on a sample basis, deliveries occurring on or around 31 December 2017 to supporting documentation to assess whether the IFRS revenue recognition criteria were met for recorded sales • obtained third party confirmations where relevant to check completeness and accuracy of trade books, and • performed cut-off testing of trades entered into the trade book system around the reporting date For industrial assets we: • assessed the design and implementation of controls around the methodology adopted by management to identify the provisional pricing terms and the determination of estimates of metal in concentrate sold to third parties; • obtained third party confirmations to verify the completeness and accuracy of third party sales; and • reviewed key contracts for the existence of embedded derivatives and performed valuation testing as appropriate. We also performed testing on journal entries using computer assisted profiling techniques to address the risk of management override of internal controls related to revenue recognition.

Key observations
Based on the results of our testing, we are satisfied that the revenue recognition policies are in line with IFRS and were appropriately applied throughout the period.

Fair value measurements within the marketing operations

Description of key audit matter	How the scope of our audit responded to the key audit matter
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 (e.g. credit risk assessments, market volatility and forecast operational estimates). At 31 December 2017, total Level 3 Other financial assets and liabilities amounted to \$356 million and \$705 million respectively. 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 sources of estimation uncertainty" within note 1 and additionally notes 26 and 27.	We evaluated the design and implementation and tested operating effectiveness of key internal controls over management's processes for determining inputs to fair value measurements and performed detailed substantive testing on a sample basis of the related fair value measurements. Using financial instrument specialists embedded within the audit team with experience in commodity trading, we specifically tested the evidence supporting significant unobservable inputs utilised in Level 3 measurements in the fair value hierarchy as outlined in note 27 to the financial statements, which included reviews of independent price quotes, recent transactions and other supporting documentation.

Key observations

Based on the results of our testing, we are satisfied that the level 3 fair value measurements are supported by reasonable assumptions in line with recent transactions and/or externally verifiable information.

We found the financial statement disclosures on fair value measurements in note 27 to be adequate.

Classification of financial instruments

Description of key audit matter	How the scope of our audit responded to the key audit matter
Glencore trades a diverse portfolio of commodities and utilises a wide variety of trading strategies in order to profit from volatility in market prices, differentials and spreads whilst maximising flexibility and optionality. The classification of contracts relating to the Group's marketing operations is a judgemental area, particularly distinguishing sales contracts where the Group physically delivers its own production to a third party ("own use"), from those which form part of the Group's marketing operations. The majority of the Group's trades are measured at fair value through profit and loss. Differences in classification affect recognition of associated gains and losses as contracts which are "own use" are exempt from mark-to-market accounting. Transactions for the sale or purchase of commodities may contain a financing element and/or embedded derivatives, which may require judgement in determining the most appropriate classification, presentation and accounting treatment. Refer to notes 26 and 27.	We obtained an understanding of the trading strategies and associated product flows within the Group's marketing departments using financial instrument specialists embedded within the audit team with experience in commodity trading. We evaluated the design and implementation and tested operating effectiveness of key controls around monitoring exposures by the risk management department. We analysed the trade books to understand unusual or complex derivatives open at year-end. We also analysed the trading results for portfolios designated as "own use" for evidence of any net settlements, which may indicate potential tainting of the IAS 39 "own use" criteria. We challenged management's judgement and conclusions associated with classification and accounting for new significant arrangements and significant changes to existing arrangements. We assessed the adequacy of related disclosures in the financial statements in accordance with the requirements of IFRS.

Key observations

Based on the results of our testing, we are satisfied that all significant assumptions applied in respect of the classification of financial instruments are appropriate and that disclosures given around financial instruments are in accordance with the requirements of IFRS.

Credit and performance risk

Description of key audit matter	How the scope of our audit responded to the key audit matter
The Group is exposed to credit and performance risk arising from the Group's global production and marketing operations, 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. At 31 December 2017, total advances and loans and accounts receivable amounted to $2,976 million and $20,359 million respectively. Refer to notes 10, 12 and 25 and the Audit Committee Report on pages 96 to 98.	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 and other post balance sheet date evidence. In addition, we challenged the valuation of significant fixed price positions in commodities across the Group at year-end given the high price volatility during the year, particularly with respect to base metals and coal where the risk of non-performance is higher.

Key observations
We concluded that the Group's provisioning in relation to counterparty and performance risk was appropriately assessed.

Taxation

Description of key audit matter	How the scope of our audit responded to the key audit matter
There is significant judgement around accounting for income taxes particularly in light of the number of jurisdictions in which the Group operates, including judgements concerning presence of key corporate operations and holding companies, provisioning for tax exposures, application of transfer pricing rules, the recognition of deferred income tax assets and the taxation impacts of any corporate restructurings. This gives rise to complexity and uncertainty in respect of the calculation of income taxes and deferred tax assets and consideration of contingent liabilities associated with tax years open to audit. As at 31 December 2017, the Group has recorded net deferred tax liabilities of $7,024 million and net deferred tax assets of $1,733 million. Additionally, the Group has $6,574 million of gross tax losses carried forward and deductible temporary differences, for which no deferred tax assets have been recognised. The assessment of tax-related contingent liabilities has been disclosed in note 21. Refer to "Key sources of estimation uncertainty" within note 1 and additionally notes 6 and 21, and the Audit Committee Report on pages 96 to 98.	We undertook a specific assessment of the material components impacting the Group's tax expense, balances and exposures and performed detailed audit procedures in relation to these. We considered the appropriateness of management's assumptions and estimates to support the recognition of deferred tax assets with reference to forecast taxable profits and the consistency of these forecasts with the Group's budgets. We reviewed and challenged management's assessment of uncertain tax positions and conclusions on complex tax arrangements (such as transfer pricing) through discussions with the Group taxation department, reviewing correspondence with local tax authorities, reviewing third party expert tax opinions and utilising Deloitte tax specialists, where appropriate, to assess the adequacy of associated provisions and disclosures. We challenged management on the disclosures in the financial statements in relation to taxation, specifically on the requirement for adequate assessment of uncertainties and contingent liabilities.

Key observations
The results of our testing were satisfactory and we concur that the level of tax provisions and disclosures are appropriate.

Katanga Restatements

Description of key audit matter	How the scope of our audit responded to the key audit matter
Katanga is a Canadian listed copper and cobalt producer in the Democratic Republic of Congo which is controlled by Glencore and therefore a consolidated subsidiary. During the year, the non-executive directors of Katanga initiated an independent review into the accounting practices of Katanga covering the financial years ended December 2014, 2015 and 2016 ("Independent Review"). This review concluded that as a result of inappropriate accounting practices and significant weaknesses in Katanga's internal control environment around financial reporting and inventory valuation and recording, including management override of internal controls, various financial line items were misstated in 2014, 2015 and 2016. The cumulative restatements resulted in a net reduction in total assets/liabilities and equity of $60 million (net of income tax credits of $18 million) which was accounted for as a current year adjustment in Glencore's 2017 financial statements. These adjustments do not have a material adverse effect on the consolidated income, financial position or cash flows of Glencore. The Glencore plc Board of Directors convened a board committee to assess the implications of the findings from the Katanga Independent Review on Glencore Group's internal controls (the "Glencore Review"). This was to assess the matter including the possibility of similar issues existing at other Glencore operations, and determine the appropriate measures to improve the control environment and the disciplinary action to be taken against Glencore personnel involved in misstating past financial statements. Our audit work, at Group and the relevant component level, included additional procedures considering the impact of the findings from the Katanga Independent Review and the Glencore plc board committee. Please refer to page 92 and 97 for the board's discussion on the matter and note 4 for the cumulative impacts of the above adjustments in Glencore's financial statements.	The additional audit procedures performed by the Group and relevant component audit teams in response to the Katanga Independent Review included the following: • The use of Deloitte forensic experts at Group and component level to understand and challenge both the scope and competency of the independent accounting expert engaged by the non-executive directors assisting with the Katanga Independent Review as well as the audit procedures performed by the Group audit team • A review of the report prepared by the independent accounting expert from the Katanga Independent Review to understand the nature of the misstatements, including findings with respect to internal controls, including management override of internal control • Additional audit work with respect to the correcting entries required to restate the Katanga financial statements • Meeting with the Glencore Board of Directors and senior management to understand the scope and findings of the Glencore Review, including consideration of the risk of management override at other Glencore assets and specifically within the African copper assets • Communicating the increased risk of management override of controls to component auditors with similar risk profiles to Katanga, requesting additional audit procedures be conducted, such as the involvement of Deloitte technical mining experts in the component audit procedures, and • Consideration of the implementation of recommendations made by experts engaged to assist in this matter and other actions by the Katanga and Glencore boards to determine whether misstatements involving management override could exist at other components

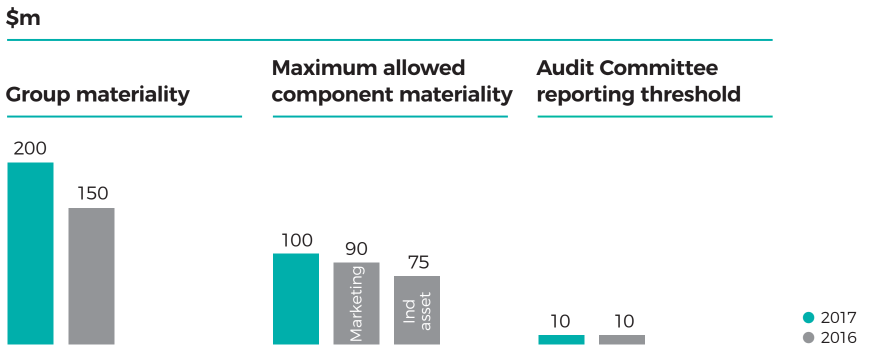
Key observations

We concur that the cumulative impact of the adjustments recorded in Glencore's consolidated financial statements are fairly stated in all material respects in accordance with IFRS. Based on the results of our testing, no additional reportable misstatements involving management override were identified from our audit.

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.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality	$200 million (2016: $150 million) The applied materiality is approximately 7% of normalised 3-year average pre-tax profit (2016: 7%), and equates to less than 1% (2016: 1%) of equity. 
Basis for determining materiality	Consistent with the methodology in the prior year, we have determined materiality by using a percentage of a normalised 3-year average (2015–17) of pre-tax profits. The selected materiality is 3% of current year normalised results without the effect of averaging. These normalising items are outlined in notes 3 and 4 to the financial statements.
Rationale for the benchmark applied	The pre-tax profits for the 2015–17 years have been normalised in determining materiality to exclude items which, due to their variable financial impact and/or expected infrequency of the underlying events, are not considered indicative of continuing operations of the Group. These items do not form part of the Group's internally or externally monitored primary key performance indicators, and which if included, would distort materiality year-on-year. We consider this approach of using a 3-year average to be more appropriate than an assessment based on current year results alone given the nature of the mining industry which is exposed to cyclical commodity price fluctuations and to therefore provide a more stable base reflective of the scale of the Group's size and operations. We note that the maximum allowed component materiality for industrial assets has increased to $100 million in the current year on the basis that the contribution to pre-tax profit by industrial assets has significantly increased throughout the normalised 3-year average period used in the determination of our materiality.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $10 million (2016: $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.

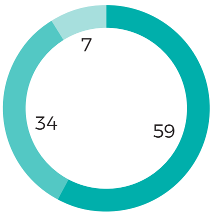
An overview of the scope of our audit

Our Group audit was scoped by obtaining an 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 47 components (2016: 45 components), representing the Group's most material marketing operations and industrial assets, and utilised 23 component audit teams (2016: 21 component audit teams) in 20 countries (2016: 18 countries).

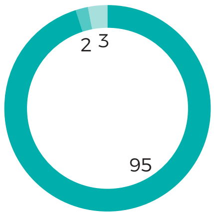
- 27 of these were subject to a full scope audit (2016: 29 components), and
- 20 were subject to specified audit procedures where the extent of our testing was based on our assessment of the risk of material misstatement and of the materiality of the Group's operations at those locations (2016: 16 components)

These 47 components account for 93% of the Group's net assets (2016: 92%), 97% of the Group's revenue (2016: 95%) and 89% of the Group's adjusted EBITDA (2016: 89%).

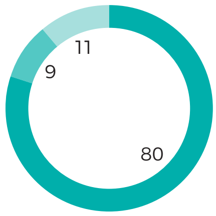
Net assets



Revenue



Adjusted EBITDA



Coverage (%)
- Full scope audit
- Specified audit procedures
- Analytical procedures

Components are scoped based on their contribution to financial metrics (revenue, EBIT and Adjusted EBITDA), production and qualitative criteria, such as being a significant development project or exhibiting particular risk factors.

Detailed audit instructions were sent to the auditors of these in-scope components. These detailed audit instructions specified areas of audit focus, identified the risks of material misstatement assessed by the Group audit team and set out the information to be reported back to the Group audit team.

The Group audit team continued to follow a programme of regular on-site meetings with components that has been designed so that the Group Audit Partner or another senior member of the Group audit team periodically meets with local management and the component audit team on a rotational basis. In 2017, the Group audit team held in-person meetings with 21 components (2016: 13 components).

Additionally for all in-scope components, the Group audit team was involved in the audit work performed by the component auditors through a combination of our global planning conference call meetings, provision of referral instructions, review and challenge of related component inter-office reporting and of findings from their work (which included the audit procedures performed to respond to risks of material misstatement), attendance at component audit closing conference calls and regular interaction on any related audit and accounting matters which arose.

At the parent entity level we also tested the consolidation process and carried out analytical 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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

In this context, matters that we are specifically required to report to you as uncorrected material misstatements of the other information include where we conclude that:

- *Fair, balanced and understandable* – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit, or
- *Audit committee reporting* – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee, or
- *Directors' statement of compliance with the UK Corporate Governance Code* – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

Use of our report

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 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.

Report on other legal and regulatory requirements

Opinion on other matter prescribed by our engagement letter

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.

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.

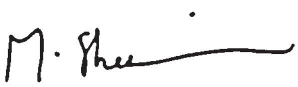
Other matters

Auditor tenure

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 22 August 2011 to audit the financial statements of Glencore plc for the year ending 31 December 2011 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm as auditors of Glencore plc is 7 years, covering the years ending December 2011 to December 2017.

Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).



Matthew Sheerin, ACA CA (AUS)
for and on behalf of Deloitte LLP
Recognised Auditor
London, UK
1 March 2018

Consolidated statement of income

For the year ended 31 December 2017

US$ million	Notes	**2017**	2016
Revenue		205,476	152,948
Cost of goods sold		(197,695)	(149,763)
Selling and administrative expenses		(1,310)	(1,102)
Share of income from associates and joint ventures	9	1,158	11
Gains on disposals and investments	3	1,309	489
Other expense – net	4	(594)	(1,626)
Dividend income		28	27
Interest income		168	155
Interest expense		(1,619)	(1,688)
Income/(loss) before income taxes		**6,921**	**(549)**
Income tax expense	6	(1,759)	(638)
Income/(loss) for the year from continuing operations		**5,162**	**(1,187)**
Income from discontinued operations, net of tax	24	–	2,123
Income for the year		**5,162**	**936**
Attributable to:			
Non-controlling interests		(615)	(443)
Equity holders of the Parent		5,777	1,379
Earnings/(loss) per share – continuing operations:			
Basic (US$)	16	0.41	(0.05)
Diluted (US$)	16	0.40	(0.05)
Earnings per share – continuing and discontinued operations:			
Basic (US$)	16	0.41	0.10
Diluted (US$)	16	0.40	0.10

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

Consolidated statement of comprehensive income
For the year ended 31 December 2017

US$ million	Notes	**2017**	2016
Income for the year		5,162	936
Other comprehensive income/(loss)			
Items not to be reclassified to the statement of income in subsequent periods:			
Defined benefit plan actuarial gains/(losses), net of tax of $32 million (2016: $14 million)	22	81	(41)
Discontinued operations – Actuarial losses net of tax of $Nil (2016: $1 million)	22	–	(4)
Net items not to be reclassified to the statement of income in subsequent periods:		**81**	**(45)**
Items that have or may be reclassified to the statement of income in subsequent periods:			
Exchange gain on translation of foreign operations		446	472
(Losses)/gains on cash flow hedges, net of tax of $5 million (2016: $5 million)		(165)	99
Share of comprehensive gain from associates and joint ventures	9	93	–
Unrealised gain on available for sale financial instruments	9	500	365
Discontinued operations[1]		–	43
Items recycled to the statement of income upon disposal of subsidiaries	24	(143)	602
Net items that are or may be reclassified to the statement of income in subsequent periods:		**731**	**1,581**
Other comprehensive income		**812**	**1,536**
Total comprehensive income		**5,974**	**2,472**
Attributable to:			
Non-controlling interests		(672)	(411)
Equity holders of the Parent		6,646	2,883

1 2016 included exchange gain on translation of foreign operations of $22 million and gain on cash flow hedges net of tax of $21 million.

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

Consolidated statement of financial position

As at 31 December 2017

US$ million	Notes	2017	2016
Assets			
Non-current assets			
Property, plant and equipment	7	57,046	53,826
Intangible assets	8	6,787	6,716
Investments in associates and joint ventures	9	13,998	13,086
Other investments	9	2,958	1,753
Advances and loans	10	2,976	3,483
Inventories	11	369	564
Deferred tax assets	6	1,733	1,760
		85,867	**81,188**
Current assets			
Inventories	11	24,084	18,347
Accounts receivable	12	20,359	20,066
Other financial assets	27	2,311	2,212
Prepaid expenses		416	269
Cash and cash equivalents	13	2,124	2,518
		49,294	**43,412**
Assets held for sale	14	432	–
		49,726	**43,412**
Total assets		**135,593**	**124,600**
Equity and liabilities			
Capital and reserves – attributable to equity holders			
Share capital	15	146	146
Reserves and retained earnings		49,609	44,097
		49,755	**44,243**
Non-controlling interests	32	(300)	(462)
Total equity		**49,455**	**43,781**
Non-current liabilities			
Borrowings	19	24,532	23,188
Deferred income	20	2,561	2,266
Deferred tax liabilities	6	7,024	5,664
Other financial liabilities	27	513	403
Provisions including post-retirement benefits	21	7,094	5,931
		41,724	**37,452**
Current liabilities			
Borrowings	19	9,402	10,030
Accounts payable	23	28,826	26,176
Deferred income	20	410	138
Provisions	21	477	458
Other financial liabilities	27	4,522	6,386
Income tax payable		618	179
		44,255	**43,367**
Liabilities held for sale	14	159	–
		44,414	**43,367**
Total equity and liabilities		**135,593**	**124,600**

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

Consolidated statement of cash flows

For the year ended 31 December 2017

US$ million	Notes	2017[1]	2016[2]
Operating activities			
Income/(loss) before income taxes from continuing operations		6,921	(549)
Income before income taxes from discontinued operations	24	–	2,254
Adjustments for:			
Depreciation and amortisation		5,398	5,632
Share of income from associates and joint ventures	9	(1,158)	(26)
Increase/(decrease) in employee benefit liabilities		52	(17)
Gains on disposals and investments	3/24	(1,321)	(2,421)
Unrealised mark-to-market movements on other investments	4	(290)	121
Impairments	5	628	1,268
Other non-cash items – net[3]		185	3
Interest expense – net		1,451	1,603
Cash generated by operating activities before working capital changes		**11,866**	**7,868**
Working capital changes			
Increase in accounts receivable[4]		(1,165)	(5,005)
Increase in inventories		(5,614)	(2,707)
Increase in accounts payable[5]		1,814	5,555
Proceeds from gold and silver streaming	20	–	971
Total working capital changes		**(4,965)**	**(1,186)**
Income taxes paid		(921)	(584)
Interest received		106	111
Interest paid		(1,269)	(1,376)
Net cash generated by operating activities		**4,817**	**4,833**
Investing activities			
Net cash (used)/received in acquisition of subsidiaries	24	(674)	176
Net cash received from disposal of subsidiaries	24	706	5,535
Purchase of investments		(378)	(15)
Proceeds from sale of investments		36	3
Purchase of property, plant and equipment	7/8	(3,586)	(3,048)
Proceeds from sale of property, plant and equipment		282	128
Dividends received from associates and joint ventures	9	1,081	833
Net cash (used)/generated by investing activities		**(2,533)**	**3,612**

1 Includes results from assets held for sale, see note 14.
2 Includes results from discontinued operations, see note 24.
3 Includes certain non-cash items as disclosed in note 4.
4 Includes movements in other financial assets, prepaid expenses and long-term advances and loans.
5 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 2017

US$ million	Notes	2017[1]	2016[2]
Financing activities[3]			
Proceeds from issuance of capital market notes[4]	19	2,026	1,366
Repayment of capital market notes	19	(4,539)	(4,748)
Repurchase of capital market notes	19	–	(2,629)
Proceeds from/(repayment of) revolving credit facility	19	501	(2,644)
Proceeds from/(repayment of) other non-current borrowings	19	19	(79)
Repayment of finance lease obligations	19	(105)	(125)
Margin receipts/(payments) in respect of financing related hedging activities		1,255	(695)
Proceeds from U.S. commercial papers	19	1,180	(15)
(Repayment of)/proceeds from current borrowings	19	(1,266)	1,035
Acquisition of additional interests in subsidiaries		(561)	(7)
Return of capital/distributions to non-controlling interests		(194)	(91)
Disposal of own shares		17	3
Distributions paid to equity holders of the Parent	17	(998)	–
Net cash used by financing activities		**(2,665)**	**(8,629)**
Decrease in cash and cash equivalents		(381)	(184)
Effect of foreign exchange rate changes		20	(15)
Cash and cash equivalents, beginning of year		2,508	2,707
Cash and cash equivalents, end of year		**2,147**	**2,508**
Cash and cash equivalents reported in the statement of financial position		2,124	2,508
Cash and cash equivalents attributable to assets held for sale		23	–

1 Includes results from assets held for sale, see note 14.
2 Includes results from discontinued operations, see note 24.
3 Refer to note 19 for reconciliation of movement in borrowings.
4 Net of issuance costs relating to capital market notes of $20 million (2016: $9 million).

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

Consolidated statement of changes of equity

For the year ended 31 December 2017

US$ million	(Deficit)/ retained earnings	Share premium	Other reserves (Note 15)	Own shares	Total reserves and (deficit)/ retained earnings	Share capital	Total equity attributable to equity holders	Non-controlling interests (Note 32)	Total equity
1 January 2016	**(5,099)**	**52,338**	**(4,419)**	**(1,712)**	**41,108**	**146**	**41,254**	**89**	**41,343**
Income for the year	1,379	–	–	–	1,379	–	1,379	(443)	936
Other comprehensive (loss)/ income	(45)	–	1,549	–	1,504	–	1,504	32	1,536
Total comprehensive income	**1,334**	**–**	**1,549**	**–**	**2,883**	**–**	**2,883**	**(411)**	**2,472**
Own share disposal[1]	(9)	–	–	12	3	–	3	–	3
Equity-settled share-based expenses[2]	75	–	–	–	75	–	75	–	75
Change in ownership interest in subsidiaries	–	–	68	–	68	–	68	17	85
Disposal of business[3]	(40)	–	–	–	(40)	–	(40)	(66)	(106)
Distributions paid[4]	–	–	–	–	–	–	–	(91)	(91)
At 31 December 2016	**(3,739)**	**52,338**	**(2,802)**	**(1,700)**	**44,097**	**146**	**44,243**	**(462)**	**43,781**
1 January 2017	**(3,739)**	**52,338**	**(2,802)**	**(1,700)**	**44,097**	**146**	**44,243**	**(462)**	**43,781**
Income for the year	5,777	–	–	–	5,777	–	5,777	(615)	5,162
Other comprehensive income	174	–	695	–	869	–	869	(57)	812
Total comprehensive income	**5,951**	**–**	**695**	**–**	**6,646**	**–**	**6,646**	**(672)**	**5,974**
Own share disposal[1]	(60)	–	–	125	65	–	65	–	65
Equity-settled share-based expenses[2]	105	–	–	–	105	–	105	–	105
Change in ownership interest in subsidiaries	–	–	(318)	–	(318)	–	(318)	1,057	739
Disposal of business[3]	12	–	–	–	12	–	12	(29)	(17)
Distributions paid[4]	–	(998)	–	–	(998)	–	(998)	(194)	(1,192)
At 31 December 2017	**2,269**	**51,340**	**(2,425)**	**(1,575)**	**49,609**	**146**	**49,755**	**(300)**	**49,455**

1 See note 15.
2 See note 18.
3 See note 24.
4 See note 17.

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

Notes to the financial statements

1. Accounting policies

Corporate information

Glencore plc (the "Company", "Parent", the "Group" or "Glencore"), is a leading integrated producer and marketer of natural resources, with worldwide activities in the production, refinement, processing, storage, transport and marketing of metals and minerals, 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 and Johannesburg stock exchanges. On 31 January 2018, the Company delisted its shares from the Hong Kong stock exchange.

These consolidated financial statements were authorised for issue in accordance with a Directors' resolution on 1 March 2018.

Statement of compliance

The consolidated financial statements have been prepared in accordance with:

- International Financial Reporting Standards (IFRS) and interpretations as adopted by the European Union (EU) effective as of 31 December 2017, and
- IFRS and interpretations as issued by the International Accounting Standards Board (IASB) effective as of 31 December 2017

Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical accounting judgements

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

(i) Determination of control of subsidiaries and joint arrangements (note 33)

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. See note 24 for a summary of the acquisitions of subsidiaries completed during the year and the key judgements made in determining control thereof.

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

(1) the legal form of the separate vehicle gives the parties rights to the assets and obligations for the liabilities;

(2) the contractual terms and conditions give the parties rights to the assets and obligations for the liabilities; and

(3) other facts and circumstances give the parties rights to the assets and obligations for the liabilities.

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

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

Differing conclusions around these judgements, may materially impact how these businesses are presented in the consolidated financial statements – under the full consolidation method, equity method or recognition of Glencore's share of assets, liabilities, revenue and expenses, including any assets or liabilities held jointly. See note 9 for a summary of these joint arrangements and the key judgements made in determining the applicable accounting treatment for the material joint arrangements entered during the year.

(ii) Credit and performance risk (note 25)
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 macro-economic 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. Any estimation uncertainty related to these judgements is not anticipated to result in a material change to the carrying value of these assets within the next financial year.

(iii) Classification of transactions which contain a financing element (notes 19, 20 and 23)
Transactions for the sale or purchase of commodities may contain a financing element such as extended payment terms. Judgement is required to determine the most appropriate classification and presentation of these transactions within the statements of cash flows and financial position. In determining the appropriate classification, management considers the underlying economic substance of the transaction and the significance of the financing element to the transaction. Typically the economic substance of the transaction is determined to be operating in nature, i.e. predominantly related to the sale or purchase of commodities as the financing element is insignificant and the entire cash flow will therefore be presented as operating in the statement of cash flow with a corresponding trade receivable or payable in the statement of financial position.

Key sources of estimation uncertainty

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

(i) Recognition of deferred tax assets (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 and estimates are subject to risk and uncertainty and therefore, to the extent assumptions regarding future profitability change, there can be a material increase or decrease in the amounts recognised in the consolidated statement of 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.

(ii) Impairments and impairment reversals (notes 4 and 5)
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. For those assets which were impaired in prior periods, if their recoverable amount exceeds their carrying amount, an impairment reversal is recorded in the consolidated statement of income. Future cash flow estimates which are used to calculate the asset's 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 (considering current and historical prices, price trends and related factors), reserves and resources, operating costs, rehabilitation and restoration costs and capital expenditures. Estimates are reviewed regularly by management. Changes in such estimates and in particular, deterioration in the pricing outlook, could impact the recoverable values of these assets, whereby some or all of the carrying amount may be impaired or the impairment charge reversed (if pricing outlook improves significantly) with the impact recorded in the statement of income.

1. Accounting policies continued

(iii) Restoration, rehabilitation and decommissioning costs (note 21)
A provision for future restoration, rehabilitation and decommissioning costs requires estimates and assumptions to be made around the relevant regulatory framework, the magnitude of the possible disturbance and the timing, extent and costs of the required closure and rehabilitation activities. Most of these rehabilitation and decommissioning events are expected to take place many years in the future and the currently estimated requirements and costs that will have to be met when the restoration event occurs are inherently uncertain and could materially change over time.

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

Any changes in the expected future costs are initially reflected in both the provision and the asset and subsequently in the consolidated statement of income over the remaining economic life of the asset. As the actual future costs can differ from the estimates due to changes in laws, regulations, technology, costs and timing, the provisions including the estimates and assumptions contained therein are reviewed regularly by management.

Change in estimate
In the prior year, estimates for potential likely prolongation of the underlying timing assumptions and an anticipated benefit of eventually realising costs lower than those estimated, were combined with the country/currency specific risk free rates in deriving applicable liability specific discount rates. In the current year, these cost and timing considerations have been incorporated directly into the underlying cash flow forecasts with the revised estimates discounted using a risk free rate specific to the liability and currency in which the forecasts are denominated. As a result of this change in estimate, there was no initial impact on equity as the rehabilitation provision increased by $312 million, with a resulting equivalent increase in property, plant and equipment.

(iv) Fair value measurements (notes 9, 11, 24, 26 and 27)
In addition to recognising derivative instruments at fair value, as discussed below, 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 often do not exist.

Derivative instruments are carried at fair value for which 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.

Adoption of revised standards
In the current year, Glencore has applied revised IFRS standards which were adopted as of 1 January 2017:

(i) Amendments to IAS 12 – Recognition of deferred tax assets for unrealised losses
The amendment to IAS 12 clarifies the accounting treatment for deferred tax assets related to debt instruments measured at fair value. The adoption of this amendment has had no material impact on the Group.

(ii) Amendments to IAS 7 – Statement of cash flows: Disclosure initiative
The amendment to IAS 7 requires entities to provide disclosures about changes in their liabilities arising from financing activities, including changes arising from financing cash flows and non-cash changes (such as foreign exchange movements). The Group has included a reconciliation of cash flow movements in borrowings in note 19 to comply with this amendment.

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:

(i) Amendments to IFRS 2 – Classification and measurement of share-based payment transactions – effective for year ends beginning on or after 1 January 2018
The amendments to IFRS 2 Share-based payments clarify the classification and measurement of share-based payments transactions with respect to accounting for cash-settled share-based payment transactions that include a performance obligation, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The Group has assessed the impact of the change on its consolidated financial statements and it does not expect any material impact.

(ii) IFRS 9 – Financial Instruments – effective for year ends beginning on or after 1 January 2018
IFRS 9 will supersede IAS 39 "Financial Instruments: Recognition and Measurement" and covers classification and measurement of financial assets and financial liabilities, impairment of financial assets and hedge accounting. The Group has undertaken a comprehensive analysis of the impact of the new standard based on the financial instruments it holds and the way in which they are used. As a result of the analysis, it is anticipated that there will be no material impact on the face of the statement of financial position or in the statement of income, however, there will be presentational changes in some of our note disclosures, as well as additional disclosures around classification and measurement of financial instruments which are summarised as follows:

Expected credit loss model
The new standard introduces an expected loss impairment model for financial assets held at amortised cost, which means that anticipated as opposed to impending credit losses will be recognised resulting in the likely earlier recognition of impairment. This change is not expected to have a material impact on the Group's results, given the low exposure to counterparty default risk as a result of the credit risk management processes that are in place.

Hedge accounting
The new standard introduces a less prescriptive basis to adopt hedge accounting. This change is not expected to materially impact the amounts recognised in relation to existing hedging arrangements.

Classification and measurement
IFRS 9 modifies the classification and measurement of certain classes of financial assets and liabilities and will require the Group to reassess classification of financial assets from four to three primary categories (amortised cost, fair value through profit and loss, fair value through other comprehensive income), reflecting the business model in which assets are managed and their cash flow characteristics. These modifications will result in presentational changes to the additional detail provided primarily in the advances and loans (note 10), accounts receivable (note 12) and accounts payable (note 23) note disclosures to reflect the business model and cash flow characteristics of these assets and liabilities and group them into their respective IFRS 9 category or other IFRS classification. A summary of the expected presentational changes on our 31 December 2017 balances is as follows:

			IFRS 9 Presentational changes			
US$ million	Notes	Current presentation	Held at amortised cost	Held at fair value through profit and loss	Non-financial instruments	**Total**
Financial assets						
Other non-current receivables and loans	10	2,475	804	–	1,671	2,475
Trade receivables	12	11,915	4,623	7,292	–	11,915
Trade advances	12	2,110	19	–	2,091	2,110
Other receivables	12	2,259	621	–	1,638	2,259
Financial liabilities						
Trade payables	23	24,664	8,642	16,022	–	24,664
Trade advances from buyers	23	451	–	–	451	451
Other payables and accrued liabilities	23	2,216	2,015	–	201	2,216

Classification of other investments
Upon implementation, IFRS 9 provides companies with the option to irrevocably designate investments in equity instruments as at fair value through other comprehensive income, provided certain criteria are met. Such investments are presented as other investments in note 9. The Group has evaluated the applicable criteria and intends to designate all its equity investments as fair value through other comprehensive income upon adoption of IFRS 9. For the year ended 31 December 2017, the fair value movements recognised on the investments currently classified as fair value through profit or loss in the consolidated statement of income were $23 million, and as a result of the designation of these investments as fair value through other comprehensive income, the respective fair value movements will be recognised in other comprehensive income subsequent to 1 January 2018.

(iii) IFRS 15 – Revenue from Contracts with Customers – effective for year ends beginning on or after 1 January 2018
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. The Group has undertaken a comprehensive analysis of the impact of the new standard based on a review of the contractual terms of its principal revenue streams with the primary focus being to understand whether the timing and amount of revenue recognised could differ under IFRS 15. As the majority of the Group's revenue is derived from arrangements in which the transfer of risks and rewards coincides with the fulfilment of performance obligations and transfer of control as defined by IFRS 15, no material changes in respect of timing and amount of revenue currently recognised by the Group are expected. In addition, IFRS 15 requires that "distinct" promised goods or services, such as insurance and freight services to deliver the contracted goods to the customers, if material, be deferred and recognised over time as the obligation is fulfilled. The impact of this change is also not material, however the revenue earned from these activities is required to be separately disclosed and thus there will be presentational changes in our revenue related note disclosures.

1. Accounting policies continued

(iv) IFRS 16 – Leases – effective for year ends beginning on or after 1 January 2019

IFRS 16 provides a comprehensive model for identification of lease arrangements and their treatment (on-balance sheet) in the financial statements of both lessees and lessors. It supersedes IAS 17 Leases and its associated interpretative guidance. Under the new standard, a lessee is required to recognise the present value of the unavoidable lease payments as a lease liability on the statement of financial position (including those currently classified as operating leases) with a corresponding right of use asset. The unwind of the financial charge on the lease liability and amortisation of the leased asset are recognised in the statement of income based on the implied interest rate and contract term respectively. Although the Group is still evaluating the potential impact of IFRS 16 on the financial statements and performance measures, including an assessment of whether any arrangements the Group enters into will be considered a lease under IFRS 16, the Group's recognised assets and liabilities will increase and affect the presentation and timing of related depreciation and interest charges in the consolidated statement of income. Upon adoption of IFRS 16, the most significant impact will be the present value of the operating lease commitments (see note 29) being shown as a liability on the statement of financial position together with an asset representing the right of use which are unwound and amortised to the statement of income over time.

Basis of preparation

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

The Directors have assessed that they have, at the time of approving the financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the 12 months from the date of approval of the 2017 Annual Report and Accounts. Therefore, they continue to adopt the going concern basis of accounting in preparing these financial statements. Also see page 108. Further information on Glencore's objectives, policies and processes for managing its capital and financial risks are detailed in note 25.

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 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 the initial recognition of an investment in an associate or a joint venture.

Investments in associates and joint ventures

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

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

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

Joint operations

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

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

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

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

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

Business combinations and goodwill

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

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

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

1. Accounting policies continued

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 cash-generating units (CGU) that are expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss is recognised directly in profit or loss. An impairment loss recognised for goodwill is not able to be reversed in subsequent periods.

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

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

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

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

Non-current assets held for sale and disposal groups

Non-current assets 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 to sell.

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 U.S. dollar as this is assessed to be the principal currency of the economic environment in which it operates.

(i) Foreign currency transactions

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

(ii) Translation of financial statements

For the purposes of consolidation, assets and liabilities of group companies whose functional currency is in a currency other than the U.S. dollar are translated into U.S. 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

(i) Equity-settled share-based payments

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

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

(ii) Cash-settled share-based payments

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

Income taxes

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

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

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

1. Accounting policies continued

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

Glencore assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. For those matters where it is probable that an adjustment will be made, the Group records its best estimate of these tax liabilities, including related interest charges.

Property, plant and equipment

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

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

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

Buildings	10 – 45 years
Freehold land	not depreciated
Plant and equipment	3 – 30 years/UOP
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 recognised in the statement of income on a straight-line basis over the lease term.

(i) Mineral and petroleum rights

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

(ii) Exploration and evaluation expenditure

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

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

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

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

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

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

In-production stripping costs 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.

(iv) 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 free rate specific to the liability and the currency in which they are denominated to their net present value, are provided for and capitalised at the time such an obligation arises. 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 a reduction, if any, in the provision is not greater than the depreciated capitalised cost of the related asset, in which case the capitalised cost is reduced to Nil and the remaining adjustment recognised in the consolidated statement of income. In the case of closed sites, changes to estimated costs are recognised immediately in the consolidated statement of income.

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

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.

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.

1. Accounting policies continued

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	20 – 30 years
Acquired offtake arrangements	5 – 10 years

Goodwill impairment testing

For the purpose of impairment testing, goodwill has been allocated to the CGUs, or groups of CGUs, that are expected to benefit from the synergies of the business combination and which represent the level at which management monitors and manages the goodwill. In assessing whether an impairment is required, the carrying value of the CGU is compared with its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal (FVLC") 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.

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 or impairment reversals

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

A formal impairment or reversal test involves determining whether the carrying amounts are in excess (or below, as the case may be) of their recoverable amounts. An asset's recoverable amount is determined as the higher of its 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.

For those assets which were impaired in prior periods, if their recoverable amount exceeds their carrying amount, an impairment reversal is recorded in the consolidated statement of income to reflect the asset at the higher amount to the extent the increased carrying amount does not exceed the carrying value of the asset that would have been determined had no impairment 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, including interpretation of specific laws and likelihood of settlement. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Onerous contracts

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

Unfavourable contracts

An unfavourable contract is considered to exist when Glencore, in a business combination, acquires a contract under which the terms of the contract require Glencore to sell 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 the statement of income over the term of the contract.

Inventories

The vast majority of inventories attributable to the marketing activities ("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.

Inventories held by the industrial activities ("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 three 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 (FVTPL), 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.

(i) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the loss is recognised in the statement of income.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

(ii) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Own shares

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

Derivatives and hedging activities

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

Gains and losses on derivative instruments for which hedge accounting is not applied, other than the revenue adjustment mechanism embedded within provisionally priced sales, 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.

1. Accounting policies continued

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.

2. Segment information

Glencore is organised and operates on a worldwide basis in three 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 storage, handling, processing and port facilities

Corporate and other: consolidated statement of income amount represents 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 by management with reference to Adjusted EBIT/EBITDA which is the net result of segmental revenue (revenue including Proportionate adjustments as defined in the Alternative performance measure section) less cost of goods sold and selling and administrative expenses plus share of income from associates and joint ventures, dividend income and the attributable share of Adjusted EBIT/EBITDA of relevant material associates and joint ventures, which are accounted for internally by means of proportionate consolidation, excluding significant items. The 2016 segment information includes the Agricultural products business which was disclosed as a discontinued operation until the close of its 50% sale on 1 December 2016, see note 24. Following completion of the sale, the results from Agricultural products have been combined under Marketing activities and the 2016 comparatives (relating to Agricultural 2016 Industrial revenue of $3,292 million and EBITDA/EBIT of $138 million and $104 million respectively) in respect thereof have been reclassified from Industrial to Marketing activities in the below tables, consistent with how the business' performance is monitored by Glencore's management.

The accounting policies of the operating segments are the same as those described in note 1 with the exception of relevant material 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) and Glencore Agri (50% owned) are considered to be joint ventures. 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. Under IFRS 5, 100% of the results of the Agricultural business segment up to the date of completion of the sale were presented as a discontinued operation in the Group's statement of income, following the agreed sale of a 50% interest in Glencore Agri, see note 24. Prior to completion of the sale, Glencore evaluated the performance of this segment under the full consolidation method, consistent with prior periods. The balances as presented for internal reporting purposes are reconciled to Glencore's statutory disclosures in the following tables and/or in the Alternative performance measure section.

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.

2017 US$ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	**Total**
Revenue – Marketing activities[1]	51,017	118,199	12,611	–	181,827
Revenue – Industrial activities	29,448	10,067	–	37	39,552
Revenue	**80,465**	**128,266**	**12,611**	**37**	**221,379**
Proportionate adjustment – revenue[2]	(2,502)	(790)	(12,611)	–	(15,903)
Revenue – reported measure	**77,963**	**127,476**	**–**	**37**	**205,476**
Marketing activities					
Adjusted EBITDA	2,029	1,054	316	(175)	3,224
Depreciation and amortisation	(24)	(64)	–	–	(88)
Proportionate adjustment – depreciation[2]	–	–	(124)	–	(124)
Adjusted EBIT	**2,005**	**990**	**192**	**(175)**	**3,012**
Industrial activities					
Adjusted EBITDA	8,281	3,599	–	(342)	11,538
Depreciation and amortisation	(3,274)	(1,998)	–	(38)	(5,310)
Proportionate adjustment – depreciation[2]	(511)	(177)	–	–	(688)
Adjusted EBIT	**4,496**	**1,424**	**–**	**(380)**	**5,540**
Total Adjusted EBITDA	**10,310**	**4,653**	**316**	**(517)**	**14,762**
Total depreciation and amortisation	(3,298)	(2,062)	–	(38)	(5,398)
Total depreciation proportionate adjustment	(511)	(177)	(124)	–	(812)
Total Adjusted EBIT	**6,501**	**2,414**	**192**	**(555)**	**8,552**
Share of associates' significant items[2,3]					(6)
Unrealised intergroup profit elimination adjustments[4]					(523)
Mark-to-market valuation on certain coal hedging contracts[5]					225
Gains on disposals and investments					1,309
Other expense – net					(594)
Interest expense – net					(1,451)
Income tax expense					(1,759)
Proportionate adjustment – net finance and income tax expense[2]					(591)
Income for the year					**5,162**

1 Balance is net of intra-segment sales arising from transactions between the Industrial and Marketing activities. Metals and minerals segment: $19,648 million, Energy products segment $2,677 million and Agricultural products $Nil.

2 Refer to APMs section for definition.

3 Share of associates' significant items comprise Glencore's share of significant charges booked directly by various associates, primarily Century.

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

5 Represents the reversal of the 2016 "open" coal derivative position designated to hedge price exposure to 11 million tonnes of coal sales in 2017. The financial effect of settling these contracts in 2017 is included in Energy products' Industrial Adjusted EBITDA/EBIT above. Also see prior year footnote on next page.

2. Segment information continued

2016 US$ million	Metals and minerals	Energy products	Agricultural products[1]	Corporate and other	**Total**
Revenue – Marketing activities[2]	42,142	81,872	21,970	–	145,984
Revenue – Industrial activities	24,196	7,149	–	22	31,367
Revenue	**66,338**	**89,021**	**21,970**	**22**	**177,351**
Proportionate adjustment – revenue[3]	(1,826)	(607)	(1,085)	–	(3,518)
Discontinued operations – revenue	–	–	(20,885)	–	(20,885)
Revenue – reported measure	**64,512**	**88,414**	**–**	**22**	**152,948**
Marketing activities					
Adjusted EBITDA	1,586	959	592	(74)	3,063
Depreciation and amortisation	(24)	(50)	–	–	(74)
Proportionate adjustment – depreciation[3]	–	–	(10)	–	(10)
Discontinued operations – depreciation	–	–	(60)	–	(60)
Adjusted EBIT	**1,562**	**909**	**522**	**(74)**	**2,919**
Industrial activities					
Adjusted EBITDA	6,030	1,503	–	(328)	7,205
Depreciation and amortisation	(3,331)	(2,167)	–	(1)	(5,499)
Proportionate adjustment – depreciation[3]	(517)	(178)	–	–	(695)
Adjusted EBIT	**2,182**	**(842)**	**–**	**(329)**	**1,011**
Total Adjusted EBITDA	**7,616**	**2,462**	**592**	**(402)**	10,268
Total depreciation and amortisation	(3,355)	(2,217)	–	(1)	(5,573)
Total depreciation proportionate adjustment and discontinued operations	(517)	(178)	(70)	–	(765)
Total Adjusted EBIT	**3,744**	**67**	**522**	**(403)**	**3,930**
Share of associates' significant items[3,5]					(132)
Unrealised intergroup profit elimination adjustments[6]					(374)
Mark-to-market valuation on certain coal hedging contracts[7]					(225)
Gains on disposals and investments					489
Other expense – net					(1,626)
Interest expense – net					(1,533)
Income tax expense					(638)
Proportionate adjustment – net finance and income tax expense[3]					(609)
Discontinued operations – net finance and income tax expense[4]					1,654
Income for the year from continuing and discontinued operations					**936**

1 Includes Glencore's proportionate share of the Agricultural products business (50%) since the disposal of Glencore Agri on 1 December 2016, see note 24.

2 Balance is net of intra-segment sales arising from transactions between the Industrial and Marketing activities. Metals and minerals segment: $16,602 million, Energy products segment $2,263 million and Agricultural products $2,253 million.

3 Refer to APMs section for definition.

4 Comprise of gain on disposal of investments of $1,881 million, other expense of $26 million, net finance costs of $70 million and tax expense of $131 million, see note 24.

5 Share of associates' significant items comprise Glencore's share of significant charges booked directly by various associates, primarily impairment charges recognised within coal shipping investments.

6 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 to Marketing operations. Management assesses segment performance prior to any such adjustments, as if the sales were to third parties.

7 Represents an accounting measurement mismatch between the fair value of coal derivative positions in respect of portfolio risk management/hedging activities initiated in Q2 2016 and the anticipated future revenue to be generated from the sale of future unsold coal production. The derivative positions manage forward sales price exposure relating to some 11 million tonnes of future attributable coal production, which is expected to be settled before 31 December 2017. The derivative positions include pre-existing trading contracts, for which mark-to-market movements, up until the time of them being ring-fenced for hedging activities, were included in trading results. These transactions were not able to be designated as hedging instruments under IFRS, which would have allowed for the deferment of any income statement effect until performance of the underlying future sale transactions. The fair value movements in the derivative portfolio will be offset against future revenue in the segment information as the related sales (of production) are realised.

2017 US$ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	**Total**
Current assets	32,642	15,464	–	(936)	47,170
Current liabilities	(16,603)	(17,676)	–	(574)	(34,853)
Allocatable current capital employed	**16,039**	**(2,212)**	**–**	**(1,510)**	**12,317**
Property, plant and equipment	37,030	19,607	–	409	57,046
Intangible assets	3,643	3,127	–	17	6,787
Investments in associates and other investments	8,767	4,868	3,321	–	16,956
Non-current advances and loans	1,128	1,773	–	75	2,976
Inventory	369	–	–	–	369
Allocatable non-current capital employed	**50,937**	**29,375**	**3,321**	**501**	**84,134**
Other assets[1]				4,289	4,289
Other liabilities[2]				(51,285)	(51,285)
Total net assets	**66,976**	**27,163**	**3,321**	**(48,005)**	**49,455**
Capital expenditure – Marketing activities	17	79	118	–	214
Capital expenditure – Industrial activities	3,232	742	–	46	4,020
Capital expenditure	**3,249**	**821**	**118**	**46**	**4,234**
Proportionate adjustment – capital expenditure[3]	(439)	(54)	(118)	–	(611)
Capital expenditure – reported measure	**2,810**	**767**	**–**	**46**	**3,623**

1 Other assets include deferred tax assets, cash and cash equivalents and assets held for sale.
2 Other liabilities include borrowings, non-current deferred income, deferred tax liabilities, non-current provisions, non-current financial liabilities and liabilities held for sale.
3 Refer to APMs section for definition.

2016 US$ million	Metals and minerals	Energy products	Agricultural products	Corporate and other	**Total**
Current assets	23,904	17,456	–	(466)	40,894
Current liabilities	(13,853)	(18,902)	–	(582)	(33,337)
Allocatable current capital employed	**10,051**	**(1,446)**	**–**	**(1,048)**	**7,557**
Property, plant and equipment	32,635	20,795	–	396	53,826
Intangible assets	3,671	3,028	–	17	6,716
Investments in associates and other investments	7,963	3,721	3,155	–	14,839
Non-current advances and loans	1,737	1,737	–	9	3,483
Inventory	564	–	–	–	564
Allocatable non-current capital employed	**46,570**	**29,281**	**3,155**	**422**	**79,428**
Other assets[1]				4,278	4,278
Other liabilities[2]				(47,482)	(47,482)
Total net assets	**56,621**	**27,835**	**3,155**	**(43,830)**	**43,781**
Capital expenditure – Marketing activities	14	27	140	1	182
Capital expenditure – Industrial activities	2,695	571	–	49	3,315
Capital expenditure	**2,709**	**598**	**140**	**50**	**3,497**
Proportionate adjustment – capital expenditure[3]	(359)	(33)	(15)	–	(407)
Capital expenditure – reported measure	**2,350**	**565**	**125**	**50**	**3,090**

1 Other assets include deferred tax assets 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.
3 Refer to APMs section for definition.

2. Segment information continued

Geographical information

US$ million	2017	2016
Revenue from third parties[1]		
The Americas	33,930	22,401
Europe	72,459	55,021
Asia	82,694	61,060
Africa	4,800	3,934
Oceania	11,593	10,532
	205,476	**152,948**
Non-current assets[2]		
The Americas	23,121	18,713
Europe	10,917	10,434
Asia	4,605	4,895
Africa	19,604	19,596
Oceania	19,953	20,554
	78,200	**74,192**

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

2 Non-current assets are non-current assets excluding other investments, advances and loans and deferred tax assets. Non-current assets comprise assets in Australia of $18,353 million (2016: $19,215 million), in Peru of $10,721 million (2016: $6,093 million) and the DRC of $8,166 million (2016: $8,349 million).

3. Gains on disposals and investments

US$ million	2017	2016
Gain on sale of HG Storage	674	–
Gain on sale of Zinc Africa	232	–
Gain on sale of GRail	–	430
Gain on sale of other operations	173	22
Gain on disposal of property, plant and equipment and intangible assets[1]	230	37
Total	**1,309**	**489**

1 2017 primarily comprises the gain on sale of a royalty portfolio, see below.

HG Storage

In December 2017, Glencore disposed of a 51% interest in HG Storage, its petroleum products and logistics business, resulting in a gain of $674 million, including remeasurement of the retained investment to its fair value (see note 24).

Zinc Africa

In August 2017, Glencore disposed of its African zinc operations (Perkoa and Rosh Pinah), resulting in a gain of $232 million (see note 24).

GRail

In December 2016, Glencore disposed of its New South Wales' coal rail haulage business, resulting in a gain of $430 million (see note 24).

Other

The gain on sale of other operations arose primarily from the disposal of Eland Platinum, which resulted in a gain of $147 million, mainly on account of recycling foreign currency translation reserves to income (see note 24).

Gain on disposal of property, plant and equipment – Royalty portfolio

In December 2017, Glencore disposed of a portfolio of selected base metals' royalty assets for a combination of cash ($150 million) and a 50% interest in a new base metals streaming and royalties joint venture (BaseCore Metals), resulting in a gain on disposal of $210 million (see note 9).

4. Other expense – net

US$ million	Notes	2017	2016
Impairments – net	5	(628)	(1,268)
Net changes in mark-to-market valuations on investments held for trading		290	(121)
Net foreign exchange losses		(80)	(70)
Legal settlement		(75)	(92)
Katanga restatement		(78)	–
Other expenses – net[1]		(23)	(75)
Total		**(594)**	**(1,626)**

1 "Other expenses – net" for the year ended 31 December 2016 comprised restructuring and closure costs of $47 million and a settlement of a financial guarantee in relation to Optimum of $28 million.

Together with foreign exchange movements and mark-to-market movements on investments held for trading, other expense includes other 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, gain/loss on disposal of property, plant and equipment and restructuring and closure costs.

Net changes in mark-to-market valuations on investments held for trading

Primarily relates to movements on interests in investments classified as held for trading (see note 9) and the ARM Coal non-discretionary dividend obligation (see note 27) carried at fair value.

Legal settlement

Glencore Ltd (GLtd), the U.S. branch of Glencore AG, is a defendant in a case relating to an alumina refinery located in St. Croix, U.S. Virgin Islands which was acquired by Virgin Islands Alumina Corporation (Vialco), a former affiliate of GLtd in 1989, and was subsequently disposed of by Vialco in 2005. GLtd guaranteed the obligations of Vialco under the 1989 agreement which included certain environmental and other indemnities. The complaint alleges that GLtd is contractually obligated to indemnify the previous owners for two environmental lawsuits arising out of ownership and operation of the refinery. GLtd intends to vigorously defend the contention, but has nevertheless reserved $75 million for the possibility the plaintiff might prevail in the whole of its claims.

In September 2016, a subsidiary of the Group reached a settlement with U.S. agencies to pay a penalty of $27 million and retire around $65 million of credits in relation to compliance with a U.S. biofuels programme in the years 2011/12.

Katanga restatement

During the year, Katanga Mining Limited (Katanga), an 86.3% controlled subsidiary of the Group listed on the Toronto Stock Exchange, identified certain accounting matters affecting its results reported in prior years, the impact of which was considered material for Katanga but not for the Group. Consequently, for the years ended 31 December 2016 and earlier, Katanga has restated its financial statements, however the cumulative impact has only been corrected in the Group financial statements for the year ended 31 December 2017. Had the Group's results been restated, income before taxes for the 2016 year would have been lower by $10 million.

5. Impairments

US$ million	Notes	2017	2016
Property, plant and equipment and intangible assets[1] – net	7/8	(378)	(1,268)
Investments	9	(101)	–
Advances and loans – non-current		(149)	–
Total impairments[2]		**(628)**	**(1,268)**

1 Includes impairment reversals of $243 million relating to Energy products as detailed below.
2 Impairments recognised during the year are allocated to Glencore's operating segments as follows: Metals and minerals $318 million (2016: $50 million) and Energy products $310 million (2016: $1,218 million).

As part of a regular portfolio review, Glencore carries out an assessment of whether there is an indication of asset impairment or whether a previously recorded impairment may no longer be required.

The recoverable amounts of the property, plant and equipment and intangible assets were measured based on fair value less costs of disposal (FVLCD), determined by discounted cash flow techniques based on the most recent approved financial budgets and three-year business plans, 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 7% – 12% (2016: 7% – 11%). The valuations remain sensitive to price and a deterioration/improvement in the pricing outlook may result in additional impairments/reversals. The determination of FVLCD uses Level 3 valuation techniques for both years.

5. Impairments continued

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

2017

Property, plant and equipment

- Following a modest downward revision, compared to prior year, of the long-term oil price assumption used to determine the remaining recoverable value of the E&P assets, offset by a combination of improved pricing differentials for the Chad crude oil blend (Doba) and further cost savings, an overall impairment charge of $278 million has been recognised in the Chad oil operations (Energy products segment). The remaining recoverable value of the Chad oil operations is $1,221 million. The valuation remains sensitive to price and further deterioration or improvement in the pricing outlook may result in additional or reversal of impairment. The short- to long-term Brent crude oil price assumptions used in the valuation were $65 – $70 per barrel and should these decrease or increase by 10%, a further $535 million of impairment or reversal would be recognised.
- In January 2018, a farm-down agreement to divest a 50% interest in the Bolongo licence in Cameroon was signed. As a result, the remaining recoverable value of the retained 37.5% working interest (on the assumption that the Cameroon State National Oil Company will exercise its back-in right to the Oak development) was impaired by $81 million, to its recoverable value of $142 million. The valuation remains sensitive to price and further deterioration or improvement in the pricing outlook may result in additional or reversal of impairment. The short- to long-term Brent crude oil price assumptions used in the valuation were $65 – $70 per barrel and should these decrease or increase by 10%, a further $13 million of impairment or reversal would be recognised.
- The Alen field gas production in Equatorial Guinea is currently reinjected back into the field. A project to commercialise gas production has now progressed sufficiently, resulting in a partial reversal of impairments of $243 million in the Equatorial Guinea oil operations (Energy products segment) and an increase in the recoverable value to $394 million. The valuation remains sensitive to price and further deterioration or improvement in the pricing outlook may result in additional or reversal of impairment. The short- to long-term Brent crude oil price assumptions and the Henry Hub price assumption used in the valuation were $65 – $70 per barrel and $3 per million Btu respectively. Should these decrease or increase by 10%, a further $75 million of impairment or reversal would be recognised.
- As a result of certain life of mine optimisation and design updates, alongside the finalisation phase of Katanga's whole ore leach project and its successful commissioning in late 2017, it was determined that certain processing equipment and non-current inventories were no longer required and therefore the full carrying value of these assets were impaired by $76 million.
- The balance of property, plant and equipment related impairment charges (none of which were individually material) relates to specific assets where utilisation is no longer required or projects progressed due to changes in production and development plans. As a result, the full carrying value of these assets/projects was impaired, with $186 million recognised in our Metals and minerals segment.

Investments

- Following strategic reviews of a copper and gold exploration investment and a coal investment it was determined, for the time being, to cease further development and, as a result, the full carrying value of each investment, $56 million and $45 million respectively, was impaired.

Advances and loans – non-current

- Glencore has reviewed the carrying value of its interest in subordinated debt and preference shares of a coal port following the insolvencies of certain third party shippers which impact the expected return on these investments and as a result, such loans were impaired by $149 million, to their estimated recoverable amount of $139 million.

2016

Property, plant and equipment

- Due to changes in estimated reserve life and revised mining plans, the estimated mine life of Tahmoor in Australia (Energy products segment) was reduced from 2020 to 2017. As a result, the carrying value of this operation was impaired by $168 million, to its estimated recoverable amount of $100 million, which is expected to be depleted over the following year as the mine approaches its completion.
- As a result of a write down of appraisal expenditure and certain operational challenges at the Equatorial Guinea oil operations (Energy products segment), an impairment charge of $311 million has been recognised resulting in a remaining recoverable value of $194 million. The valuation remains sensitive to price and further deterioration in the pricing outlook may result in additional impairment. The short- to long-term Brent crude oil price assumptions used in the valuation were between $50 – $75 per barrel and should these fall by 10%, a further $46 million of impairment would be recognised.
- During 2016, Glencore's long-term oil price assumptions were revised downwards, which together with delayed work programmes, resulted in a $622 million impairment of the onshore Chad oil operations (Energy products segment), to their estimated recoverable amount of $1,480 million. The valuation remains sensitive to price and further deterioration in the pricing outlook may result in additional impairment. The short- to long-term Brent crude oil price assumptions used in the valuation were between $50 – $75 per barrel and should these fall by 10%, a further $695 million of impairment would be recognised. The balance of 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 $50 million and $117 million being recognised in our Metals and minerals and Energy products segments respectively.

6. Income taxes

Income taxes consist of the following:

US$ million	**2017**	2016
Current income tax expense	(1,367)	(765)
Adjustments in respect of prior year income tax	(18)	3
Deferred income tax (expense)/credit	(370)	117
Adjustments in respect of prior year deferred income tax	(4)	7
Total tax expense reported in the statement of income	**(1,759)**	**(638)**
Current income tax (expense)/credit recognised directly in other comprehensive income	–	–
Deferred income tax (expense)/credit recognised directly in other comprehensive income	(37)	24
Total tax (expense)/credit recognised directly in other comprehensive income	**(37)**	**24**

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

US$ million	**2017**	2016
Income/(loss) before income taxes and attribution from continuing operations	6,921	(549)
Income before income taxes and attribution from discontinued operations	–	2,254
Income before income taxes and attribution from continuing and discontinued operations	**6,921**	**1,705**
Less: Share of income from associates and joint ventures from continuing operations	(1,158)	(11)
Less: Share of income from associates and joint ventures from discontinued operations	–	(15)
Parent Company's and subsidiaries' income before income tax and attribution from continuing and discontinued operations	**5,763**	**1,679**
Income tax expense calculated at the Swiss income tax rate of 15% (2016: 15%)	(864)	(252)
Tax effects of:		
Different tax rates from the standard Swiss income tax rate	(333)	205
Tax exempt income ($125 million (2016: $160 million) from recurring items and $248 million (2016: $283 million) from non-recurring items)	373	443
Items not tax deductible ($316 million (2016: $365 million) from recurring items and $279 million (2016: $269 million) from non-recurring items)	(595)	(634)
Foreign exchange fluctuations	(30)	(19)
Changes in tax rates ($5 million (2016: $3 million) from recurring items and $188 million (2016: $Nil) from non-recurring items)	(193)	3
Utilisation and changes in recognition of tax losses and temporary differences	290	(41)
Tax losses not recognised	(412)	(483)
Adjustments in respect of prior years	(22)	10
Other	27	(1)
Income tax expense	**(1,759)**	**(769)**
Income tax expense reported in the statement of income	(1,759)	(638)
Income tax expense attributable to discontinued operations	–	(131)

The non-tax deductible items of $826 million (2016: $634 million) primarily relate to non-deductible exploration charges, financing costs, impairments and various other expenses. The impact of tax exempt income of $332 million (2016: $443 million) primarily relates to non-taxable intra-group dividends, income that is not effectively connected to the taxable jurisdiction, and various other items.

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

The impact of change in tax rates of $193 million arises primarily from significant corporate tax rate changes in the U.S., following the announced U.S. tax reform.

6. Income taxes continued

Deferred taxes as at 31 December 2017 and 2016 are attributable to the items in the table below:

US$ million	2017	Recognised in the statement of income	Recognised in other comprehensive income	Business combination and disposal of subsidiaries	Foreign currency exchange movements	Other	2016
Deferred tax assets[1]							
Tax losses carried forward	1,523	(131)	–	–	1	–	1,653
Other	210	50	(14)	2	18	47	107
Total	**1,733**	**(81)**	**(14)**	**2**	**19**	**47**	**1,760**
Deferred tax liabilities[1]							
Depreciation and amortisation	(6,855)	(265)	(5)	(914)	(142)	17	(5,546)
Mark-to-market valuations	(65)	20	(5)	–	(4)	–	(76)
Other	(104)	(48)	(13)	–	(5)	4	(42)
Total	**(7,024)**	**(293)**	**(23)**	**(914)**	**(151)**	**21**	**(5,664)**
Total Deferred tax – net	**(5,291)**	**(374)**	**(37)**	**(912)**	**(132)**	**68**	**(3,904)**

US$ million	2016	Recognised in the statement of income	Recognised in other comprehensive income	Business combination and disposal of subsidiaries	Foreign currency exchange movements	Other	2015
Deferred tax assets[1]							
Tax losses carried forward	1,653	70	–	(97)	–	–	1,680
Other	107	(85)	31	(7)	2	–	166
Total	**1,760**	**(15)**	**31**	**(104)**	**2**	**–**	**1,846**
Deferred tax liabilities[1]							
Depreciation and amortisation	(5,546)	(27)	–	94	(130)	–	(5,483)
Mark-to-market valuations	(76)	154	–	9	(1)	–	(238)
Other	(42)	(60)	(7)	101	(1)	(19)	(56)
Total	**(5,664)**	**67**	**(7)**	**204**	**(132)**	**(19)**	**(5,777)**
Total Deferred tax – net	**(3,904)**	**52**	**24**	**100**	**(130)**	**(19)**	**(3,931)**

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

Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable. As at 31 December 2017, $2,404 million (2016: $2,898 million) of deferred tax assets related to available loss carry forwards have been brought to account, of which $1,523 million (2016: $1,653 million) are disclosed as deferred tax assets with the remaining balance being offset against deferred tax liabilities arising in the same tax entity. This balance is primarily comprised of:

- $470 million (2016: $462 million) in entities domiciled in the DRC (Katanga Mining Group), where these entities have been loss making for tax purposes in both 2017 and 2016
- $478 million (2016: $657 million) in entities domiciled in Switzerland, and
- $425 million (2016: $430 million) in entities domiciled in the U.S.

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, other than the potential developments in the DRC discussed below.

The losses carried forward in the DRC have an unlimited carry forward period, subject to an annual utilisation limitation. Katanga Mining has recently resumed operations and is expected to generate sufficient taxable profits in the future. Should these expectations fully materialise, up to $633 million of available unrecognised tax effected losses could be recognised. However, in January 2018, the DRC parliament passed a revised mining code which raises taxes and ceases existing tax stability agreements.

At 31 December 2017, these revisions were not substantively enacted and therefore do not impact the recognition of deferred taxes at year end. However, if enacted as currently contemplated, the changes could significantly impact the currently recognised tax losses, along with any unrecognised tax losses.

The recognised losses carried forward in Switzerland primarily relate to non-recurring events in 2011 and 2012. Based on the core business activities conducted in Switzerland and taxable income in 2017, sufficient taxable profits are expected to fully utilise the recognised tax losses prior to expiration.

The recognised losses carried forward in the U.S. primarily relate to non-recurring events in 2011 and have a carry forward period of 20 years. The U.S. entities comprise our core U.S. marketing activities and based on taxable income in 2017 and forecasts going forward, sufficient taxable profits are expected to fully utilise the recognised tax losses prior to expiration.

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	**2017**	2016
1 year	110	34
2 years	955	320
3 years	66	2,408
Thereafter	2,140	13,507
Unlimited	3,303	2,149
Total	**6,574**	**18,418**

As at 31 December 2017, unremitted earnings of $60,014 million (2016: $40,088 million) have been retained by subsidiaries for reinvestment. No provision is made for income taxes.

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**
Gross carrying amount:							
1 January 2017		4,808	54,622	20,332	2,343	2,362	84,467
Business combination	24	523	528	3,648	–	–	4,699
Disposal of subsidiaries	24	(88)	(728)	(118)	–	(126)	(1,060)
Additions		76	3,107	138	–	279	3,600
Disposals		(31)	(407)	(10)	–	(1)	(449)
Effect of foreign currency exchange movements		26	392	257	–	–	675
Reclassification to held for sale	14	(43)	(644)	(126)	–	–	(813)
Other movements[1]		295	452	696	(173)	(139)	1,131
31 December 2017		**5,566**	**57,322**	**24,817**	**2,170**	**2,375**	**92,250**
Accumulated depreciation and impairment:							
1 January 2017		1,061	22,392	5,219	1,138	831	30,641
Disposal of subsidiaries	24	(44)	(369)	(34)	–	(121)	(568)
Depreciation		266	3,912	849	–	264	5,291
Disposals		(6)	(245)	(9)	–	(1)	(261)
Impairments	5	23	(114)	(8)	477	–	378
Effect of foreign currency exchange movements		5	103	56	–	–	164
Reclassification to held for sale	14	(6)	(513)	(73)	–	–	(592)
Other movements[1]		64	219	(3)	(31)	(98)	151
31 December 2017		**1,363**	**25,385**	**5,997**	**1,584**	**875**	**35,204**
Net book value 31 December 2017		**4,203**	**31,937**	**18,820**	**586**	**1,500**	**57,046**

1 Include additions to restoration and rehabilitation of $786 million, see note 21.

Plant and equipment includes expenditure for construction in progress of $4,454 million (2016: $4,599 million) and a net book value of $527 million (2016: $592 million) of lease assets under finance lease agreements. Mineral and petroleum rights include biological assets of $21 million (2016: $21 million). Depreciation expenses included in cost of goods sold are $5,272 million (2016: $5,457 million), in selling and administrative expenses $19 million (2016: $20 million) and in discontinued operations $Nil (2016: $60 million).

7. Property, plant and equipment continued

During 2017, $42 million (2016: $49 million) of interest was capitalised. With the exception of project specific borrowings, the rate used to determine the amount of borrowing costs eligible for capitalisation was 3% (2016: 3%).

As at 31 December 2017, except for the purposes of finance leases, no property, plant or equipment was pledged as security for borrowings (2016: $Nil).

US$ million	Notes	Freehold land and buildings	Plant and equipment	Mineral and petroleum rights	Exploration and evaluation	Deferred mining costs	Total
Gross carrying amount:							
1 January 2016		5,326	56,037	20,579	2,337	2,393	86,672
Business combination	24	22	37	–	–	–	59
Disposal of subsidiaries	24	(694)	(4,012)	(712)	–	(95)	(5,513)
Additions		62	2,606	110	–	296	3,074
Disposals		(85)	(409)	(14)	–	(14)	(522)
Effect of foreign currency exchange movements		28	401	303	–	1	733
Other movements		149	(38)	66	6	(219)	(36)
31 December 2016		**4,808**	**54,622**	**20,332**	**2,343**	**2,362**	**84,467**
Accumulated depreciation and impairment:							
1 January 2016		995	19,067	4,324	784	728	25,898
Disposal of subsidiaries	24	(137)	(1,284)	(224)	–	(80)	(1,725)
Depreciation		263	4,063	978	–	233	5,537
Disposals		(44)	(404)	(3)	–	(2)	(453)
Impairments	5	–	807	105	351	–	1,263
Effect of foreign currency exchange movements		3	85	50	–	–	138
Other movements		(19)	58	(11)	3	(48)	(17)
31 December 2016		**1,061**	**22,392**	**5,219**	**1,138**	**831**	**30,641**
Net book value 31 December 2016		**3,747**	**32,230**	**15,113**	**1,205**	**1,531**	**53,826**

8. Intangible assets

US$ million	Notes	Goodwill	Port allocation rights	Licences, trademarks and software	Royalty and other	**Total**
Cost:						
1 January 2017		13,293	1,408	385	258	15,344
Business combination	24	–	–	76	–	76
Disposal of subsidiaries	24	–	–	(2)	(2)	(4)
Additions		–	–	6	17	23
Disposals		–	–	(39)	(105)	(144)
Effect of foreign currency exchange movements		–	147	1	1	149
Reclassification to held for sale[2]		–	–	(1)	–	(1)
Other movements		–	–	42	14	56
31 December 2017		**13,293**	**1,555**	**468**	**183**	**15,499**
Accumulated amortisation and impairment:						
1 January 2017		8,243	100	163	122	8,628
Disposal of subsidiaries	24	–	–	(1)	–	(1)
Amortisation expense[1]		–	36	53	18	107
Impairments	5	–	–	–	–	–
Disposals		–	–	(19)	(51)	(70)
Effect of foreign currency exchange movements		–	13	1	–	14
Other movements		–	–	40	(6)	34
31 December 2017		**8,243**	**149**	**237**	**83**	**8,712**
Net carrying amount 31 December 2017		**5,050**	**1,406**	**231**	**100**	**6,787**

1 Recognised in cost of goods sold.
2 See note 14.

US$ million	Notes	Goodwill	Port allocation rights	Licences, trademarks and software	Royalty and other	**Total**
Cost:						
1 January 2016		14,122	1,252	394	318	16,086
Disposal of subsidiaries	24	(829)	(15)	(8)	(98)	(950)
Additions		–	–	13	3	16
Disposals		–	(1)	(15)	–	(16)
Effect of foreign currency exchange movements		–	166	2	2	170
Other movements		–	6	(1)	33	38
31 December 2016		**13,293**	**1,408**	**385**	**258**	**15,344**
Accumulated amortisation and impairment:						
1 January 2016		8,243	67	156	104	8,570
Disposal of subsidiaries	24	–	(9)	(5)	(20)	(34)
Amortisation expense[1]		–	28	31	36	95
Impairments	5	–	–	5	–	5
Disposals		–	–	(15)	–	(15)
Effect of foreign currency exchange movements		–	14	1	–	15
Other movements		–	–	(10)	2	(8)
31 December 2016		**8,243**	**100**	**163**	**122**	**8,628**
Net carrying amount 31 December 2016		**5,050**	**1,308**	**222**	**136**	**6,716**

1 Recognised in cost of goods sold.

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	**2017**	2016
Metals and minerals marketing businesses	3,326	3,326
Coal marketing business	1,674	1,674
Metals warehousing business	50	50
Total	**5,050**	**5,050**

Metals and minerals and coal marketing businesses

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

Metals warehousing business

Goodwill of $50 million (2016: $50 million) relates to the Access World (former Pacorini) logistics 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

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 was being amortised on a unit of production basis. In December 2017, this royalty was disposed of, see note 3.

Goodwill impairment testing

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

- the recoverable amount for each of the marketing CGUs is determined by reference to the FVLCD which utilises a price to earnings multiple approach based on the 2017 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 15.0 times (2016: 13.5 times) is derived from observable market data for broadly comparable businesses; 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 used Level 3 valuation techniques in both years.

9. Investments in associates, joint ventures and other investments

Investments in associates and joint ventures

US$ million	Notes	**2017**	2016
1 January		13,086	11,337
Additions		8	15
Disposals		(12)	(9)
Share of income from associates and joint ventures		1,158	11
Share of income from associates and joint ventures from discontinued operations	24	–	15
Share of other comprehensive income from associates and joint ventures		93	–
Fair value of retained interest in HG Storage and other (2016: Glencore Agri)	24	563	3,125
Disposal of equity accounted investments	24	(170)	(624)
Investment in Trevali		242	–
Investment in BaseCore Metals	4	150	–
Impairments	5	(101)	–
Dividends received		(1,081)	(833)
Other movements		62	49
31 December		**13,998**	**13,086**
Of which:			
Investments in associates		7,643	6,910
Investments in joint ventures		6,355	6,176

As at 31 December 2017, the fair value of listed associates and joint ventures, which have a carrying value of $808 million (2016: $555 million), using published price quotations (a Level 1 fair value measurement) was $1,340 million (2016: $424 million). As at 31 December 2017, the balance mainly comprises Century Aluminum and Trevali which have a carrying value of $478 million (2016: $460 million) and $239 million (2016: $Nil) respectively. As at 31 December 2017, $270 million (2016: $Nil) of the carrying value of Century Aluminum was secured under a loan facility, with proceeds received and recognised in current borrowings of $170 million (2016: $Nil).

HG Storage
In December 2017, Glencore disposed of a 51% interest in HG Storage, its petroleum products and logistics business, for $530 million (see note 24), subsequently accounting for its remaining share using the equity method.

Trevali
In August 2017, Glencore disposed of its African zinc operations (Perkoa and Rosh Pinah) for a combination of cash and a 25% ($222 million) interest in Trevali (see note 24).

BaseCore Metals
In December 2017, Glencore disposed of a portfolio of selected base metals' royalty assets for a combination of cash and a 50% ($150 million) interest in BaseCore Metals LP (see note 3), subsequently accounting for its share using the equity method.

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

Details of material associates and joint ventures

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

US$ million	Cerrejón	Antamina	**Total material associates**	Collahuasi	Glencore Agri	**Total material joint ventures**	**Total material associates and joint ventures**
2017							
Non-current assets	2,646	4,383	**7,029**	4,629	4,732	**9,361**	**16,390**
Current assets	880	1,174	**2,054**	1,363	5,839	**7,202**	**9,256**
Non-current liabilities	(612)	(1,098)	**(1,710)**	(1,084)	(855)	**(1,939)**	**(3,649)**
Current liabilities	(522)	(747)	**(1,269)**	(636)	(5,687)	**(6,323)**	**(7,592)**
The above assets and liabilities include the following:							
Cash and cash equivalents	148	56	**204**	166	146	**312**	**516**
Current financial liabilities[1]	(2)	(39)	**(41)**	(2)	(3,273)	**(3,275)**	**(3,316)**
Non-current financial liabilities[1]	–	(120)	**(120)**	(77)	(564)	**(641)**	**(761)**
Net assets 31 December 2017	**2,392**	**3,712**	**6,104**	**4,272**	**4,029**	**8,301**	**14,405**
Glencore's ownership interest	33.3%	33.8%		44.0%	50.0%		
Acquisition fair value and other adjustments	967	1,973	**2,940**	1,154	1,307	**2,461**	**5,401**
Carrying value	1,764	3,228	**4,992**	3,034	3,321	**6,355**	**11,347**

1 Financial liabilities exclude trade, other payables and provisions.

Summarised profit and loss in respect of Glencore's associates and joint ventures, reflecting 100% of the underlying associates' and joint ventures' relevant figures for the year ended 31 December 2017, including group adjustments relating to alignment of accounting policies or fair value adjustments, is set out below.

US$ million	Cerrejón	Antamina	**Total material associates**	Collahuasi	Glencore Agri	**Total material joint ventures**	**Total material associates and joint ventures**
2017							
Revenue	2,371	3,550	**5,921**	2,960	25,222	**28,182**	**34,103**
Income for the year	388	1,300	**1,688**	841	198	**1,039**	**2,727**
Other comprehensive loss	–	–	**–**	(11)	(3)	**(14)**	**(14)**
Total comprehensive income	388	1,300	**1,688**	830	195	**1,025**	**2,713**
Glencore's share of dividends paid	147	493	**640**	356	–	**356**	**996**
The above profit for the year includes the following:							
Depreciation and amortisation	(533)	(766)	**(1,299)**	(574)	(248)	**(822)**	**(2,121)**
Interest income[1]	–	23	**23**	2	59	**61**	**84**
Interest expense[2]	(3)	(7)	**(10)**	(25)	(195)	**(220)**	**(230)**
Income tax expense	(240)	(712)	**(952)**	(389)	(50)	**(439)**	**(1,391)**

1 Includes foreign exchange gains and other income of $62 million.
2 Includes foreign exchange losses of $81 million.

US$ million	Cerrejón	Antamina	**Total material associates**	Collahuasi	Glencore Agri	**Total material joint ventures**	**Total material associates and joint ventures**
2016							
Non-current assets	2,487	4,313	**6,800**	4,504	4,461	**8,965**	**15,765**
Current assets	670	952	**1,622**	1,164	6,354	**7,518**	**9,140**
Non-current liabilities	(604)	(1,064)	**(1,668)**	(1,032)	(841)	**(1,873)**	**(3,541)**
Current liabilities	(291)	(470)	**(761)**	(442)	(6,286)	**(6,728)**	**(7,489)**
The above assets and liabilities include the following:							
Cash and cash equivalents	108	90	**198**	127	147	**274**	**472**
Current financial liabilities[1]	(1)	(77)	**(78)**	(2)	(3,420)	**(3,422)**	**(3,500)**
Non-current financial liabilities[1]	–	(135)	**(135)**	(77)	(603)	**(680)**	**(815)**
Net assets 31 December 2016	**2,262**	**3,731**	**5,993**	**4,194**	**3,688**	**7,882**	**13,875**
Glencore's ownership interest	33.3%	33.8%		44.0%	50.0%		
Acquisition fair value and other adjustments	1,028	2,021	**3,049**	1,176	1,311	**2,487**	**5,536**
Carrying value	1,781	3,282	**5,063**	3,021	3,155	**6,176**	**11,239**

1 Financial liabilities exclude trade, other payables and provisions.

Summarised profit and loss in respect of Glencore's associates and joint ventures, reflecting 100% of the underlying associates' and joint ventures' relevant figures for the year ended 31 December 2016, including group adjustments relating to alignment of accounting policies or fair value adjustments, is set out below.

US$ million	Cerrejón	Antamina	**Total material associates**	Collahuasi	Glencore Agri	**Total material joint ventures**	**Total material associates and joint ventures**
2016							
Revenue	1,822	2,429	**4,251**	2,285	2,170	**4,455**	**8,706**
(Loss)/income for the year	(913)	584	**(329)**	459	76	**535**	**206**
Other comprehensive (loss)/income	–	–	**–**	(11)	10	**(1)**	**(1)**
Total comprehensive (loss)/income	(913)	584	**(329)**	448	86	**534**	**205**
Glencore's share of dividends paid	105	338	**443**	352	–	**352**	**795**
The above profit for the year includes the following:							
Depreciation and amortisation	(534)	(774)	**(1,308)**	(581)	(20)	**(601)**	**(1,909)**
Interest income[1]	–	28	**28**	1	12	**13**	**41**
Interest expense[2]	(14)	(31)	**(45)**	(25)	(11)	**(36)**	**(81)**
Impairment, net of tax[3]	(1,036)	–	**(1,036)**	–	–	**–**	**(1,036)**
Income tax expense	(49)	(420)	**(469)**	(168)	(32)	**(200)**	**(669)**

1 Includes foreign exchange gains and other income of $37 million.
2 Includes foreign exchange losses of $49 million.
3 Glencore's attributable share of impairments relating to Cerrejón amounts to $345 million, net of taxes of $176 million, resulting from reduced near term production estimates due to increased risks related to delays in securing approvals as a result of continued social and environmental challenges to current mine plans. The valuation remains sensitive to price and a 10% decrease of the price assumptions would result in a further impairment of $293 million.

Aggregate information of associates that are not individually material:

US$ million	**2017**	2016
The Group's share of income/(loss)	121	(122)
The Group's share of other comprehensive income	99	–
The Group's share of total comprehensive income/(loss)	220	(122)
Aggregate carrying value of the Group's interests	2,651	1,847

The amount of corporate guarantees (excluding Glencore Agri) in favour of associates and joint ventures as at 31 December 2017 was $476 million (2016: $470 million). Issued guarantees in favour of Glencore Agri amounted to $518 million as at 31 December 2017 (2016: $7,339 million), mainly now only relating to a $400 million Viterra bond maturing in 2020. No amounts have been claimed or provided as at 31 December 2017. Glencore's share of joint ventures' capital commitments amounts to $151 million (2016: $154 million).

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

Other investments

US$ million	2017	2016
Available for sale		
United Company Rusal plc	933	562
OAO NK Russneft	1,042	895
Yancoal	293	–
	2,268	**1,457**
Fair value through profit and loss		
OSJC Rosneft Oil cash-settled equity swaps	307	–
Volcan Compania Minera S.A.A.	–	124
Century Aluminum Company cash-settled equity swaps	179	78
Other	204	94
	690	**296**
Total	**2,958**	**1,753**

Available for sale investments

Glencore accounts for its interests in United Company Rusal plc, OAO NK Russneft (Russneft) and Yancoal Australia Limited (Yancoal) as available for sale investments at fair value with mark-to-market movements recognised in other comprehensive income. Although Glencore holds a 25% interest in Russneft, it does not exercise significant influence over its financial and operating policy decisions.

Yancoal

On 27 July 2017, Glencore and Yancoal signed agreements relating to the acquisition of a 49% interest in the Hunter Valley Operations (HVO) coal mine in New South Wales, Australia following Yancoal's acquisition of Coal & Allied from Rio Tinto. In addition to this transaction, Glencore agreed to subscribe for $311 million worth of shares in Yancoal's equity raising which completed in September 2017. The HVO acquisition is subject to regulatory approvals, which are expected to be received during the course of H1 2018. Also see note 29.

Fair value through profit and loss

Rosneft

On 3 January 2017, Glencore and Qatar Investment Authority (QIA) entered into various agreements establishing a 50:50 consortium (QHG) to acquire 19.5% of OSJC Rosneft Oil (Rosneft) and enter into a 5 year offtake agreement with Rosneft. The joint investments established constitute joint arrangements subject to joint control by virtue of the partnership agreements, in accordance with IFRS 11, and are accounted for under the equity method and included within investments in joint ventures. The structure requires unanimous consent for all key decisions regarding the relevant activities of the joint investments. As the joint arrangements are structured through separate vehicles and Glencore is not the only possible source of funding, nor does it have a direct or indirect obligation for the liabilities of the arrangements, the arrangements have been accounted for as joint ventures. Glencore's initial investment was EUR 2. In September 2017, QHG concluded an agreement with CEFC China Energy Company Limited to dispose of the majority of the shares it held (amounting to a 14.16% stake in Rosneft). Following completion of the transaction, the margin guarantees provided by Glencore (see note 30) will terminate. The transaction, subject to customary regulatory approval processes, is expected to complete in H1 2018.

In relation to these arrangements, Glencore advanced EUR300 million in the form of a total return swap over 0.57% of Rosneft shares, accounted for at fair value through profit and loss, which constitutes the substantial majority of Glencore's investment in QHG.

Volcan

On 9 November 2017, Glencore completed the acquisition of additional shares in Volcan, thereby increasing its total economic interest from 7.7% to 23.3% (see note 24). Prior to acquisition, Glencore's interest in Volcan was accounted for at fair value through profit and loss and a gain of $235 million was recognised in changes in mark-to-market valuations on investments held for trading (see note 4).

10. Advances and loans

US$ million	Notes	2017	2016
Loans to associates		220	526
Rehabilitation trust fund		213	193
Pension surpluses	22	68	–
Other non-current receivables and loans[1]		2,475	2,764
Total		**2,976**	**3,483**

1 Includes advances, net of $1,654 million (2016: $2,039 million) provided by various banks.

Loans to associates

Loans to associates generally bear interest at applicable floating market rates plus a premium. In December 2017, loans extended to associates were impaired by $149 million, see note 5.

Rehabilitation trust fund

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

Other non-current receivables and loans

Other non-current receivables and loans comprise the following:

US$ million	2017	2016
Counterparty		
Secured marketing related financing arrangements[1]	992	1,043
Société Nationale d'Electricité (SNEL) power advances	307	295
Chad State National Oil Company	339	389
Société Nationale des Pétroles du Congo	123	292
Iron ore prepayment	38	89
Other	676	656
Total	**2,475**	**2,764**

1 Various marketing related financing facilities, generally secured against certain assets and/or payable from the future sale of production of the counterparty. The advances and loans are interest-bearing and on average are to be repaid over a three-year period.

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 $389 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 2018. Funding commenced in the second quarter of 2012 and will continue until Q1 2020. The loans are being repaid via discounts on electricity purchases, which will accelerate upon completion of the refurbishment programme.

Chad State National Oil Company

Glencore has provided a net $398 million (2016: $418 million) to the Chad State National Oil Company (SHT) to be repaid through future oil deliveries over seven years. As at 31 December 2017, the advance is net of $872 million (2016: $972 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, $339 million (2016: $389 million) is receivable after 12 months and is presented within Other non-current receivables and loans and $59 million (2016: $29 million) is due within 12 months and included within Accounts receivable.

Société Nationale des Pétroles du Congo (SNPC)

Glencore has provided a net $212 million (2016: $336 million) to SNPC repayable through future oil deliveries over five years. As at 31 December 2017, the advance is net of $549 million (2016: $512 million) provided by the bank market, the repayment terms of which are contingent upon and connected to the future receipt of oil contractually due from SNPC. Of the net amount advanced, $123 million (2016: $292 million) is due after 12 months and is presented within Other long-term receivables and loans and $89 million (2016: $44 million) is due within 12 months and included within Accounts receivable.

Iron ore prepayment

Glencore has advanced funds to iron ore suppliers to be repaid through future iron ore deliveries over two years. As at 31 December 2017, the total advance of $1,172 million (2016: $1,571 million) is recorded net of $1,092 million (2016: $1,414 million) provided by the bank market, the repayment terms of which are contingent upon and connected to the future receipt of iron ore contractually due from the counterparty. Of the net amount advanced, $38 million (2016: $89 million) is due after 12 months and presented within Other long-term receivables and loans and $42 million (2016: $68 million) is due within 12 months and included within Accounts receivable.

11. Inventories

Current inventory

Inventories of $24,084 million (2016: $18,347 million) comprise $15,344 million (2016: $11,323 million) of inventories carried at fair value less costs of disposal and $8,740 million (2016: $7,024 million) valued at the lower of cost or net realisable value. The amount of inventories and related ancillary costs recognised as an expense during the year was $185,371 million (2016: $137,903 million).

Fair value of inventories is a Level 2 fair value measurement (see note 27) using observable market prices obtained from exchanges, traded reference indices or market survey services adjusted for relevant location and quality differentials. There are no significant unobservable inputs in the fair value measurement of such inventories.

Glencore has a number of dedicated financing facilities, which finance a portion of its inventories. In each case, the inventory has not been derecognised as the Group retains the principal risks and rewards of ownership. The proceeds received are recognised as current borrowings (see note 19). As at 31 December 2017, the total amount of inventory secured under such facilities was $435 million (2016: $1,632 million). The proceeds received and recognised as current borrowings were $221 million (2016: $1,320 million) and $80 million (2016: $61 million) as non-current borrowings.

Non-current inventory

$369 million (2016: $564 million) of inventories valued at lower of cost or net realisable value are not expected to be utilised or sold within 12 months and are therefore classified as non-current inventory.

12. Accounts receivable

US$ million	**2017**	2016
Trade receivables[1]	11,915	10,482
Trade advances[1,2]	2,110	2,116
Margin calls paid[3]	3,380	4,937
Associated companies[1]	517	444
Income tax receivable	178	201
Other receivables[1]	2,259	1,886
Total	**20,359**	**20,066**

1 Collectively referred to as receivables presented net of allowance for doubtful debts.
2 Includes advances, net of $876 million (2016: $1,004 million) provided by banks, the repayment terms of which are contingent upon and connected to the future delivery of contractual production over the next 12 months.
3 Includes $717 million (2016: $2,181 million) of cash collateral payments under margin arrangements related to cross currency swaps held to hedge non-U.S. dollar denominated bonds.

The average credit period on sales of goods is 20 days (2016: 25 days). The carrying value of trade receivables approximates fair value.

As at 31 December 2017, 7% (2016: 7%) of receivables were between 1 to 60 days overdue, and 4% (2016: 4%) 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 below:

US$ million	**2017**	2016
1 January	295	269
Released during the year	(143)	(58)
Charged during the year	153	232
Utilised during the year	(21)	(46)
Disposal of subsidiaries	–	(102)
31 December	**284**	**295**

Glencore has a number of dedicated financing facilities, which finance a portion of its receivables. The receivables have not been derecognised, as the Group retains the principal risks and rewards of ownership. The proceeds received are recognised as current borrowings (see note 19). As at 31 December 2017, the total amount of trade receivables secured was $748 million (2016: $1,917 million) and proceeds received and classified as current borrowings amounted to $669 million (2016: $1,670 million).

13. Cash and cash equivalents

US$ million	2017	2016
Bank and cash on hand	1,751	2,060
Deposits and treasury bills	373	458
Total	**2,124**	**2,518**

As at 31 December 2017, $35 million (2016: $22 million) was restricted.

14. Assets and liabilities held for sale

On 29 December 2017, Glencore completed the sale of a 51% interest in HG Storage International Ltd (HG Storage), a group comprising the majority of Glencore's petroleum products storage and logistics businesses to HNA Innovation Finance Group Co Ltd (HNA) (see note 24). Glencore and HNA also entered into a second agreement pursuant to which three of the original transaction assets located in the USA (HG Storage U.S.) will be sold to HG Storage in 2018 for proceeds of $196 million, subject to receipt of customary regulatory approvals.

In 2017, Glencore entered into an agreement to sell Tahmoor, a coal mining operation in New South Wales, as well as its manganese plants located in France and Norway, with both transactions grouped under "other" in the table below. The transactions, subject to customary regulatory approvals and closing conditions, are expected to complete during the first half of 2018. At the date of this report, the sale of the manganese plants had closed.

As a result, assets of $432 million and liabilities of $159 million have been classified as held for sale within the Metals and minerals and Energy segments as detailed below:

US$ million	HG Storage U.S.	Other	2017
Non-current assets			
Property, plant and equipment[1]	141	96	237
Intangible assets	1	–	1
Investments in associates	8	–	8
Deferred tax assets	–	33	33
	150	129	279
Current assets			
Inventories	4	49	53
Accounts receivable	39	27	66
Other financial assets	–	7	7
Prepaid expenses	3	–	3
Cash and cash equivalents	12	12	24
	58	95	153
Total assets held for sale	**208**	**224**	**432**
Non-current liabilities			
Deferred tax liabilities	(41)	(5)	(46)
Provisions	–	(38)	(38)
	(41)	(43)	(84)
Current liabilities			
Accounts payable	(8)	(62)	(70)
Income tax payable	(1)	(4)	(5)
	(9)	(66)	(75)
Total liabilities held for sale	**(50)**	**(109)**	**(159)**
Total net assets held for sale	**158**	**115**	**273**

1 Includes additions of $16 million since reclassification to held for sale.

15. Share capital and reserves

	Number of shares (thousand)	Share capital (US$ million)	Share premium (US$ million)
Authorised:			
31 December 2017 and 2016 Ordinary shares with a par value of $0.01 each	50,000,000	–	–
Issued and fully paid up:			
1 January 2016 and 31 December 2016 – Ordinary shares	**14,586,200**	**146**	**52,338**
1 January 2017	14,586,200	146	52,338
Distributions paid (see note 17)	–	–	(998)
31 December 2017 – Ordinary shares	**14,586,200**	**146**	**51,340**

	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 2016	191,459	(948)	174,404	(764)	**365,863**	**(1,712)**
Own shares disposed during the year	–	–	(7,474)	12	**(7,474)**	**12**
31 December 2016	**191,459**	**(948)**	**166,930**	**(752)**	358,389	(1,700)
1 January 2017	191,459	(948)	166,930	(752)	**358,389**	**(1,700)**
Own shares disposed during the year	–	–	(37,080)	125	**(37,080)**	**125**
31 December 2017	**191,459**	**(948)**	**129,850**	**(627)**	**321,309**	**(1,575)**

Own shares

Own shares comprise shares acquired under the Company's previous share buy-back programme and shares of Glencore plc held by Group employee benefit trusts ("the Trusts") to satisfy the potential future settlement of the Group's employee stock plans, primarily assumed as part of previous business combinations.

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

As at 31 December 2017, 321,309,725 shares (2016: 358,389,443 shares), equivalent to 2.2% (2016: 2.5%) of the issued share capital were held at a cost of $1,575 million (2016: $1,700 million) and market value of $1,694 million (2016: $1,227 million).

Other reserves

US$ million	Translation adjustment	Cash flow hedge reserve	Net unrealised gain/(loss)	Net ownership changes in subsidiaries	Total
1 January 2017	**(2,553)**	**126**	**377**	**(752)**	**(2,802)**
Exchange gain on translation of foreign operations	503	–	–	–	503
Loss on cash flow hedges, net of tax	–	(165)	–	–	(165)
Gain on available for sale financial instruments	–	–	500	–	500
Change in ownership interest in subsidiaries	–	–	–	(318)	(318)
Items recycled to the statement of income upon disposal of subsidiaries (see note 24)	(271)	–	–	128	(143)
31 December 2017	**(2,321)**	**(39)**	**877**	**(942)**	**(2,425)**
1 January 2016	(3,579)	(21)	12	(831)	**(4,419)**
Exchange gain on translation of foreign operations	440	–	–	–	**440**
Gain on cash flow hedges, net of tax	–	99	–	–	**99**
Gain on available for sale financial instruments	–	–	365	–	**365**
Reclassifications	(31)	30	–	1	**–**
Change in ownership interest in subsidiaries	–	–	–	68	**68**
Discontinued operations	22	21	–	–	**43**
Items recycled to the statement of income upon disposal of subsidiaries (see note 24)	595	(3)	–	10	**602**
31 December 2016	**(2,553)**	**126**	**377**	**(752)**	**(2,802)**

16. Earnings per share

US$ million	**2017**	2016
Profit/(loss) attributable to equity holders of the Parent		
Continuing operations	5,777	(744)
Discontinued operations	–	2,123
Profit attributable to equity holders of the Parent for basic earnings per share	**5,777**	**1,379**
Weighted average number of shares for the purposes of basic earnings per share (thousand)	14,256,020	14,224,100
Effect of dilution:		
Equity-settled share-based payments (thousand)	167,024	134,179
Weighted average number of shares for the purposes of diluted earnings per share (thousand)	14,423,044	14,358,279
Basic earnings/(loss) per share (US$)		
Continuing operations	0.41	(0.05)
Discontinued operations	–	0.15
Total basic earnings per share	**0.41**	**0.10**
Diluted earnings/(loss) per share (US$)		
Continuing operations	0.40	(0.05)
Discontinued operations	–	0.15
Total diluted earnings per share	**0.40**	**0.10**

16. Earnings per share continued

Headline earnings:
Headline earnings is a Johannesburg Stock Exchange (JSE) defined performance measure. The calculation of basic and diluted earnings per share, based on headline earnings as determined by the requirements of the Circular 2/2015 as issued by the South African Institute of Chartered Accountants (SAICA), is reconciled using the following data:

US$ million	**2017**	2016
Profit attributable to equity holders of the Parent from continuing and discontinued operations for basic earnings per share	5,777	1,379
Net gain on disposals[2]	(1,309)	(2,370)
Net gain on disposal – non-controlling interest	7	–
Net gain on disposals – tax	107	148
Impairments[3]	479	1,789
Impairments – non-controlling interest	(42)	(16)
Impairments – tax	(104)	(573)
Headline and diluted earnings for the year	**4,915**	**357**
Headline earnings per share (US$)	**0.34**	**0.03**
Diluted headline earnings per share (US$)[1]	**0.34**	**0.03**

1 In 2016 equity-settled share-based payments were only dilutive with respect to Headline earnings per share calculation.
2 2017 comprises gain on disposals of investments of $1,079 million and gain on disposals of property, plant and equipment of $230 million. 2016 comprises gain on disposals of investments of $452 million, gain on disposals of property, plant and equipment of $37 million, gain on disposal of Glencore Agri of $1,848 million and gain on disposals and investments as reported in discontinued operations of $33 million (see notes 3 and 24).
3 Comprises impairments of property, plant and equipment, intangible assets and investments (see note 5) and impairments related to Cerrejón of $521 million in 2016.

17. Distributions

US$ million	**2017**	2016
Paid during the year:		
First tranche 2016 distribution – $0.035 per ordinary share	499	–
Second tranche 2016 distribution – $0.035 per ordinary share	499	–
Total	**998**	**–**

The proposed distribution of $0.20 per ordinary share amounting to $2.9 billion is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. Distributions declared in respect of the year ended 31 December 2017 are expected to be paid equally ($0.10 each) in May 2018 and September 2018.

18. Share-based payments

(US$ million)	Number of awards granted (thousand)	Fair value at grant date (US$ million)	**Number of awards outstanding 2017 (thousand)**	Number of awards outstanding 2016 (thousand)	**Expense recognised 2017 (US$ million)**	Expense recognised 2016 (US$ million)
Deferred Bonus Plan						
2015 Series	14,315	36	3,909	14,315	7	–
2016 Series	14,851	35	14,023	14,177	–	34
2017 Series	16,506	64	16,506	–	64	–
	45,672		**34,438**	**28,492**	**71**	**34**
Performance Share Plan						
2013 Series					–	6
2014 Series	20,908	115	5,302	10,485	9	21
2015 Series	77,816	107	54,250	75,316	30	48
2016 Series	24,017	84	23,439	6,835	47	–
2017 Series	6,280	30	6,280	–	–	–
	129,021		**89,271**	**92,636**	**86**	**75**
Total	**174,693**		**123,710**	**121,128**	**157**	**109**

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 one to two 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/loss as part of the 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 one ordinary share of Glencore. The awards vest in three or five equal tranches on 30 June, 31 December or 31 January of the years following the year of grant, as may be the case. 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 in previous business combinations

	Total options outstanding (thousands)	Weighted average exercise price (GBP)
1 January 2017	141,272	3.89
Lapsed	(8,756)	4.45
Exercised[1]	(7,913)	1.60
31 December 2017	**124,603**	
1 January 2016	146,602	3.89
Adjustment due to share issue	322	–
Lapsed	(5,424)	2.85
Exercised[1]	(228)	1.10
31 December 2016	**141,272**	

1 The weighted average share price at date of exercise of the share based awards was GBP3.45 (2016: GBP2.80).

18. Share-based payments continued

As at 31 December 2017, a total of 124,602,481 options (2016: 141,271,783 options) were outstanding and exercisable, having a range of exercise prices from GBP1.1 to GBP6.87 (2016: GBP1.1 to GBP6.87) and a weighted average exercise price of GBP4.00 (2016: GBP3.89). These outstanding awards have expiry dates ranging from March 2018 to February 2022 (2016: March 2017 to February 2022) and a weighted average contractual life of 2.97 years (2016: 3.6 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, when exercised, by the transfer of ordinary shares held in treasury.

19. Borrowings

US$ million	Notes	2017	2016
Non-current borrowings			
Capital market notes		22,628	21,968
Committed syndicated revolving credit facilities		994	476
Finance lease obligations	29	328	326
Other bank loans		582	418
Total non-current borrowings		**24,532**	**23,188**
Current borrowings			
Secured inventory/receivables/other facilities	9/11/12	1,060	2,990
U.S. commercial paper		1,230	–
Capital market notes		3,550	4,388
Finance lease obligations	29	64	75
Other bank loans[1]		3,498	2,577
Total current borrowings		**9,402**	**10,030**
Total borrowings		**33,934**	**33,218**

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

Reconciliation of cash flow to movement in borrowings

US$ million	2017	2016
Cash related movements in borrowings[1]		
Proceeds from issuance of capital market notes	2,026	1,366
Repayment of capital market notes	(4,539)	(4,748)
Repurchase of capital market notes	–	(2,629)
Proceeds from/(repayment of) revolving credit facilities	501	(2,644)
Proceeds from/(repayment of) other non-current borrowings	19	(79)
Repayment of finance lease obligations	(105)	(125)
Proceeds from U.S. commercial papers	1,180	(15)
(Repayment of)/proceeds from current borrowings	(1,266)	1,035
	(2,184)	(7,839)
Non-cash related movements in borrowings		
Borrowings acquired/(disposed) in business combinations[2]	761	(2,709)
Foreign exchange movements	1,840	(296)
Hedge fair value movements	192	(76)
Change in finance lease obligations	73	67
Other non-cash movements	34	22
	2,900	(2,992)
Increase/(decrease) in borrowings for the year	**716**	**(10,831)**
Total borrowings – opening	33,218	44,049
Total borrowings – closing	**33,934**	**33,218**

1 See consolidated statement of cash flows.
2 2016 includes a settlement of debt due from Glencore Agri of $1,670 million, see note 24.

Capital Market Notes

US$ million	Maturity	2017	2016
AUD 500 million 4.50% coupon bonds	Sep 2019	398	**370**
Euro 1,250 million 4.625% coupon bonds	Apr 2018	–	1,296
Euro 1,000 million 2.625% coupon bonds	Nov 2018	–	1,055
Euro 750 million 3.375% coupon bonds	Sep 2020	931	781
Euro 1,250 million 1.25% coupon bonds	Mar 2021	1,491	1,294
Euro 600 million 2.75% coupon bonds	Apr 2021	730	617
Euro 700 million 1.625% coupon bonds	Jan 2022	857	733
Euro 1,000 million 1.875% coupon bonds	Sep 2023	1,195	1,048
Euro 400 million 3.70% coupon bonds	Oct 2023	525	420
Euro 750 million 1.75% coupon bonds	Mar 2025	906	784
Euro 500 million 3.75% coupon bonds	Apr 2026	662	524
Eurobonds		**7,297**	**8,552**
JPY 10 billion 1.075% coupon bonds	May 2022	89	86
GBP 650 million 6.50% coupon bonds	Feb 2019	876	798
GBP 500 million 7.375% coupon bonds	May 2020	731	689
GBP 500 million 6.00% coupon bonds	Apr 2022	679	621
Sterling bonds		**2,286**	**2,108**
CHF 450 million 2.625% coupon bonds	Dec 2018	–	443
CHF 175 million 2.125% coupon bonds	Dec 2019	184	172
CHF 500 million 1.25% coupon bonds	Dec 2020	522	492
CHF 250 million 2.25% coupon bonds	May 2021	251	246
Swiss Franc bonds		**957**	**1,353**
US$ 250 million LIBOR plus 1.06% coupon bonds	Apr 2018	–	48
US$ 500 million 2.125% coupon bonds	Apr 2018	–	159
US$ 200 million LIBOR plus 1.20% coupon bonds	May 2018	–	200
US$ 500 million LIBOR plus 1.36% coupon bonds	Jan 2019	279	279
US$ 1,500 million 2.50% coupon bonds	Jan 2019	690	690
US$ 1,000 million 3.125% coupon bonds	Apr 2019	447	451
US$ 1,000 million 2.875% coupon bonds	Apr 2020	414	416
US$ 1,000 million 4.95% coupon bonds	Nov 2021	1,045	1,056
US$ 600 million 5.375% coupon bonds[1]	Feb 2022	535	
US$ 250 million LIBOR plus 1.65% coupon bonds	May 2022	250	250
US$ 1,000 million 4.25% coupon bonds	Oct 2022	1,011	1,013
US$ 500 million 3.00% coupon bonds	Oct 2022	496	–
US$ 1,500 million 4.125% coupon bonds	May 2023	1,520	1,536
US$ 1,000 million 4.625% coupon bonds	Apr 2024	1,024	1,034
US$ 500 million 4.00% coupon bonds	Apr 2025	483	484
US$ 1,000 million 4.00% coupon bonds	Mar 2027	986	–
US$ 50 million 4.00% coupon bonds	Mar 2027	50	–
US$ 500 million 3.875% coupon bonds	Oct 2027	491	–
US$ 250 million 6.20% coupon bonds	Jun 2035	273	273
US$ 500 million 6.90% coupon bonds	Nov 2037	594	597
US$ 500 million 6.00% coupon bonds	Nov 2041	540	540
US$ 500 million 5.55% coupon bonds	Oct 2042	473	473
US$ bonds		**11,601**	**9,499**
Total non-current bonds		**22,628**	**21,968**

1 Assumed in the Volcan acquisition, see note 24.

19. Borrowings continued

Capital Market Notes

US$ million	Maturity	2017	2016
Euro 1,250 million 5.25% coupon bonds	Mar 2017	–	1,244
Euro 500 million 5.25% coupon bonds	Jun 2017	–	514
Euro 1,250 million 4.625% coupon bonds	Apr 2018	1,480	–
Euro 1,000 million 2.625% coupon bonds	Nov 2018	1,202	–
Eurobonds		**2,682**	**1,758**
CHF 450 million 2.625% coupon bonds	Dec 2018	461	–
US$ 700 million 3.60% coupon bonds	Jan 2017	–	660
US$ 250 million 5.50% coupon bonds	Jun 2017	–	254
US$ 1,750 million 2.70% coupon bonds	Oct 2017	–	1,716
US$ 250 million LIBOR plus 1.06% coupon bonds	Apr 2018	48	–
US$ 500 million 2.125% coupon bonds	Apr 2018	159	–
US$ 200 million LIBOR plus 1.20% coupon bonds	May 2018	200	–
US$ bonds		**407**	**2,630**
Total current bonds		**3,550**	**4,388**

2017 Bond activities
- In March, issued a 10 year $1,000 million, 4% coupon bond
- In August, issued a 10 year $50 million, 4% coupon bond as a private placement
- In October, issued a 5 year $500 million, 3% coupon bond
- In October, issued a 10 year $500 million, 3.875% coupon bond

2016 Bond activities
- In May, issued a 5 year CHF 250 million, 2.25% coupon bond
- In September, issued a 7 year Euro 1,000 million, 1.875% coupon bond
- In October, repurchased bonds with a nominal value of $1,492 million, comprising primarily 2018 and 2019 maturities
- In December, repurchased bonds with a nominal value of $1,137 million, comprising primarily 2019 and 2020 maturities

Committed syndicated revolving credit facilities
In May 2017, Glencore signed new one-year revolving credit facilities for a total amount of $7,335 million, refinancing the $7,700 million one-year revolving facilities signed in February 2016. Funds drawn under the facilities bear interest at US$LIBOR plus a margin of 40 basis points. Glencore also voluntarily reduced the medium term facility size from $6,800 million to $5,425 million and extended its maturity by 24 months to 2022.

As at 31 December 2017, the active facilities comprise:

- a $7,335 million one year revolving credit facility with a 12 month borrower's term-out option (to May 2019) and 12 month extension option; and
- a $5,425 million medium-term revolving credit facility (to May 2022)

Secured facilities

US$ million	Maturity	Borrowing base	Interest	2017	2016
Syndicated committed metals inventory facilities	Nov 2018	83	3%	–	100
Syndicated uncommitted metals inventory/receivables facilities	Feb[1]/Mar/Jul 2018	1,480	US$ JIBAR +110 bps / US$ LIBOR + 75/90/160 bps	590	2,340
Syndicated uncommitted oil receivables facilities	Oct 2018	750	US$ LIBOR + 75 bps	300	550
Other secured facilities	Mar 2018	170	US$ LIBOR + 75 bps	170	–
Total		**2,483**		**1,060**	**2,990**

1 Since year-end, in the ordinary course of business, these maturities have been rolled/extended as required.

20. Deferred income

US$ million	Unfavourable contracts	Prepayments	**Total**
1 January 2017	617	1,787	2,404
Additions	–	675	675
Accretion in the year	–	164	164
Utilised in the year	(64)	(240)	(304)
Effect of foreign currency exchange difference	32	–	32
31 December 2017	**585**	**2,386**	**2,971**
Current	59	351	410
Non-current	526	2,035	2,561
1 January 2016	653	886	1,539
Additions	–	971	971
Accretion in the year	–	109	109
Utilised in the year	(74)	(179)	(253)
Effect of foreign currency exchange difference	38	–	38
31 December 2016	**617**	**1,787**	**2,404**
Current	56	82	138
Non-current	561	1,705	2,266

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 2018 and 2034 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.

Prepayments

In November 2017, Glencore entered into a silver supply arrangement in exchange for an upfront advance payment of $675 million. Under the terms of the arrangement, Glencore is required to deliver an average of 19 million ounces of silver per annum, over a 3 year period. The arrangement has been accounted for as an executory contract whereby the advance payment has been recorded as deferred revenue. The revenue from the advance payment is being recognised as the silver is delivered consistent with the implied forward price curve at the time of the transaction. An accretion expense, representing the time value of the upfront deposit on the deferred revenue balance, is also being recognised.

In 2015 and 2016, Glencore entered into various long-term streaming agreements for the future delivery of gold and/or silver produced over the life of mine from our Antamina, Antapaccay and Ernest Henry operations in exchange for an upfront prepayment and, for Antamina and Antapaccay, an ongoing amount equal to 20% of the spot silver and gold price. Once certain delivery thresholds have been met at Antapaccay, the ongoing cash payment increases to 30% of the spot gold and silver prices. The arrangements have been accounted for as executory contracts whereby the advance payments have been recorded as deferred revenue. The revenue from the advance payments is being recognised as the gold and/or silver is delivered at an amount consistent with the implied forward price curve at the time of the transaction along with ongoing cash payments, if any. An accretion expense, representing the time value of the upfront deposit on the deferred revenue balance, is also being recognised.

21. Provisions

US$ million	Post-retirement employee benefits	Other employee entitlements	Rehabilitation costs	Onerous contracts	Other	**Total**
1 January 2017	860	218	3,194	1,305	812	6,389
Provision utilised in the year	(96)	(40)	(191)	(325)	(106)	(758)
Accretion in the year	–	–	260	1	–	261
Assumed in business combination[1]	–	–	162	–	38	200
Disposals of subsidiaries[1]	–	(2)	(45)	–	(10)	(57)
Reclassification to held for sale[2]	–	(1)	(37)	–	–	(38)
Additional provision in the year	35	118	786	111	424	1,474
Effect of foreign currency exchange difference	48	1	51	–	–	100
31 December 2017	**847**	**294**	**4,180**	**1,092**	**1,158**	**7,571**
Current	–	56	90	176	155	477
Non-current	847	238	4,090	916	1,003	7,094
1 January 2016	803	221	2,905	1,478	990	6,397
Provision utilised in the year	(92)	(34)	(140)	(381)	(555)	(1,202)
Accretion in the year	–	–	181	2	–	183
Assumed in business combination[1]	–	5	154	84	4	247
Disposals of subsidiaries[1]	(6)	(6)	(107)	–	(78)	(197)
Additional provision in the year	160	32	164	122	448	926
Effect of foreign currency exchange difference	(5)	–	37	–	3	35
31 December 2016	**860**	**218**	**3,194**	**1,305**	**812**	**6,389**
Current	–	–	144	178	136	458
Non-current	860	218	3,050	1,127	676	5,931

1 See note 24.
2 See note 14.

Post-retirement employee benefits
The provision for post-retirement employee benefits includes pension plan liabilities of $392 million (2016: $428 million) and post-retirement medical plan liabilities of $455 million (2016: $432 million), see note 22.

Other 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 two to in excess of 50 years with an average for all sites, weighted by closure provision, of some 21 years (2016: 16 years). As at 31 December 2017, the discount rate applied in calculating the restoration and rehabilitation provision is a pre-tax risk free rate specific to the liability and the currency in which they are denominated as follows: US dollar (2.0%), South African rand (4.0%), Australian dollar (3.0%), Canadian dollar (2.5%) and Chilean peso (3.0%). Decreasing the discount rates used by 0.5% would result in an increase in the overall rehabilitation provision by $326 million, with a resulting equal movement in property, plant and equipment. In the following year, the depreciation expense would increase by some $15 million, with an opposite direction interest expense adjustment of $10 million. The resulting net impact in the statement of income would be a decrease of $5 million, eventually netting to $Nil over the weighted average settlement date of the provision.

As outlined in note 1, significant estimates are required in determining the rehabilitation provisions and during the year, certain cost and timing estimates that were previously incorporated into the discount rate are now incorporated into the underlying rehabilitation cash flow forecasts. As a result of these changes in estimates, the rehabilitation provision increased by $312 million, with a resulting equivalent increase in property, plant and equipment.

Onerous contracts
Onerous contracts represent liabilities related to 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 is released to costs of goods sold as the underlying commitments are incurred.

Other
Other comprises provisions for possible demurrage, mine concession, tax and construction related claims.

Tax disputes
Glencore assesses its liabilities and contingencies for all tax years open to audit based upon the latest information available. Inherent uncertainties exist in estimates of tax contingencies due to complexities of interpretation and changes in tax laws. For those matters where it is probable that an adjustment will be made, the Group records its best estimate of these tax liabilities, including related interest charges. The current open tax matters are spread across numerous jurisdictions and consist primarily of legacy transfer pricing matters that have been open for a number of years and may take several more years to resolve. Reasonably possible adverse outcomes are not considered to be individually material. Accordingly, management does not anticipate a significant risk of material change in estimates within the next financial year.

22. 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 2017 and 2016, were $4,656 million and $4,245 million, respectively. Personnel costs related to consolidated industrial subsidiaries of $3,593 million (2016: $3,355 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. Among these schemes are defined contribution plans as well as defined benefit plans.

Defined contribution plans
Glencore's contributions under these plans amounted to $133 million in 2017 (2016: $118 million).

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

Defined benefit pension plans
The Company operates defined benefit plans in various countries, the main locations being Canada, Switzerland, UK and the U.S.. Approximately 72% 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.

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.

22. Personnel costs and employee benefits continued

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

			Defined benefit pension plans		
US$ million	Notes	Post-retirement medical plans	Present value of defined benefit obligation	Fair value of plan assets	Net liability for defined benefit pension plans
1 January 2017		**432**	2,946	(2,518)	**428**
Current service cost		8	55	–	55
Past service cost – plan amendments		–	(8)	–	(8)
Settlement		–	(79)	75	(4)
Interest expense/(income)		17	98	(86)	12
Total expense recognised in consolidated statement of income		**25**	66	(11)	**55**
Gain on plan assets, excluding amounts included in interest expense – net		–	–	(169)	(169)
Gain from change in demographic assumptions		–	(11)	–	(11)
(Gain)/loss from change in financial assumptions		(15)	87	–	87
Loss/(gain) from actuarial experience		3	(8)	–	(8)
Change in asset ceiling, excluding amounts included in interest expense		–	–	–	–
Actuarial (gains)/losses recognised in consolidated statement of comprehensive income		**(12)**	68	(169)	**(101)**
Employer contributions		–	–	(76)	(76)
Employee contributions		–	1	(1)	–
Benefits paid directly by the Company		(20)	(9)	9	–
Benefits paid from plan assets		–	(171)	171	–
Net cash (outflow)/inflow		**(20)**	(179)	103	**(76)**
Exchange differences		30	189	(171)	18
31 December 2017		**455**	3,090	(2,766)	**324**
Of which:					
Pension surpluses	10	–			(68)
Pension deficits	21	455			392

The actual return on plan assets in respect of defined benefit pension plans amounted to a gain of $426 million (2016: $206 million), comprising interest income and the remeasurement of plan assets.

During the next financial year, the Group expects to make a contribution of $105 million to the defined benefit pension and post-retirement medical plans across all countries, including current service costs and contributions required by pension legislation. Contributions over the next five years for the Canadian plans only, based on the most recently filed actuarial reports, approximate $337 million. Future funding requirements and contributions are reviewed and adjusted on an annual basis.

US$ million	Notes	Post-retirement medical plans	Defined benefit pension plans: Present value of defined benefit obligation	Fair value of plan assets	Net liability for defined benefit pension plans
1 January 2016		**457**	3,405	(3,059)	**346**
Current service cost		7	67	–	67
Past service cost – plan amendments		1	(3)	–	(3)
Settlement		–	(94)	90	(4)
Termination benefit		–	4	–	4
Interest expense/(income)		18	126	(116)	10
Total expense recognised in consolidated statement of income		**26**	100	(26)	**74**
Gain on plan assets, excluding amounts included in interest expense – net		–	–	(59)	(59)
Gain from change in demographic assumptions		–	(13)	–	(13)
Loss from change in financial assumptions		5	137	–	137
Gain from actuarial experience		(3)	(3)	–	(3)
Change in asset ceiling, excluding amounts included in interest expense		–	(4)	–	(4)
Actuarial losses/(gains) recognised in consolidated statement of comprehensive income		**2**	117	(59)	**58**
Employer contributions		–	–	(72)	(72)
Employee contributions		–	1	(1)	–
Benefits paid directly by the Company		(20)	(9)	9	–
Benefits paid from plan assets		–	(192)	192	–
Net cash (outflow)/inflow		**(20)**	(200)	128	**(72)**
Disposal of subsidiaries[1]		(48)	(487)	529	42
Exchange differences		15	11	(31)	(20)
Other		**(33)**	(476)	498	**22**
31 December 2016		**432**	2,946	(2,518)	**428**
Of which:					
Pension surpluses	10	–			–
Pension deficits	21	432			428

1 See note 24.

The defined benefit obligation accrued in Canada represents the majority for the Company. The breakdown below provides details of the Canadian plans for both the statement of financial position and the weighted average duration of the defined benefit obligation as at 31 December 2017 and 2016. The defined benefit obligation of any of the Group's defined benefit plans outside of Canada as at 31 December 2017 does not exceed $230 million (2016: $227 million).

22. Personnel costs and employee benefits continued

2017 US$ million	Canada	Other	**Total**
Post-retirement medical plans			
Present value of defined benefit obligation	425	30	**455**
of which: amounts owing to active members	132	4	136
of which: amounts owing to pensioners	293	26	319
Defined benefit pension plans			
Present value of defined benefit obligation	2,217	873	**3,090**
of which: amounts owing to active members	586	389	975
of which: amounts owing to non-active members	40	214	254
of which: amounts owing to pensioners	1,591	270	1,861
Fair value of plan assets	(2,167)	(599)	**(2,766)**
Net defined benefit liability at 31 December 2017	**50**	**274**	**324**
Of which:			
Pension surpluses	(68)	–	(68)
Pension deficits	118	274	392
Weighted average duration of defined benefit obligation – years	12	17	**13**

2016 US$ million	Canada	Other	Total
Post-retirement medical plans			
Present value of defined benefit obligation	402	30	**432**
of which: amounts owing to active members	123	4	127
of which: amounts owing to pensioners	279	26	305
Defined benefit pension plans			
Present value of defined benefit obligation	2,112	834	**2,946**
of which: amounts owing to active members	545	383	928
of which: amounts owing to non-active members	44	241	285
of which: amounts owing to pensioners	1,523	210	1,733
Fair value of plan assets	(1,981)	(537)	**(2,518)**
Net defined benefit liability at 31 December 2016	**131**	**297**	**428**
Of which:			
Pension surpluses	–	–	–
Pension deficits	131	297	428
Weighted average duration of defined benefit obligation – years	12	18	**14**

Estimated future benefit payments of the Canadian plans, which reflect expected future service but exclude plan expenses, up until 2027 are as follows:

US$ million	Post-retirement medical plans	Defined benefit pension plans	**Total**
2018	19	124	143
2019	19	126	145
2020	20	126	146
2021	20	126	146
2022	21	125	146
2023-2027	103	610	713
Total	**202**	**1,237**	**1,439**

The plan assets consist of the following:

US$ million	**2017**	2016
Cash and short-term investments	31	105
Fixed income	1,343	1,210
Equities	1,189	1,076
Other	203	127
Total	**2,766**	**2,518**

All investments have been fair valued based on quoted market prices with the exception of securities of $23 million (2016: $18 million) included in “Other”.

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

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

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

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

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

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

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

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

	Post-retirement medical plans		Defined benefit pension plans	
	2017	2016	**2017**	2016
Discount rate	3.8%	4.1%	3.2%	3.5%
Future salary increases	–	–	2.7%	2.8%
Future pension increases	–	–	0.3%	0.3%
Ultimate medical cost trend rate	4.3%	4.2%	–	–

Mortality assumptions are based on the latest available standard mortality tables for the individual countries concerned. As at 31 December 2017, these tables imply expected future life expectancy, for employees aged 65, 19 to 24 years for males (2016: 19 to 24) and 23 to 25 years for females (2016: 22 to 25). The assumptions for each country are reviewed regularly 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 2017 is set out below, assuming that all other assumptions are held constant and the effect of interrelationships is excluded.

	Increase/(decrease) in pension obligation		
US$ million	Post-retirement medical plans	Defined benefit pension plans	**Total**
Discount rate			
Increase by 100 basis points	(71)	(360)	**(431)**
Decrease by 100 basis points	60	428	**488**
Rate of future salary increase			
Increase by 100 basis points	–	38	**38**
Decrease by 100 basis points	–	(35)	**(35)**
Rate of future pension benefit increase			
Increase by 100 basis points	–	34	**34**
Decrease by 100 basis points	–	(32)	**(32)**
Medical cost trend rate			
Increase by 100 basis points	61	–	**61**
Decrease by 100 basis points	(50)	–	**(50)**
Life expectancy			
Increase in longevity by one year	15	71	**86**

23. Accounts payable

US$ million	2017	2016
Trade payables	24,664	22,438
Trade advances from buyers	451	892
Margin calls received[1]	443	179
Associated companies	1,052	635
Other payables and accrued liabilities	2,216	2,032
Total	**28,826**	**26,176**

1 Includes $325 million (2016: $Nil) of cash collateral receipts under margin arrangements related to cross currency swaps held to hedge non-U.S. dollar denominated bonds.

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

24. Acquisition and disposal of subsidiaries

2017 Acquisitions

In 2017, Glencore acquired controlling interests in Volcan Compania Minera S.A.A. ("Volcan") and other businesses, none of which are individually material. The net cash received/used in the acquisition of subsidiaries and the provisional fair value of assets acquired and liabilities assumed on the acquisition date are detailed below:

US$ million	Volcan	Other	Total
Non-current assets			
Property, plant and equipment	4,656	43	4,699
Intangible assets	76	–	76
Other investments	52	–	52
Deferred tax assets	–	2	2
Advances and loans[1]	32	1	33
	4,816	46	**4,862**
Current assets			
Inventories	80	2	82
Accounts receivable[1]	206	5	211
Other financial assets	30	–	30
Cash and cash equivalents	81	3	84
	397	10	**407**
Non-controlling interest	(1,733)	–	**(1,733)**
Non-current liabilities			
Borrowings	(629)	–	(629)
Deferred tax liabilities	(986)	–	(986)
Provisions	(174)	(26)	(200)
	(1,789)	(26)	**(1,815)**
Current liabilities			
Borrowings	(175)	–	(175)
Accounts payable	(386)	(6)	(392)
Other financial liabilities	(37)	–	(37)
	(598)	(6)	**(604)**
Total fair value of net assets acquired	**1,093**	**24**	**1,117**
Less: cash and cash equivalents acquired	(81)	(3)	(84)
Less: amounts previously recognised as other investments[2]	(359)	–	(359)
Net cash used in acquisition of subsidiaries	**653**	**21**	**674**

1 There is no material difference between the gross contractual amounts for loans and advances and accounts receivable and their fair value.
2 See note 9.

Volcan

On 9 November 2017, Glencore completed a tender offer, acquiring an additional 42.3% of the Class A common (voting) shares in Volcan, a Peruvian zinc mining business listed on the Lima stock exchange, for a consideration of $734 million, thereby increasing its voting shares interest from 20.7% to 63.0%. Glencore's total economic interest (including the class B common (non-voting) shares and excluding treasury shares) increased from 7.7% to 23.3%. As Glencore holds the majority of the voting shares, providing it the ability to appoint a controlling number of directors to the board, Glencore is required to account for Volcan using the full consolidation method in accordance with IFRS 10.

The fair values are provisional due to the complexity of the valuation process and the proximity of the transaction to year end. The finalisation of the fair value of the acquired assets and liabilities will be completed within 12 months of the acquisition. It is expected that adjustments could be made to the allocation of value between fixed asset classes, deferred taxes, rehabilitation and other provisions.

If the acquisition had taken place effective 1 January 2017, the operation would have contributed additional revenue of $696 million and additional attributable income of $93 million. From the date of acquisition, the operation contributed $160 million of revenue and $Nil of attributable income.

2016 Acquisitions

In 2016, Glencore acquired controlling interests in Newlands Collinsville Abbot Point Joint Venture (NCA). The net cash received in the acquisition of subsidiaries and the fair value of assets acquired and liabilities assumed on the acquisition date are detailed below:

US$ million	NCA	Other	Total
Non-current assets			
Property, plant and equipment	39	20	59
Advances and loans[1]	2	–	2
	41	**20**	**61**
Current assets			
Inventories	41	7	48
Accounts receivable[1]	24	6	30
Cash and cash equivalents	11	–	11
	76	**13**	**89**
Non-current liabilities			
Provisions	(242)	(4)	(246)
	(242)	**(4)**	**(246)**
Current liabilities			
Borrowings	–	(10)	(10)
Accounts payable	(33)	(17)	(50)
Provisions	(1)	–	(1)
Other financial liabilities	(8)	–	(8)
	(42)	**(27)**	**(69)**
Total fair value of net (liabilities)/assets acquired	**(167)**	**2**	**(165)**
Less: cash and cash equivalents acquired	(11)	–	(11)
Net cash (received)/used in acquisition of subsidiaries	**(178)**	**2**	**(176)**

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

NCA

In September 2016, Glencore completed the acquisition of the remaining 45% interest in NCA, for cash consideration received of $167 million. This increased Glencore's ownership from 55% to 100%, providing the ability to exercise control over NCA.

If the acquisition had taken place effective 1 January 2016, the operation would have contributed additional revenue of $173 million and an additional attributable loss of $21 million. From the date of acquisition, the operation contributed $72 million and $25 million of revenue and attributable income, respectively.

The acquisition accounting for NCA has now been finalised, with no adjustments to the previously reported provisional fair values.

24. Acquisition and disposal of subsidiaries continued

2017 Disposals

In 2017, Glencore disposed of its controlling interest in the Rosh Pinah mine in Namibia ("Rosh Pinah") and Perkoa mine in Burkina Faso ("Perkoa"), together referred to as "Zinc Africa" and 51% of the large majority of its petroleum storage and logistics businesses ("HG Storage").

The carrying value of the assets and liabilities over which control was lost and the net cash received from these disposals are detailed below:

US$ million	Zinc Africa	HG Storage	Others	**Total**
Non-current assets				
Property, plant and equipment	266	169	57	492
Intangible assets	3	–	–	3
Investments in associates	–	170	–	170
Advances and loans	–	11	–	11
	269	350	57	**676**
Current assets				
Inventories	58	4	7	69
Accounts receivable	43	68	15	126
Cash and cash equivalents	23	28	18	69
	124	100	40	**264**
Non-controlling interest	(4)	–	(25)	**(29)**
Non-current liabilities				
Borrowings	–	(31)	(10)	(41)
Deferred tax liabilities	(50)	(17)	(5)	(72)
Provisions	(24)	–	(33)	(57)
	(74)	(48)	(48)	**(170)**
Current liabilities				
Borrowings	(2)	–	–	(2)
Accounts payable	(56)	(67)	(9)	(132)
Income tax payable	–	(2)	–	(2)
	(58)	(69)	(9)	**(136)**
Carrying value of net assets disposed	**257**	**333**	**15**	**605**
Cash and cash equivalents received	(245)	(530)	–	(775)
Shares received	(222)	–	–	(222)
Future consideration	–	–	(13)	(13)
Items recycled to the statement of income	(22)	–	(121)	(143)
Reclassified to investment in joint venture[1]	–	(509)	(54)	(563)
Provision for guarantees	–	20	–	20
Transaction fees	–	12	–	12
Net gain on disposal[1]	**(232)**	**(674)**	**(173)**	**(1,079)**
Cash and cash equivalents received	245	530	–	775
Less: Cash and cash equivalents disposed	(23)	(28)	(18)	(69)
Net cash received from disposal	**222**	**502**	**(18)**	**706**

1 Includes a gain of $383 million attributable to the remeasurement of the retained investment to its fair value upon change in control in HG Storage ($363 million) and Other ($20 million).

Zinc Africa

On 31 August 2017, Glencore completed the transaction with Trevali Mining Corporation ("Trevali") a TSX listed zinc company, to sell its 80.1% equity interest in Rosh Pinah and its 90.0% equity interest in Perkoa. The aggregate consideration received was $467 million, of which $245 million was cash and the remaining balance ($222 million) was 193.4 million shares in Trevali. As a result of the transaction, Glencore's direct ownership in Trevali increased from 4% to 25.6%.

Glencore is no longer able to unilaterally direct the key strategic, operating and capital decisions of Rosh Pinah and Perkoa and was deemed to have disposed of its controlling interest at fair value. The difference to the net carrying value was recognised through the statement of income, with Glencore subsequently accounting for its share in Trevali using the equity method in accordance with IAS 28 (see note 9).

HG Storage

On 29 December, Glencore completed the sale of a 51% interest in HG Storage International Ltd ("HG Storage"), a group comprising the majority of Glencore's petroleum products storage and logistics businesses (excluding the U.S.) to HNA Innovation Finance Group Co Ltd (HNA) for cash consideration of $530 million, including the assumption of certain debt. Glencore is no longer able to unilaterally direct the key strategic, operating and capital decisions of HG Storage and was deemed to have disposed of its controlling interest at fair value. The difference to the net carrying value was recognised through the statement of income, with Glencore subsequently accounting for its remaining remeasured share in HG Storage using the equity method in accordance with IAS 28 (see note 9).

2016 Disposals

In 2016, Glencore disposed of its controlling interest in the Glencore Agricultural Products business ("Glencore Agri"), Ernest Henry mining operation (EHM) and its New South Wales coal rail haulage business ("GRail").

The carrying value of the assets and liabilities over which control was lost and the net cash received from these disposals are detailed below:

US$ million	Glencore Agri	EHM	GRail	Others	Total
Non-current assets					
Property, plant and equipment	2,919	244	413	212	3,788
Intangible assets	892	–	–	24	916
Investments in associates	624	–	–	–	624
Advances and loans	116	–	–	13	129
Deferred tax assets	103	–	–	1	104
	4,654	244	413	250	**5,561**
Current assets					
Inventories	2,725	6	–	57	2,788
Accounts receivable	2,774	1	2	77	2,854
Other financial assets	746	–	–	2	748
Cash and cash equivalents	469	–	–	27	496
	6,714	7	2	163	**6,886**
Non-controlling interest	(37)	–	–	(29)	**(66)**
Non-current liabilities					
Borrowings	(602)	–	–	(1)	(603)
Deferred tax liabilities	(138)	(36)	–	(30)	(204)
Provisions	(111)	(9)	–	(40)	(160)
	(851)	(45)	–	(71)	**(967)**
Current liabilities					
Borrowings	(3,751)	–	–	(35)	(3,786)
Accounts payable	(2,315)	(7)	(5)	(54)	(2,381)
Provisions	(36)	(1)	–	–	(37)
Other financial liabilities	(629)	–	–	(2)	(631)
	(6,731)	(8)	(5)	(91)	**(6,835)**
Carrying value of net assets disposed	**3,749**	**198**	**410**	**222**	**4,579**
Cash and cash equivalents received	(3,125)	(198)	(840)	(198)	(4,361)
Future consideration	–	–	–	(46)	(46)
Items recycled to the statement of income	602	–	–	–	602
Reclassified to investment in joint venture[1]	(3,125)	–	–	–	(3,125)
Transaction fees	51	–	–	–	51
Net gain on disposal	**(1,848)**	**–**	**(430)**	**(22)**	**(2,300)**

Cash and cash equivalents received	3,125	198	840	198	**4,361**
Less: Cash and cash equivalents disposed	(469)	–	–	(27)	(496)
Settlement of debt due from Glencore Agri	1,670	–	–	–	1,670
Net cash received from disposal	**4,326**	**198**	**840**	**171**	**5,535**

1 Includes a gain of $1,252 million attributable to the remeasurement of the retained Glencore Agri investment to its fair value upon change in control.

24. Acquisition and disposal of subsidiaries continued

Glencore Agri

On 6 April 2016, Glencore announced that it had entered into an agreement with the Canada Pension Plan Investment Board for the sale of a 40% equity interest in Glencore Agri and on 9 June 2016, entered into an agreement with British Columbia Investment Management Corporation for the sale of a 10% equity interest in Glencore Agri. The aggregate equity consideration for the combined 50% interest, including the indirect assumption of certain levels of net working capital and debt, amounted to $3.125 billion, payable in cash upon closing.

Glencore Agri represents the entire Agricultural products operating segment and was determined to be a discontinued operation prior to the close of transaction on 1 December 2016, and has been disclosed as such. Upon closing of the sale, Glencore is no longer able to unilaterally direct the key strategic, operating and capital decisions of Glencore Agri and was deemed to have disposed of its controlling interest at fair value. The difference to the net carrying value was recognised through the statement of income, with Glencore subsequently accounting for its share of the resulting joint venture using the equity method in accordance with IFRS 11 and IAS 28 (see note 9).

The results of Glencore Agri included in the consolidated statement of income until loss of control are detailed below:

US$ million	2016
Revenue	20,885
Cost of goods sold	(20,256)
Selling and administrative expenses	(175)
Share of income from associates	15
Gain on disposals and investments	33
Other expense - net	(26)
Interest income	9
Interest expense	(79)
Income before income taxes from discontinued operations	**406**
Income tax expense	(131)
	275
Gain on disposal of Glencore Agri, including items recycled to the statement of income of $602 million	1,848
Income for the year from discontinued operations	**2,123**
Attributable to:	
Non-controlling interests	–
Equity holders of the Parent	2,123
Earnings per share – discontinued operations:	
Basic (US$)	0.15
Diluted (US$)	0.15

The net cash flows incurred by Glencore Agri are as follows:

US$ million	2016
Net cash used from operating activities, after working capital changes	(855)
Net cash used in investing activities	(11)
Net cash generated in financing activities	671
Net cash used in discontinued operations	**(195)**

EHM

In October 2016, Glencore entered into an agreement with Evolution Mining Limited (Evolution), whereby Glencore received $669 million cash in return for a 30% economic interest in the Ernest Henry Mine mining operation (EHM) and an entitlement to 100% of the gold produced from Glencore's remaining 70% interest in EHM. The consideration received was allocated between the two elements of the transaction (sale of the 30% interest and the 70% gold prepaid streaming arrangement) by estimating the fair value of the gold stream by reference to the net present value of the anticipated gold to be delivered over the life of mine ($471 million) with the residual amount representing the consideration for the 30% interest ($198 million). Also see note 20. As part of the transaction, Glencore and Evolution entered into a 70/30 joint venture agreement governing the operations of EHM. As Glencore is no longer able to unilaterally direct the key strategic, operating and capital decisions of EHM, it is deemed to have lost control of EHM and, together with Evolution, jointly controls it. As the new arrangement is an unincorporated joint venture, Glencore derecognised 30% of the identified assets and liabilities of EHM against the proceeds received as noted above.

GRail

In December 2016, Glencore disposed of its New South Wales coal rail haulage business to Genesee & Wyoming for cash consideration of $840 million (A$1.1 billion).

25. Financial and capital risk management

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

Glencore's objectives in managing its "capital attributable to equity holders" include preserving its overall financial health and strength for the benefit of all stakeholders, maintaining an optimal capital structure in order to provide a high degree of financial flexibility at an attractive cost of capital and safeguarding its ability to continue as a going concern, while generating sustainable long-term profitability. Central to meeting these objectives is maintaining an investment grade credit rating status. Glencore's current credit ratings are Baa2 (stable) from Moody's and BBB (positive outlook) from S&P.

Distribution policy and other capital management initiatives

Glencore's cash distribution policy comprises two components: (1) a fixed $1 billion component and (2) a variable element representing a minimum 25% of free cash flow generated by our industrial assets during the year. The actual variable distribution component (minimum 25% pay-out guidance) will reflect prevailing balance sheet position, market conditions and outlook and be confirmed annually in respect of prior period's cash flows. Distributions are expected to be formally declared by the Board annually (with the preliminary full-year results). Distributions, when declared, will be settled equally in May and September of the year they are declared in. In addition, alongside our half-year results reporting, the Board could formally declare an additional distribution to be included with the distribution confirmed with respect to the prior year. Notwithstanding that the distribution is declared and paid in U.S. dollars, shareholders will be able to elect to receive their distribution payments in Pounds Sterling, Euros or Swiss Francs based on the exchange rates in effect around the date of payment. Shareholders on the JSE will receive their distributions in South African Rand.

Commodity price risk

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

Value at risk

One of the tools used by Glencore to monitor and limit its primary market risk exposure, principally commodity price risk related to its physical marketing activities, is 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 an unchanged consolidated VaR limit (one day 95% confidence level) of $100 million representing less than 0.5% of total equity, which the Board reviews annually. There were no breaches of this limit 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.

25. Financial and capital risk management continued

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

US$ million	2017	2016
Year-end position	18	31
Average during the year	25	42
High during the year	41	101
Low during the year	13	16

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 and lead), coal, iron ore and oil/natural gas 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 and metals and minerals' 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 2017 would decrease/increase by $110 million (2016: $100 million).

Currency risk

The U.S. 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 U.S. 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 U.S. dollar on recognised transactions would have an immaterial financial impact. Glencore enters into currency hedging transactions with leading financial institutions.

Glencore's debt related payments (both principal and interest) are primarily denominated in or swapped using hedging instruments into U.S. dollars. Glencore's operating expenses, being a small portion of its revenue base, are incurred in a mix of currencies of which the U.S. 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, Yen and Australian dollar denominated bonds (see note 19). 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:

	Notional amounts		Recognised fair values		
US$ million	Buy	Sell	Assets	Liabilities	Average maturity[1]
Cross currency swap agreements – 2017	–	15,387	421	1,137	2020
Cross currency swap agreements – 2016	–	14,179	26	2,873	2020

1 Refer to note 19 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. 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 3.3% (2016: 2.9%) 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 2017 (2016: 3.9%).

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 26).

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 three months, with the main exception 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 continuous development of transparent and liquid spot commodity markets, with their 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 (2016: $3 billion), which has purposely been substantially exceeded in recent years, accounting for the more volatile market backdrop. Glencore's credit profile, diversified funding sources and committed credit facilities, ensure that sufficient liquid funds are maintained to meet its liquidity requirements. As part of its liquidity management, Glencore closely monitors and plans for its future capital expenditure and proposed investments, as well as credit facility refinancing/extension requirements, well ahead of time.

25. Financial and capital risk management continued

As at 31 December 2017, Glencore had available committed undrawn credit facilities and cash amounting to $12,874 million (2016: $16,740 million). The maturity profile of Glencore's financial liabilities based on the contractual terms is as follows:

2017 US$ million	After 5 years	Due 3 – 5 years	Due 2 – 3 years	Due 1 – 2 years	Due 0 – 1 year	**Total**
Borrowings	10,071	7,637	2,710	4,114	9,402	33,934
Expected future interest payments	3,256	1,116	728	913	964	6,977
Accounts payable	–	–	–	–	28,826	28,826
Other financial liabilities	513	–	–	–	4,522	5,035
Total	**13,840**	**8,753**	**3,438**	**5,027**	**43,714**	**74,772**
Current assets					49,726	49,726

2016 US$ million	After 5 years	Due 3 – 5 years	Due 2 – 3 years	Due 1 – 2 years	Due 0 – 1 year	**Total**
Borrowings	10,687	5,726	2,937	3,838	10,030	33,218
Expected future interest payments[1]	3,394	1,099	722	845	981	7,041
Accounts payable	–	–	–	–	26,176	26,176
Other financial liabilities	403	–	–	–	6,386	6,789
Total	**14,484**	**6,825**	**3,659**	**4,683**	**43,573**	**73,224**
Current assets					43,412	43,412

1 The amount of disclosed expected future interest payments have been restated to include omitted future interest payments of $804 million and to collect the maturity profile.

26. 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 $33,934 million (2016: $33,218 million) of borrowings, the fair value of which at 31 December 2017 was $34,776 million (2016: $33,673 million) based on observable market prices applied to the borrowing portfolio (a Level 2 fair value measurement).

2017 US$ million	Carrying value[1]	Available for sale	FVtPL[2]	**Total**
Assets				
Other investments[3]	–	2,268	690	2,958
Advances and loans	2,976	–	–	2,976
Accounts receivable	20,359	–	–	20,359
Other financial assets (see note 27)	–	–	2,311	2,311
Cash and cash equivalents[4]	–	–	2,124	2,124
Total financial assets	**23,335**	**2,268**	**5,125**	**30,728**
Liabilities				
Borrowings	33,934	–	–	33,934
Non-current other financial liabilities (see note 27)	–	–	513	513
Accounts payable	28,826	–	–	28,826
Other financial liabilities (see note 27)	–	–	4,522	4,522
Total financial liabilities	**62,760**	**–**	**5,035**	**67,795**

1 Carrying value comprises investments, loans, accounts receivable, accounts payable and other liabilities measured at amortised cost.
2 FVtPL – Fair value through profit and loss – held for trading.
3 Other investments of $2,871 million (2016: $1,715 million) are classified as Level 1 measured using quoted market prices with the remaining balance of $87 million (2016: $38 million) being investments in private companies whose fair value cannot be reliably measured and therefore carried at cost.
4 Classified as Level 1, measured using quoted exchange rates and/or market prices.

2016 US$ million	Carrying value[1]	Available for sale	FVtPL[2]	**Total**
Assets				
Other investments[3]	–	1,457	296	1,753
Advances and loans	3,483	–	–	3,483
Accounts receivable	20,066	–	–	20,066
Other financial assets (see note 27)	–	–	2,212	2,212
Cash and cash equivalents[4]	–	–	2,518	2,518
Total financial assets	**23,549**	**1,457**	**5,026**	**30,032**
Liabilities				
Borrowings	33,218	–	–	33,218
Non-current other financial liabilities (see note 27)	–	–	403	403
Accounts payable	26,176	–	–	26,176
Other financial liabilities (see note 27)	–	–	6,386	6,386
Total financial liabilities	**59,394**	**–**	**6,789**	**66,183**

1 Carrying value comprises investments, loans, accounts receivable, accounts payable and other liabilities measured at amortised cost.
2 FVtPL – Fair value through profit and loss – held for trading.
3 Other investments of $1,715 million are classified as Level 1 measured using quoted market prices with the remaining balance of $38 million being investments in private companies whose fair value cannot be reliably measured and therefore carried at cost. The movement in Level 1 measured investments compared to prior year (see below), mainly relates to the Group's share in Russneft, which after the listing on the Moscow stock exchange in November 2016, is measured at fair value.
4 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 2017 and 2016 were as follows:

	Amounts eligible for set off under netting agreements			Related amounts not set off under netting agreements				
2017 US$ million	Gross amount	Amounts offset	**Net amount**	Financial instruments	Financial collateral	Net amount	**Amounts not subject to netting agreements**	**Total as presented in the consolidated statement of financial position**
Derivative assets[1]	13,220	(11,907)	**1,313**	(347)	(426)	540	**998**	**2,311**
Derivative liabilities[1]	(15,162)	11,907	**(3,255)**	347	2,430	(478)	**(1,267)**	**(4,522)**

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

	Amounts eligible for set off under netting agreements			Related amounts not set off under netting agreements				
2016 US$ million	Gross amount	Amounts offset	Net amount	Financial instruments	Financial collateral	Net amount	Amounts not subject to netting agreements	Total as presented in the consolidated statement of financial position
Derivative assets[1]	10,679	(9,834)	**845**	(288)	(171)	386	**1,367**	**2,212**
Derivative liabilities[1]	(14,288)	9,834	**(4,454)**	288	3,784	(382)	**(1,932)**	**(6,386)**

1 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.

27. Fair value measurements

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

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

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

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

Level 1 classifications primarily include futures with a tenor of less than one year and options that are exchange traded, whereas Level 2 classifications primarily include futures with a tenor greater than one year, over the counter options, swaps and physical forward transactions which derive their fair value primarily from exchange quotes and readily observable broker quotes. Level 3 classifications primarily include physical forward transactions which derive their fair value predominantly from models that use broker quotes and applicable market-based estimates surrounding location, quality and credit differentials and financial liabilities linked to the fair value of certain mining operations. In circumstances where Glencore cannot verify fair value with observable market inputs (Level 3 fair values), it is possible that a different valuation model could produce a materially different estimate of fair value.

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

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 2017 and 2016. 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 11 and 26 for disclosures in connection with these fair value measurements. There are no non-recurring fair value measurements.

Other financial assets

2017 US$ million	Level 1	Level 2	Level 3	**Total**
Commodity related contracts				
Futures	227	42	–	**269**
Options	93	37	–	**130**
Swaps	131	339	–	**470**
Physical forwards	–	582	356	**938**
Financial contracts				
Cross currency swaps	–	421	–	**421**
Foreign currency and interest rate contracts	–	83	–	**83**
Total	**451**	**1,504**	**356**	**2,311**

2016 US$ million	Level 1	Level 2	Level 3	**Total**
Commodity related contracts				
Futures	207	154	–	**361**
Options	31	37	–	**68**
Swaps	166	146	–	**312**
Physical forwards	–	763	558	**1,321**
Financial contracts				
Cross currency swaps	–	26	–	**26**
Foreign currency and interest rate contracts	–	124	–	**124**
Total	**404**	**1,250**	**558**	**2,212**

Other financial liabilities

2017 US$ million	Level 1	Level 2	Level 3	**Total**
Commodity related contracts				
Futures	2,029	84	–	**2,113**
Options	37	29	8	**74**
Swaps	121	372	–	**493**
Physical forwards	–	468	184	**652**
Financial contracts				
Cross currency swaps	–	1,137	–	**1,137**
Foreign currency and interest rate contracts	–	53	–	**53**
Current other financial liabilities	**2,187**	**2,143**	**192**	**4,522**
Non-current other financial liabilities				
Non-discretionary dividend obligation[1]	–	–	513	**513**
Non-current other financial liabilities	**–**	**–**	**513**	**513**
Total	**2,187**	**2,143**	**705**	**5,035**

2016 US$ million	Level 1	Level 2	Level 3	Total
Commodity related contracts				
Futures	1,068	150	–	**1,218**
Options	5	12	6	**23**
Swaps	846	321	–	**1,167**
Physical forwards	–	859	203	**1,062**
Financial contracts				
Cross currency swaps	–	2,873	–	**2,873**
Foreign currency and interest rate contracts	–	43	–	**43**
Current other financial liabilities	**1,919**	**4,258**	**209**	6,386
Non-current other financial liabilities				
Non-discretionary dividend obligation[1]	–	–	403	**403**
Non-current other financial liabilities	**–**	**–**	**403**	403
Total	**1,919**	**4,258**	**612**	6,789

1 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 (modelled mine life of 25 years as at 31 December 2017) and has no fixed repayment date and is not cancellable within 12 months.

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

US$ million	Physical forwards	Options	Other	**Total Level 3**
1 January 2017	355	(6)	(403)	**(54)**
Total gain/(loss) recognised in cost of goods sold	58	(8)	–	**50**
Non-discretionary dividend obligation	–	–	(110)	**(110)**
Realised	(241)	6	–	**(235)**
31 December 2017	**172**	**(8)**	**(513)**	**(349)**
1 January 2016	19	(1)	(186)	**(168)**
Total gain/(loss) recognised in cost of goods sold	258	(6)	–	**252**
Non-discretionary dividend obligation	–	–	(217)	**(217)**
Realised	78	1	–	**79**
31 December 2016	**355**	**(6)**	**(403)**	**(54)**

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.

Notes to the financial statements
continued

27. Fair value measurements continued

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			2017	2016
Futures – Level 1		Assets	**227**	207
		Liabilities	**(2,029)**	(1,068)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Significant unobservable inputs:	None			
Futures – Level 2		Assets	**42**	154
		Liabilities	**(84)**	(150)
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			
Options – Level 1		Assets	**93**	31
		Liabilities	**(37)**	(5)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Significant unobservable inputs:	None			
Options – Level 2		Assets	**37**	37
		Liabilities	**(29)**	(12)
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			
Options – Level 3		Assets	**–**	–
		Liabilities	**(8)**	(6)
Valuation techniques and key inputs:	Standard option pricing model			
Significant unobservable inputs:	Prices are adjusted by volatility differentials. This significant unobservable input generally represents 2% – 20% of the overall value of the instruments. A change to a reasonably possible alternative assumption would not result in a material change in the underlying value.			
Swaps – Level 1		Assets	**131**	166
		Liabilities	**(121)**	(846)
Valuation techniques and key inputs:	Quoted bid prices in an active market			
Significant unobservable inputs:	None			
Swaps – Level 2		Assets	**339**	146
		Liabilities	**(372)**	(321)
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			
Physical Forwards – Level 2		Assets	**582**	763
		Liabilities	**(468)**	(859)
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			

US$ million			2017	2016
Physical Forwards – Level 3		Assets	**356**	558
		Liabilities	**(184)**	(203)
Valuation techniques and key inputs:	Discounted cash flow model			
Significant unobservable inputs:	Valuation of the Group's commodity physical forward contracts categorised within this level is based on observable market prices that are adjusted by unobservable differentials, as required, including: – Quality; – Geographic location; – Local supply & demand; – Customer requirements; and – Counterparty credit considerations. These significant unobservable inputs generally represent 2%–30% of the overall value of the instruments. The valuation prices are applied consistently to value physical forward sale and purchase contracts, and changing a particular input to reasonably possible alternative assumptions does not result in a material change in the underlying value of the portfolio.			
Cross currency swaps – Level 2		Assets	**421**	26
		Liabilities	**(1,137)**	(2,873)
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			
Foreign currency and interest rate contracts – Level 2		Assets	**83**	124
		Liabilities	**(53)**	(43)
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			
Non-discretionary dividend obligation – Level 3		Assets	**–**	–
		Liabilities	**(513)**	(403)
Valuation techniques:	Discounted cash flow model			
Significant observable inputs:	– Forecast commodity prices; – Discount rates using weighted average cost of capital methodology; – Production models; – Operating costs; and – Capital expenditures. The resultant liability is essentially a discounted cash flow valuation of the underlying mining operation. Increases/decreases in forecast commodity prices will result in an increase/decrease to the value of the liability though this will be partially offset by associated increases/decreases in the assumed production levels, operating costs and capital expenditures which are inherently linked to forecast commodity prices. The valuation remains sensitive to price and a 10% increase/decrease in commodity price assumptions would result in an $115 million adjustment to the current carrying value.			

28. Auditor's remuneration

US$ million	2017	2016
Remuneration in respect of the audit of Glencore's consolidated financial statements	3	3
Other audit fees, primarily in respect of audits of accounts of subsidiaries	18	17
Audit-related assurance services[1]	2	2
Total audit and related assurance fees	**23**	**22**
Transaction services	4	3
Taxation compliance services	2	3
Other taxation advisory services	2	2
Other assurance services	1	1
Total non-audit fees	**9**	**9**
Total professional fees	**32**	**31**

1 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.

29. 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 2017, $987 million (2016: $776 million), of which 93% (2016: 81%) 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 2017, $139 million (2016: $177 million) of such development expenditures are to be incurred, of which 36% (2016: 20%) 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 2017, Glencore has committed to future hire costs to meet future physical delivery and sale obligations and expectations of $247 million (2016: $217 million), of which $76 million (2016: $105 million) are with associated companies. 72% (2016: 46%) of the total charters are for services to be received over the next two 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. Similarly, Glencore is required to post rehabilitation and pension guarantees in respect of some of these future, primarily industrial, long-term obligations. As at 31 December 2017, $17,578 million (2016: $17,358 million) of procurement and $3,615 million (2016: $2,972 million) of rehabilitation and pension commitments have been issued on behalf of Glencore, which will generally be settled simultaneously with the payment for such commodity and rehabilitation and pension obligations.

Glencore has entered into various operating leases mainly as lessee for office and warehouse/storage facilities. Rental expenses for these leases totalled respectively $173 million and $157 million for the years ended 31 December 2017 and 2016. Future net minimum lease payments under non-cancellable operating leases are as follows:

US$ million	2017	2016
Within 1 year	203	106
Between 2 – 5 years	401	245
After 5 years	189	97
Total	**793**	**448**

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:

	Undiscounted minimum lease payments		Present value of minimum lease payments	
US$ million	2017	2016	2017	2016
Within 1 year	92	99	64	75
Between 1 and 5 years	255	259	182	172
After 5 years	209	222	146	154
Total minimum lease payments	**556**	**580**	**392**	**401**
Less: amounts representing finance lease charges	164	179	–	–
Present value of minimum lease payments	**392**	**401**	**392**	**401**

Future development and related commitments

Acquisition of HVO

On 27 July 2017, Glencore and Yancoal signed agreements relating to the acquisition of a 49% interest in the Hunter Valley Operations (HVO) coal mine in New South Wales, Australia following Yancoal's acquisition of Coal & Allied (C&A) from Rio Tinto. Under the terms of the agreements, Glencore will pay cash consideration of $1,139 million (effective 1 September 2017) plus a 27.9% share of $240 million non-contingent royalties over five years and 49% of price contingent royalties payable by Yancoal to Rio Tinto on production from HVO in respect of the C&A acquisition. The transaction is subject to customary regulatory approvals and is expected to close in H1 2018.

Acquisition of Chevron South Africa and Botswana

On 6 October 2017, Glencore entered into an agreement with Off the Shelf Investments Fifty Six (RF) Proprietary Limited (OTS) to acquire from OTS (i) a 75% stake in Chevron South Africa Proprietary Limited (Chevron SA) and certain related interests and (ii) the entire issued share capital of Chevron Botswana Proprietary Limited (Chevron Botswana) following closing of OTS's exercise of its pre-emptive right to acquire these operations from the Chevron group. The aggregate consideration (subject to adjustment for debt and working capital) is $973 million. The transaction is conditional on the receipt of all necessary regulatory approvals by OTS and Glencore and is expected to close in mid-2018.

30. Contingent liabilities

The amount of corporate guarantees in favour of third parties as at 31 December 2017 was $Nil (2016: $Nil). Also see note 9.

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 2017 and 2016 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. Any potential liability arising from these allegations is not expected to have a material adverse effect on its consolidated income, financial position or cash flows.

Margin Call Guarantee

As part of the partnership with Qatar Investment Authority (see note 9) and in relation to the joint venture's (QHG) ownership of Rosneft shares, Glencore provided a margin guarantee up to EUR1.4 billion. The margin guarantee is subject to various loan to value thresholds related to the financing provided to QHG. Appropriate Russian banks have in turn provided Glencore with a guarantee which can and will be called upon in the event of drawdown under Glencore's margin guarantee facility with QHG. As at 31 December 2017, $Nil has been called under the QHG margin guarantee.

In September 2017, QHG concluded an agreement with CEFC China Energy Company Limited to dispose of the majority of the shares it held (amounting to a 14.16% stake in Rosneft). Following completion of the transaction, the margin guarantees provided by Glencore will terminate. The transaction, subject to customary regulatory approval processes, is expected to complete in H1 2018.

31. Related party transactions

In the normal course of business, Glencore enters into various arm's length transactions with related parties, including fixed price commitments to sell and to purchase commodities, forward sale and purchase contracts, agency agreements and management service agreements. Outstanding balances at period end are unsecured and settlement occurs in cash (see notes 10, 12, and 23). 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 2017, sales and purchases with associates and joint ventures amounted to $1,859 million (2016: $1,570 million) and $7,485 million (2016: $3,194 million) respectively.

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 $22 million (2016: $13 million). There were no other long-term benefits or share-based payments to key management personnel (2016: $Nil). Further details on remuneration of Directors are set out in the Directors' remuneration report on page 101.

32. Principal subsidiaries with material non-controlling interests

Non-controlling interest is comprised of the following:

US$ million	2017	2016
Volcan	1,733	–
Kazzinc	1,438	1,396
Koniambo	(2,905)	(2,653)
Katanga	(965)	(511)
Mutanda	–	767
Other[1]	399	539
Total	**(300)**	**(462)**

1 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 as at 31 December 2017, reflecting 100% of the underlying subsidiary's relevant figures, is set out below.

US$ million	Kazzinc	Koniambo	Katanga	Volcan
31 December 2017				
Non-current assets	4,659	1,502	4,333	4,754
Current assets	1,234	314	889	423
Total assets	**5,893**	**1,816**	**5,222**	**5,177**
Non-current liabilities	763	10,273	3,760	1,789
Current liabilities	378	112	2,593	562
Total liabilities	**1,141**	**10,385**	**6,353**	**2,351**
Net assets	**4,752**	**(8,569)**	**(1,131)**	**2,826**
Equity attributable to owners of the Company	3,314	(5,664)	(166)	1,093
Non-controlling interests	1,438	(2,905)	(965)[1]	1,733
Non-controlling interests in %	30.3%	51.0%	13.7%	76.7%
2017				
Revenue	3,078	–	25	160
Expenses	(2,517)	(494)	(1,004)	(160)
Net profit/(loss) for the year	**561**	**(494)**	**(979)**	**–**
Profit attributable to owners of the Company	395	(242)	(575)	–
Profit attributable to non-controlling interests	166	(252)	(404)[1]	–
Other comprehensive income attributable to owners of the Company	–	–	–	–
Other comprehensive income attributable to non-controlling interests	–	–	–	–
Total comprehensive income/(loss) for the year	**561**	**(494)**	**(979)**	**–**
Dividends paid to non-controlling interests	(124)	–	–	–
Net cash inflow/(outflow) from operating activities	764	–	(177)	–
Net cash outflow from investing activities	(196)	(241)	(369)	–
Net cash (outflow)/inflow from financing activities	(511)	256	583	–
Total net cash inflow	**57**	**15**	**37**	**–**

1 Glencore has a 86.3% interest in Katanga Mining Limited, which in turn has a 75% interest in Kamoto Copper Company (KCC), the entity engaged in copper mining activities. The "non-controlling interests" balance includes negative $939 million and the "profit attributable to non-controlling interests" balance includes negative $310 million related to non-controlling interests arising at the KCC level.

US$ million	Kazzinc	Koniambo	Katanga	Mutanda
31 December 2016				
Non-current assets	4,703	1,226	4,424	4,763
Current assets	1,014	294	652	549
Total assets	**5,717**	**1,520**	**5,076**	**5,312**
Non-current liabilities	719	9,494	3,380	1,885
Current liabilities	391	101	1,848	281
Total liabilities	**1,110**	**9,595**	**5,228**	**2,166**
Net assets	**4,607**	**(8,075)**	**(152)**	**3,146**
Equity attributable to owners of the Company	3,211	(5,422)	359	2,379
Non-controlling interests	1,396	(2,653)	(511)[1]	767
Non-controlling interests in %	30.3%	51.0%	24.7%	31.0%
2016				
Revenue	2,602	152	–	1,322
Expenses	(2,211)	(529)	(625)	(1,147)
Net profit/(loss) for the year	**391**	**(377)**	**(625)**	**175**
Profit attributable to owners of the Company	273	(184)	(310)	121
Profit attributable to non-controlling interests	118	(193)	(315)[1]	54
Other comprehensive income attributable to owners of the Company	–	–	–	–
Other comprehensive income attributable to non-controlling interests	–	–	–	–
Total comprehensive income/(loss) for the year	**391**	**(377)**	**(625)**	**175**
Dividends paid to non-controlling interests	(38)	–	–	–
Net cash inflow/(outflow) from operating activities	856	–	(161)	428
Net cash outflow from investing activities	(122)	(263)	(213)	(234)
Net cash (outflow)/inflow from financing activities	(567)	210	338	(195)
Total net cash inflow/(outflow)	**167**	**(53)**	**(36)**	**(1)**

1 Glencore has a 75.3% interest in Katanga Mining Limited, which in turn has a 75% interest in Kamoto Copper Company (KCC), the entity engaged in copper mining activities. The "non-controlling interests" balance includes negative $629 million and the "profit attributable to non-controlling interests" balance includes negative $214 million related to non-controlling interests arising at the KCC level.

33. Principal operating, finance and industrial subsidiaries and investments

	Country of incorporation	% interest 2017	% interest 2016	Main activity
Principal subsidiaries				
Metals and minerals				
Minera Alumbrera Limited[1]	Antigua	50.0	50.0	Copper production
Cobar Group	Australia	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
Minera Altos de Punitaqui Limitada	Chile	100.0	100.0	Copper production
Compania Minera Antapaccay S.A.	Peru	100.0	100.0	Copper production
Pasar Group	Philippines	78.2	78.2	Copper production
Glencore Recycling 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
Katanga Mining Limited[2]	Canada	86.3	75.3	Copper/Cobalt production
Mutanda Group	DRC	100.0	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	69.7	Copper/Zinc/Lead production
Vasilkovskoye Gold	Kazakhstan	69.7	69.7	Gold production
Energia Austral Joint Venture	Chile	66.6	66.6	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	100.0	100.0	Iron Ore exploration
Britannia Refined Metals Limited	UK	100.0	100.0	Lead production
Glencore Manganese Group	France/Norway	100.0	100.0	Manganese furnace
Access World Group	Switzerland	100.0	100.0	Logistics services
Murrin Murrin Group	Australia	100.0	100.0	Nickel production
Koniambo Nickel S.A.S.[3]	New Caledonia	49.0	49.0	Nickel production
Glencore Nikkelverk AS	Norway	100.0	100.0	Nickel production
Eland Platinum Mines (Pty) Limited	South Africa	0.0	74.0	Platinum production
McArthur River Mining Pty Ltd	Australia	100.0	100.0	Zinc production
Perkoa Group	Burkina Faso	0.0	90.0	Zinc production
Nordenhammer Zinkhütte GmbH	Germany	100.0	100.0	Zinc production
Asturiana de Zinc S.A.	Spain	100.0	100.0	Zinc production
Volcan Compania Minera S.A.A.[4]	Peru	23.3	7.3	Zinc production
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	0.0	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

1 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 four board positions. Minera Alumbrera Limited's principal place of business is Argentina.

2 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.

3 The Group has control of Koniambo Nickel S.A.S. as a result of the ability to direct the key activities of the operation and to appoint key management personnel provided by the terms of the financing arrangements underlying the Koniambo project.

4 The Group has control of Volcan Compania Minera S.A.A. as a result of the ability to control the entity through the voting of its 63.0% of the voting shares (Class A); the economic interest is diluted by the outstanding non-voting shares (Class B).

	Country of incorporation	% interest 2017	% interest 2016	Main activity
Energy products				
Cumnock No. 1 Colliery Pty Ltd	Australia	100.0	100.0	Coal production
Enex Foydell Pty Ltd	Australia	100.0	100.0	Coal production
Enex Liddell Pty Ltd	Australia	100.0	100.0	Coal production
Oakbridge Pty Ltd	Australia	78.0	78.0	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
Mt Owen Pty Limited	Australia	100.0	100.0	Coal production
Newlands, Collinsville	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
United Collieries Pty Ltd	Australia	95.0	95.0	Coal production
Prodeco Group	Colombia	100.0	100.0	Coal production
Izimbiwa Coal (Pty) Ltd[5]	South Africa	49.9	49.9	Coal production
Umcebo Mining (Pty) Ltd[6]	South Africa	48.7	48.7	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 Cameroon Ltd.	Bermuda	100.0	100.0	Oil production
Glencore Exploration (EG) Ltd.	Bermuda	100.0	100.0	Oil production
Petrochad (Mangara) Limited	Bermuda	100.0	100.0	Oil exploration/production
Chemoil Energy Limited	Hong Kong	100.0	100.0	Oil storage and bunkering

5 Although Glencore holds less than 50% of the voting rights, it has the ability to exercise control over Izimbiwa through the ability to direct the key activities of the operation and to appoint key management personnel provided by the terms of the shareholder's agreement.

6 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.

33. Principal operating, finance and industrial subsidiaries and investments continued

	Country of incorporation	% interest 2017	% interest 2016	Main activity
Other operating and finance				
Xstrata Limited	UK	100.0	100.0	Holding
Glencore Australia Investment Holdings Pty Ltd	Australia	100.0	100.0	Holding
Glencore Operations Australia Pty Limited	Australia	100.0	100.0	Holding
Glencore Queensland Limited	Australia	100.0	100.0	Holding
Glencore Investment Pty Ltd	Australia	100.0	100.0	Holding
Glencore Australia Holdings Pty Ltd	Australia	100.0	100.0	Finance
Glencore Finance (Bermuda) Ltd	Bermuda	100.0	100.0	Finance
Glencore Canada Financial Corp	Canada	100.0	100.0	Finance
Glencore Finance (Europe) Limited	Jersey	100.0	100.0	Finance
Finges Investment B.V.	Netherlands	100.0	100.0	Finance
Glencore (Schweiz) AG	Switzerland	100.0	100.0	Finance
Glencore Group Funding Limited	UAE	100.0	100.0	Finance
Glencore Funding LLC	USA	100.0	100.0	Finance
Glencore Australia Oil Pty Limited	Australia	100.0	100.0	Operating
Glencore Canada Corporation	Canada	100.0	100.0	Operating
Glencore 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
Principal joint ventures[7]				
Glencore Agriculture Limited	Jersey	49.9	49.9	Agriculture business
Clermont Coal Group[8]	Australia	25.1	25.1	Coal production
BaseCore Metals LP	Canada	50.0	0.0	Copper production
Compania Minera Dona Ines de Collahuasi	Chile	44.0	44.0	Copper production
El Aouj Joint Venture	Mauritania	50.0	50.0	Iron Ore production
Principal joint operations[9]				
United Joint Venture	Australia	95.0	95.0	Coal exploration
Wandoan Joint Venture	Australia	75.0	75.0	Coal exploration
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
Oaky Creek Coal Joint Venture	Australia	55.0	55.0	Coal production
Rolleston Joint Venture	Australia	75.0	75.0	Coal production
Ulan Coal Mines Joint Venture	Australia	90.0	90.0	Coal production

7 The principal joint arrangements are accounted for as joint ventures as the shareholder agreements do not provide the Group the ability to solely control the entities.
8 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.
9 Classified as joint operations under IFRS 11, as these joint arrangements are not structured through separate vehicles.

	Country of incorporation	% interest 2017	% interest 2016	Main activity
Principal joint operations continued				
ARM Coal (Pty) Ltd.	South Africa	49.0	49.0	Coal production
Goedgevonden Joint Venture	South Africa	74.0	74.0	Coal production
Ernest Henry Mining Pty Ltd.	Australia	70.0	70.0	Copper 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	38.0	37.0	Platinum production
Rhovan Pooling and Sharing Joint Venture	South Africa	74.0	74.0	Vanadium production
Principal associates				
Carbones del Cerrejon LLC	Colombia	33.3	33.3	Coal production
Port Kembla Coal Terminal Limited	Australia	29.7	29.7	Coal terminal
Port Waratah Coal Services Ltd	Australia	15.5	15.5	Coal terminal
Wiggins Island Coal Export Terminal	Australia	20.0	16.7	Coal terminal
Richards Bay Coal Terminal Company Limited	South Africa	26.7	26.7	Coal terminal
Polymet Mining Corp.	Canada	28.4	28.4	Copper production
Century Aluminum Company[10]	USA	47.4	47.5	Diversified production
HG Storage International Limited	Jersey	49.0	100.0	Oil storage
Noranda Income Fund	Canada	25.0	25.0	Zinc production
Trevali Mining Company[11]	Canada	25.6	5.3	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
Other investments				
United Company Rusal plc	Jersey	8.8	8.8	Aluminium production
OAO NK Russneft[12]	Russia	25.0	25.0	Oil production

10 Represents the Group's economic interest in Century, comprising 42.9% (2016: 42.9%) voting interest and 4.5% non-voting interest (2016: 4.6%). Century is publicly traded on NASDAQ under the symbol CENX.

11 In August 2017, the Group acquired an additional interest in Trevali Mining Corporation in exchange for interests in Rosh Pinah, Perkoa and cash consideration of $245 million.

12 Although the Group holds more than 20% of the voting rights in Russneft, it is unable to exercise significant influence over the financial and operating policy decisions of Russneft.

Additional information

Alternative performance measures

Alternative performance measures are denoted by the symbol ◊

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

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

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

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

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

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

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

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

Proportionate adjustment

For internal reporting and analysis, management evaluates the performance of Antamina copper/zinc mine (34% owned), Cerrejón coal mine (33% owned), Collahuasi copper mine (44% owned) and Glencore Agri (50% owned) under the proportionate consolidation method reflecting Glencore's proportionate share of the revenues, expenses, assets and liabilities of these investments.

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

APMs derived from the statement of income

Revenue

Revenue represents revenue by segment (see note 2 of the financial statements), as reported on the face of the statement of income plus the relevant Proportionate adjustments. See reconciliation table below.

US$ million	2017	2016
Revenue – Marketing activities	181,827	145,984
Revenue – Industrial activities	39,552	31,367
Revenue	**221,379**	**177,351**
Proportionate adjustment – revenue	(15,903)	(3,518)
Discontinued operations – revenue	–	(20,885)
Revenue – reported measure	**205,476**	**152,948**

Share of income from material associates and joint ventures

US$ million	2017	2016
Associates' and joint ventures' Adjusted EBITDA	2,440	1,447
Depreciation and amortisation	(812)	(705)
Associates' and joint ventures' Adjusted EBIT	1,628	742
Impairment, net of tax[1]	–	(345)
Net finance costs	(74)	(16)
Income tax expense	(517)	(248)
	(591)	(609)
Share of income from material associates and joint ventures	**1,037**	**133**
Share of income/(loss) from other associates	121	(122)
Share of income from associates and joint ventures[2]	**1,158**	**11**

1 In 2016, Energy products segment comprises an impairment of $345 million, net of taxes of $176 million relating to Cerrejón, resulting from reduced near term production estimates due to increased risk related to the possibility of delays in sourcing approvals as a result of the continued social and environmental challenges to current mine plans.

2 Comprises share in earnings of $164 million (2016: $12 million) from Marketing activities and $994 million (2016: losses of $1 million) from Industrial activities.

Adjusted EBIT/EBITDA

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

Adjusted EBIT is the net result of revenue less cost of goods sold and selling and administrative expenses, plus share of income from associates and joint ventures, dividend income and the attributable share of Adjusted EBIT of relevant material associates and joint ventures, which are accounted for internally by means of proportionate consolidation, excluding Significant items, see definition below. In addition, the segment information includes Glencore Agri, which was disclosed as a discontinued operation until close of transaction on 1 December 2016, see note 24 of the financial statements.

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

US$ million	2017	2016
Reported measures		
Revenue	205,476	152,948
Cost of goods sold	(197,695)	(149,763)
Selling and administrative expenses	(1,310)	(1,102)
Share of income from associates and joint ventures	1,158	11
Dividend income	28	27
	7,657	2,121
Adjustments to reported measures		
Share of associates' significant items	6	132
Unrealised intergroup profit elimination	523	374
Mark-to-market valuation on certain coal hedging contracts	(225)	225
Proportionate adjustment – net finance and income tax expense	591	609
Adjusted EBIT from discontinued operations	–	469
Adjusted EBIT from continuing and discontinued operations	**8,552**	**3,930**
Depreciation and amortisation from continuing operations	5,398	5,573
Proportionate adjustment – depreciation	812	705
Discontinued operations – depreciation	–	60
Adjusted EBITDA from continuing and discontinued operations	**14,762**	**10,268**

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

Reconciliation of net significant items 2017

US$ million	Gross significant charges	Non-controlling interests' share	**Equity holders' share**
Share of Associates' significant items[1]	(6)	–	(6)
Mark-to-market valuation on certain coal hedging contracts[1]	225	–	225
Unrealised intergroup profit elimination[1]	(523)	–	(523)
Gains on disposals and investments[2]	1,309	–	1,309
Other expense – net[3]	(594)	45	(549)
Income tax impact from significant items	(187)	–	(187)
Total significant items	**224**	**45**	**269**

1 See note 2 of the financial statements.
2 See note 3 of the financial statements.
3 See note 4 of the financial statements.

Reconciliation of net significant items 2016

US$ million	Gross significant charges	Non-controlling interests' share	**Equity holders' share**
Share of Associates' significant items[1]	(132)	–	(132)
Mark-to-market valuation on certain coal hedging contracts[1]	(225)	–	(225)
Unrealised intergroup profit elimination[1]	(374)	–	(374)
Gains on disposals and investments[2]	489	–	489
Gains on disposals and investments related to discontinued operations[3]	33	–	33
Gain on disposals of discontinued operations[3]	1,848	–	1,848
Other expense – net[4]	(1,626)	21	(1,605)
Other expense – net related to material associates and joint ventures[5]	(345)	–	(345)
Other expense – net related to discontinued operations[3]	(26)	–	(26)
Income tax impact from significant items	(276)	–	(276)
Total significant items	**(634)**	**21**	**(613)**

1 See note 2 of the financial statements.
2 See note 3 of the financial statements.
3 See note 24 of the financial statements.
4 See note 4 of the financial statements.
5 See Proportionate adjustment reconciliation above.

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

Alternative performance measures
continued

APMs derived from the statement of financial position

Net funding/Net debt and Net debt to Adjusted EBITDA

Net funding/debt demonstrates how our debt is being managed and is an important factor in ensuring we maintain an investment grade rating status and a competitive cost of capital. Net debt is defined as total current and non-current borrowings less cash and cash equivalents, readily marketable inventories and related Proportionate adjustments. The net debt assumed in the Volcan acquisition (completed mid-November 2017) has also been adjusted to provide a more consistent and comparative analysis, but mostly to reflect the Group's relatively low 23.3% economic ownership (compared to its 63.0% voting interest) in this still fully ring-fenced listed entity, with its standalone, independent and separate capital structure. In addition, the relationship of Net debt to Adjusted EBITDA provides an indication of financial flexibility. See reconciliation table below.

Readily marketable inventories (RMI)

RMI comprising the core inventories which underpin and facilitate Glencore's marketing activities, represent inventories, that in Glencore's assessment, are readily convertible into cash in the short term due to their liquid nature, widely available markets and the fact that price risk is primarily covered either by a forward physical sale or hedge transaction. Glencore regularly assesses the composition of these inventories and their applicability, relevance and availability to the marketing activities. As at 31 December 2017, $22,225 million (2016: $17,093 million) of inventories were considered readily marketable. This comprises $16,649 million (2016: $12,707 million) of inventories carried at fair value less costs of disposal and $5,576 million (2016: $4,386 million) carried at the lower of cost or net realisable value. Total readily marketable inventories includes $1,559 million related to the relevant material associates and joint ventures (see note 2) presented under the proportionate consolidation method, comprising $1,305 million of inventory carried at fair value less cost of disposal and $254 million carried at lower of cost or net realisable value. Given the highly liquid nature of these inventories, which represent a significant share of current assets, the Group believes it is appropriate to consider them together with cash equivalents in analysing Group net debt levels and computing certain debt coverage ratios and credit trends.

Net funding/net debt at 31 December 2017

US$ million	Reported measure	Proportionate adjustment	Volcan	**Adjusted measure**
Non-current borrowings	24,532	356	(629)	24,259
Current borrowings	9,402	1,650	(177)	10,875
Total borrowings	33,934	2,006	(806)	**35,134**
Less: cash and cash equivalents	(2,124)	(214)	102	(2,236)
Net funding	31,810	1,792	(704)	**32,898**
Less: Readily marketable inventories	(20,666)	(1,559)	–	(22,225)
Net debt	11,144	233	(704)	**10,673**
Adjusted EBITDA				**14,762**
Net debt to Adjusted EBITDA				**0.72x**

Net funding/net debt at 31 December 2016

US$ million	Reported measure	Proportionate adjustment	**Adjusted measure**
Non-current borrowings	23,188	380	23,568
Current borrowings	10,030	1,737	11,767
Total borrowings	33,218	2,117	**35,335**
Less: cash and cash equivalents	(2,518)	(198)	(2,716)
Net funding	30,700	1,919	**32,619**
Less: Readily marketable inventories	(15,375)	(1,718)	(17,093)
Net debt	15,325	201	**15,526**
Adjusted EBITDA			**10,268**
Net debt to Adjusted EBITDA			**1.51x**

APMs derived from the statement of cash flows

Capital expenditure ("Capex")

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

US$ million	**2017**	2016
Capital expenditure – Marketing activities	214	182
Capital expenditure – Industrial activities	4,020	3,315
Capital expenditure	**4,234**	**3,497**
Proportionate adjustment – capital expenditure	(611)	(407)
Capital expenditure – reported measure	**3,623**	**3,090**

Funds from operations (FFO) and FFO to Net debt

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

2017 US$ million	Reported measure	Proportionate adjustment	**Adjusted measure**
Cash generated by operating activities before working capital changes	11,866	–	11,866
Addback EBITDA of relevant material associates and joint ventures	–	2,440	2,440
Share in earnings from associates included in EBITDA	–	(39)	(39)
Adjusted cash generated by operating activities before working capital changes	11,866	2,401	14,267
Coal related hedging included above (via statement of income – refer to note 2)	(225)	–	(225)
Income taxes paid	(921)	(451)	(1,372)
Interest received	106	8	114
Interest paid	(1,269)	(44)	(1,313)
Dividend received from associates and joint ventures	1,081	(996)	85
Funds from operations (FFO)	10,638	918	**11,556**
Net debt			**10,673**
FFO to Net debt			**108.3%**

2016 US$ million	Reported measure	Proportionate adjustment	**Adjusted measure**
Cash generated by operating activities before working capital changes	7,868	–	7,868
Addback EBITDA of relevant material associates and joint ventures	–	1,447	1,447
Adjusted cash generated by operating activities before working capital changes	7,868	1,447	9,315
Coal related hedging and legal costs included above (via statement of income – refer to note 2)	368	–	368
Income taxes paid	(584)	(96)	(680)
Interest received	111	–	111
Interest paid	(1,376)	(6)	(1,382)
Dividend received from associates and joint ventures	833	(795)	38
Funds from operations (FFO)	7,220	550	**7,770**
Net debt			**15,526**
FFO to Net debt			**50%**

Other reconciliations

Other reconciliations

Available committed liquidity[1]

US$ million	**2017**	2016
Cash and cash equivalents – reported	2,124	2,518
Proportionate adjustment – cash and cash equivalents	214	198
Headline committed syndicated revolving credit facilities	12,760	14,500
Amount drawn under syndicated revolving credit facilities	(994)	(476)
Amounts drawn under U.S. commercial paper programme	(1,230)	–
Total	**12,874**	**16,740**

1 Presented on an adjusted measured basis.

Cash flow related adjustments 2017

US$ million	Reported measure	Proportionate adjustment	**Adjusted measure**
Funds from operations (FFO)	10,638	918	11,556
Working capital changes	(4,965)	(108)	(5,073)
Net cash used in acquisitions of subsidiaries[1]	(674)	(57)	(731)
Net cash received from disposal of subsidiaries[2]	706	33	739
Purchase of investments[1]	(378)	(8)	(386)
Proceeds from sale of investments[1]	36	–	36
Purchase of property, plant and equipment	(3,586)	(605)	(4,191)
Proceeds from sale of property, plant and equipment[2]	282	11	293
Margin receipts in respect of financing related hedging activities	1,255	–	1,255
Acquisition of additional interests in subsidiaries[1]	(561)	–	(561)
Return of capital/distributions to non-controlling interests	(194)	–	(194)
Disposal of own shares	17	–	17
Distributions paid to equity holders of the Parent	(998)	–	(998)
Coal related hedging	225	–	225
Cash movement in net funding	1,803	184	**1,987**

1 Cash flows related to capital efficient growth.
2 Cash flows related to disposals.

Cash flow related adjustments 2016

US$ million	Reported measure	Proportionate adjustment	**Adjusted measure**
Funds from operations (FFO)	7,220	550	7,770
Working capital changes (excluding gold and silver streaming proceeds)	(2,157)	(214)	(2,371)
Gold and silver streaming proceeds	971	–	971
Net cash received in acquisition of subsidiaries	176	–	176
Net cash received from disposal of subsidiaries	5,535	233	5,768
Purchase of investments	(15)	(1)	(16)
Proceeds from sale of investments	3	–	3
Purchase of property, plant and equipment	(3,048)	(394)	(3,442)
Proceeds from sale of property, plant and equipment	128	8	136
Margin calls in respect of financing related hedging activities	(695)	–	(695)
Acquisition of additional interest in subsidiaries	(7)	–	(7)
Return of capital/distributions to non-controlling interests	(91)	–	(91)
Proceeds from own shares	3	–	3
Coal related hedging and legal costs	(368)	–	(368)
Cash movement in net funding	7,655	182	**7,837**

Reconciliation of tax expense 2017

US$ million	Total
Adjusted EBIT, pre-significant items	8,552
Net finance costs	(1,451)
Adjustments for:	
Net finance costs from material associates and joint ventures	(74)
Share of income from other associates pre-significant items	(127)
Profit on a proportionate consolidation basis before tax and pre-significant items	**6,900**
Income tax expense, pre-significant items	(1,572)
Adjustments for:	
Tax expense from material associates and joint ventures	(517)
Tax expense on a proportionate consolidation basis	**(2,089)**
Applicable tax rate	**30.3%**

US$ million	Pre-significant tax expense	Significant items tax[1]	Total tax expense
Tax expense on a proportionate consolidation basis	2,089	187	2,276
Adjustment in respect of material associates and joint ventures tax	(517)	–	(517)
Tax expense on the basis of the income statement	**1,572**	**187**	**1,759**

1 Represents the tax impact on current period significant items and tax significant items in their own right.

Reconciliation of tax expense 2016

US$ million	Total
Adjusted EBIT, pre-significant items	3,930
Net finance costs	(1,533)
Adjustments for:	
Net finance costs from material associates and joint ventures	(16)
Net finance costs from discontinued operations[1]	(70)
Share of income from other associates pre-significant items	(10)
Share of income from associates from discontinued operations[1]	(15)
Profit on a proportionate consolidation basis before tax and pre-significant items	**2,286**
Income tax expense, pre-significant items	(362)
Adjustments for:	
Tax expense from material associates and joint ventures	(248)
Tax expense from discontinued operations[1]	(131)
Tax expense on a proportionate consolidation basis	**(741)**
Applicable tax rate	**32.4%**

1 See note 24 of the financial statements.

US$ million	Pre-significant tax expense	Significant items tax[1]	Total tax expense
Tax expense on a proportionate consolidation basis	741	276	1,017
Adjustment in respect of material associates and joint ventures' tax	(248)	–	(248)
Adjustment in respect of discontinued operations	(131)	–	(131)
Tax expense on the basis of the income statement	**362**	**276**	**638**

1 Represents the tax impact on current period significant items and tax significant items in their own right.

Production by quarter – Q4 2016 to Q4 2017

Metals and minerals

Production from own sources – Total[1]

		Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	**2017**	2016	Change 2017 vs 2016 %	Change Q4 17 vs Q4 16 %
Copper	kt	364.6	324.1	318.8	303.6	363.2	1,309.7	1,425.8	(8)	–
Zinc	kt	304.9	279.2	291.6	256.6	262.8	1,090.2	1,094.1	–	(14)
Lead	kt	74.6	68.9	70.3	71.5	61.8	272.5	294.2	(7)	(17)
Nickel	kt	32.7	24.9	26.3	29.5	28.4	109.1	115.1	(5)	(13)
Gold	koz	282	259	265	247	262	1,033	1,027	1	(7)
Silver	koz	10,079	9,295	10,215	9,298	8,935	37,743	39,069	(3)	(11)
Cobalt	kt	7.3	6.3	6.4	7.1	7.6	27.4	28.3	(3)	4
Ferrochrome	kt	417	439	397	271	424	1,531	1,523	1	2
Platinum	koz	32	37	28	28	23	116	148	(22)	(28)
Palladium	koz	45	46	36	43	36	161	209	(23)	(20)
Rhodium	koz	3	4	4	2	3	13	16	(19)	–
Vanadium Pentoxide	mlb	5.5	5.1	4.4	6.1	5.3	20.9	21.1	(1)	(4)

Production from own sources – Copper assets[1]

			Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	**2017**	2016	Change 2017 vs 2016 %	Change Q4 17 vs Q4 16 %
African Copper (Katanga, Mutanda, Mopani)											
Katanga	Copper metal	kt	–	–	–	–	2.2	2.2	–	n.m.	n.m.
	Copper in concentrates	kt	–	–	–	–	2.7	2.7	–	n.m.	n.m.
Mutanda	Copper metal	kt	51.0	48.8	47.7	44.1	51.5	192.1	213.3	(10)	1
	Cobalt[3]	kt	6.3	5.7	5.5	6.0	6.7	23.9	24.5	(2)	6
Mopani	Copper metal	kt	10.5	8.1	6.9	11.7	15.0	41.7	41.1	1	43
African Copper – total production including third party feed											
Mutanda	*Copper metal*	*kt*	*51.0*	*48.8*	*51.7*	*45.1*	*53.2*	*198.8*	*213.3*	*(7)*	*4*
	Cobalt[3]	*kt*	*6.3*	*5.7*	*5.5*	*6.0*	*6.7*	*23.9*	*24.5*	*(2)*	*6*
Mopani	*Copper metal*	*kt*	*28.4*	*21.9*	*12.5*	*23.7*	*40.8*	*98.9*	*110.0*	*(10)*	*44*
	Total Copper metal	**kt**	**61.5**	**56.9**	**54.6**	**55.8**	**68.7**	**236.0**	**254.4**	**(7)**	**12**
	Total Copper in concentrates	**kt**	**–**	**–**	**–**	**–**	**2.7**	**2.7**	**–**	**n.m.**	**n.m.**
	Total Cobalt[3]	**kt**	**6.3**	**5.7**	**5.5**	**6.0**	**6.7**	**23.9**	**24.5**	**(2)**	**6**
Collahuasi[4]	**Copper metal**	**kt**	**0.3**	**–**	**–**	**–**	**–**	**–**	**2.1**	**(100)**	**(100)**
	Copper in concentrates	**kt**	**58.3**	**57.6**	**51.0**	**58.4**	**63.5**	**230.5**	**220.8**	**4**	**9**
	Silver in concentrates	**koz**	**761**	**774**	**748**	**766**	**815**	**3,103**	**3,276**	**(5)**	**7**
Antamina[5]	**Copper in concentrates**	**kt**	**33.2**	**30.3**	**40.0**	**37.2**	**35.1**	**142.6**	**145.5**	**(2)**	**6**
	Zinc in concentrates	**kt**	**26.7**	**24.5**	**34.5**	**34.5**	**34.6**	**128.1**	**66.8**	**92**	**30**
	Silver in concentrates	**koz**	**1,607**	**1,445**	**1,882**	**1,772**	**1,480**	**6,579**	**6,778**	**(3)**	**(8)**

Metals and minerals

Production from own sources – Copper assets[1] continued

			Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	**2017**	2016	Change 2017 vs 2016 %	Change Q4 17 vs Q4 16 %
Other South America (Alumbrera, Lomas Bayas, Antapaccay, Punitaqui)											
Alumbrera	Copper in concentrates	kt	24.5	11.4	9.1	7.3	5.5	33.3	81.9	(59)	(78)
	Gold in concentrates and in doré	koz	71	48	49	53	38	188	256	(27)	(46)
	Silver in concentrates and in doré	koz	268	119	79	64	44	306	748	(59)	(84)
Lomas Bayas	Copper metal	kt	21.0	20.3	20.7	19.9	17.2	78.1	80.0	(2)	(18)
Antapaccay	Copper in concentrates	kt	55.6	46.4	50.1	47.3	62.7	206.5	219.9	(6)	13
	Gold in concentrates	koz	37	29	26	34	50	139	115	21	35
	Silver in concentrates	koz	402	326	324	359	446	1,455	1,536	(5)	11
Punitaqui	Copper in concentrates	kt	1.8	1.6	1.2	1.4	1.3	5.5	7.0	(21)	(28)
	Gold in concentrates	koz	4	5	6	4	6	21	11	91	50
	Silver in concentrates	koz	24	18	17	14	11	60	82	(27)	(54)
	Total Copper metal	**kt**	**21.0**	**20.3**	**20.7**	**19.9**	**17.2**	**78.1**	**80.0**	**(2)**	**(18)**
	Total Copper in concentrates	**kt**	**81.9**	**59.4**	**60.4**	**56.0**	**69.5**	**245.3**	**308.8**	**(21)**	**(15)**
	Total Gold in concentrates and in doré	**koz**	**112**	**82**	**81**	**91**	**94**	**348**	**382**	**(9)**	**(16)**
	Total Silver in concentrates and in doré	**koz**	**694**	**463**	**420**	**437**	**501**	**1,821**	**2,366**	**(23)**	**(28)**
Australia (Mount Isa, Ernest Henry, Townsville, Cobar)											
Mount Isa, Ernest	Copper metal	kt	56.1	48.5	42.5	27.0	46.6	164.6	205.1	(20)	(17)
Henry, Townsville	Copper in concentrates	kt	–	–	–	7.4	5.1	12.5	–	n.m.	n.m.
	Gold	koz	25	17	21	9	20	67	86	(22)	(20)
	Silver	koz	343	261	196	387	252	1,096	1,251	(12)	(27)
	Silver in concentrates	koz	–	–	–	38	23	61	–	n.m.	n.m.
Mount Isa, Ernest Henry, Townsville – total production including third party feed											
	Copper metal	*kt*	*64.6*	*54.8*	*62.8*	*49.2*	*60.6*	*227.4*	*275.5*	*(17)*	*(6)*
	Copper in concentrates	*kt*	*–*	*–*	*–*	*7.4*	*5.1*	*12.5*	*–*	*n.m.*	*n.m.*
	Gold	*koz*	*34*	*46*	*43*	*33*	*39*	*161*	*135*	*19*	*15*
	Silver	*koz*	*525*	*349*	*432*	*447*	*253*	*1,481*	*2,271*	*(35)*	*(52)*
	Silver in concentrates	*koz*	*–*	*–*	*–*	*38*	*23*	*61*	*–*	*n.m.*	*n.m.*
Cobar	Copper in concentrates	kt	15.4	12.7	12.7	12.3	15.7	53.4	53.9	(1)	2
	Silver in concentrates	koz	154	128	156	134	146	564	543	4	(5)
	Total Copper	**kt**	**56.1**	**48.5**	**42.5**	**27.0**	**46.6**	**164.6**	**205.1**	**(20)**	**(17)**
	Total Copper in concentrates	**kt**	**15.4**	**12.7**	**12.7**	**19.7**	**20.8**	**65.9**	**53.9**	**22**	**35**
	Total Gold	**koz**	**25**	**17**	**21**	**9**	**20**	**67**	**86**	**(22)**	**(20)**
	Total Silver	**koz**	**497**	**389**	**352**	**559**	**421**	**1,721**	**1,794**	**(4)**	**(15)**
Total Copper department											
	Copper	**kt**	**327.7**	**285.7**	**281.9**	**274.0**	**324.1**	**1,165.7**	**1,270.6**	**(8)**	**(1)**
	Cobalt	**kt**	**6.3**	**5.7**	**5.5**	**6.0**	**6.7**	**23.9**	**24.5**	**(2)**	**6**
	Zinc	**kt**	**26.7**	**24.5**	**34.5**	**34.5**	**34.6**	**128.1**	**66.8**	**92**	**30**
	Gold	**koz**	**137**	**99**	**102**	**100**	**114**	**415**	**468**	**(11)**	**(17)**
	Silver	**koz**	**3,559**	**3,071**	**3,402**	**3,534**	**3,217**	**13,224**	**14,214**	**(7)**	**(10)**

Production by quarter – Q4 2016 to Q4 2017
continued

Metals and minerals

Production from own sources – Zinc assets[1]

			Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	**2017**	2016	Change 2017 vs 2016 %	Change Q4 17 vs Q4 16 %
Kazzinc											
	Zinc metal	**kt**	**51.0**	**48.1**	**54.1**	**54.9**	**53.4**	**210.5**	**187.6**	**12**	**5**
	Lead metal	**kt**	**11.8**	**11.3**	**13.8**	**16.1**	**11.7**	**52.9**	**44.0**	**20**	**(1)**
	Lead in concentrates	**kt**	**1.5**	**2.3**	**1.6**	**0.8**	**–**	**4.7**	**15.2**	**(69)**	**(100)**
	Copper metal[2]	**kt**	**12.4**	**12.7**	**15.2**	**6.3**	**15.5**	**49.7**	**53.9**	**(8)**	**25**
	Gold	**koz**	**137**	**150**	**156**	**138**	**141**	**585**	**521**	**12**	**3**
	Silver	**koz**	**1,277**	**1,152**	**1,702**	**1,591**	**1,335**	**5,780**	**4,510**	**28**	**5**
	Silver in concentrates	**koz**	**29**	**55**	**51**	**19**	**7**	**132**	**469**	**(72)**	**(76)**
Kazzinc – total production including third party feed											
	Zinc metal	*kt*	*77.4*	*75.3*	*77.2*	*81.9*	*82.4*	*316.8*	*305.5*	*4*	*6*
	Lead metal	*kt*	*32.3*	*36.5*	*36.9*	*38.4*	*34.5*	*146.3*	*133.6*	*10*	*7*
	Lead in concentrates	*kt*	*1.5*	*2.3*	*1.6*	*0.8*	*–*	*4.7*	*15.2*	*(69)*	*(100)*
	Copper metal	*kt*	*15.3*	*15.2*	*18.9*	*7.8*	*20.8*	*62.7*	*68.2*	*(8)*	*36*
	Gold	*koz*	*175*	*172*	*187*	*169*	*184*	*712*	*658*	*8*	*5*
	Silver	*koz*	*6,346*	*5,572*	*6,396*	*5,201*	*5,483*	*22,652*	*27,408*	*(17)*	*(14)*
	Silver in concentrates	*koz*	*29*	*55*	*51*	*19*	*7*	*132*	*469*	*(72)*	*(76)*
Australia (Mount Isa, McArthur River)											
Mount Isa	Zinc in concentrates	kt	75.3	68.7	64.0	51.3	42.0	226.0	288.2	(22)	(44)
	Lead in concentrates	kt	39.5	31.8	30.1	27.2	22.5	111.6	143.3	(22)	(43)
	Silver in concentrates	koz	2,038	1,658	1,539	1,251	1,046	5,494	7,332	(25)	(49)
McArthur River	Zinc in concentrates	kt	62.9	46.9	38.2	45.6	79.3	210.0	200.2	5	26
	Lead in concentrates	kt	10.8	8.7	8.3	10.8	17.0	44.8	42.1	6	57
	Silver in concentrates	koz	293	277	269	400	674	1,620	1,409	15	130
	Total Zinc in concentrates	**kt**	**138.2**	**115.6**	**102.2**	**96.9**	**121.3**	**436.0**	**488.4**	**(11)**	**(12)**
	Total Lead in concentrates	**kt**	**50.3**	**40.5**	**38.4**	**38.0**	**39.5**	**156.4**	**185.4**	**(16)**	**(21)**
	Total Silver in concentrates	**koz**	**2,331**	**1,935**	**1,808**	**1,651**	**1,720**	**7,114**	**8,741**	**(19)**	**(26)**
North America (Matagami, Kidd, Brunswick, CEZ Refinery)											
Matagami	Zinc in concentrates	kt	11.0	11.0	14.0	13.2	13.1	51.3	51.6	(1)	19
	Copper in concentrates	kt	1.8	2.0	2.1	1.3	2.0	7.4	9.7	(24)	11
Kidd	Zinc in concentrates	kt	22.2	24.0	22.2	11.4	14.8	72.4	78.5	(8)	(33)
	Copper in concentrates	kt	9.9	10.3	9.2	9.1	11.3	39.9	38.3	4	14
	Silver in concentrates	koz	674	663	842	379	387	2,271	2,292	(1)	(43)
	Total Zinc in concentrates	**kt**	**33.2**	**35.0**	**36.2**	**24.6**	**27.9**	**123.7**	**130.1**	**(5)**	**(16)**
	Total Copper in concentrates	**kt**	**11.7**	**12.3**	**11.3**	**10.4**	**13.3**	**47.3**	**48.0**	**(1)**	**14**
	Total Silver in concentrates	**koz**	**674**	**663**	**842**	**379**	**387**	**2,271**	**2,292**	**(1)**	**(43)**
North America – total production including third party feed											
Brunswick Smelter	*Lead metal*	*kt*	*16.4*	*15.7*	*16.5*	*17.6*	*12.7*	*62.5*	*69.5*	*(10)*	*(23)*
	Silver metal	*koz*	*5,048*	*4,232*	*3,480*	*5,025*	*3,689*	*16,426*	*20,764*	*(21)*	*(27)*
CEZ Refinery[6]	*Zinc metal*	*kt*	*18.1*	*12.5*	*12.6*	*8.5*	*11.5*	*45.1*	*69.3*	*(35)*	*(36)*

Metals and minerals

Production from own sources – Zinc assets[1] continued

		Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	**2017**	2016	Change 2017 vs 2016 %	Change Q4 17 vs Q4 16 %
Other Zinc: South America (Argentina, Bolivia, Peru)										
Zinc in concentrates	kt	22.5	24.9	26.3	23.0	25.6	**99.8**	99.0	1	14
Lead metal	kt	3.5	2.6	3.6	3.5	3.9	**13.6**	12.7	7	11
Lead in concentrates	kt	6.1	11.3	11.4	11.8	6.7	**41.2**	29.7	39	10
Copper in concentrates	kt	0.5	0.5	0.6	1.0	1.3	**3.4**	2.1	62	160
Silver metal	koz	206	108	182	155	192	**637**	666	(4)	(7)
Silver in concentrates	koz	1,852	2,081	2,011	1,764	1,919	**7,775**	7,271	7	4
Other Zinc: Africa (Rosh Pinah, Perkoa)										
Zinc in concentrates	kt	33.3	31.1	38.3	22.7	–	**92.1**	122.2	(25)	(100)
Lead in concentrates	kt	1.4	0.9	1.5	1.3	–	**3.7**	7.2	(49)	(100)
Silver in concentrates	koz	53	47	74	36	–	**157**	282	(44)	(100)
Total Zinc department										
Zinc	kt	278.2	254.7	257.1	222.1	228.2	**962.1**	1,027.3	(6)	(18)
Lead	kt	74.6	68.9	70.3	71.5	61.8	**272.5**	294.2	(7)	(17)
Copper	kt	24.6	25.5	27.1	17.7	30.1	**100.4**	104.0	(3)	22
Gold	koz	137	150	156	138	141	**585**	521	12	3
Silver	koz	6,422	6,041	6,670	5,595	5,560	**23,866**	24,231	(2)	(13)

South American production above excludes Volcan Compania Minera. Owing to the recent timing of the share tender in Q4 2017 (Glencore now has 63% of the voting shares and a 23% overall economic interest), management is in preliminary stages of reviewing the operations and the associated reporting framework. Therefore production data has been excluded, which currently provides a more consistent comparative analysis.

Metals and minerals

Production from own sources – Nickel assets[1]

			Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	**2017**	2016	Change 2017 vs 2016 %	Change Q4 17 vs Q4 16 %
Integrated Nickel Operations (Sudbury, Raglan, Nikkelverk)											
	Nickel metal	kt	18.3	13.9	15.5	14.0	13.6	**57.0**	65.6	(13)	(26)
	Nickel in concentrates	kt	0.2	0.2	0.1	0.1	0.1	**0.5**	0.6	(17)	(50)
	Copper metal	kt	4.6	3.9	4.2	3.9	3.6	**15.6**	16.6	(6)	(22)
	Copper in concentrates	kt	7.7	9.0	5.6	8.0	5.4	**28.0**	34.6	(19)	(30)
	Cobalt metal	kt	0.3	0.1	0.3	0.2	0.2	**0.8**	1.0	(20)	(33)
	Gold	koz	8	10	7	8	7	**32**	37	(14)	(13)
	Silver	koz	98	183	143	169	158	**653**	624	5	61
	Platinum	koz	19	23	13	20	19	**75**	90	(17)	–
	Palladium	koz	36	37	27	38	34	**136**	173	(21)	(6)
	Rhodium	koz	1	2	1	1	2	**6**	6	–	100
Integrated Nickel Operations – total production including third party feed											
	Nickel metal	*kt*	*23.3*	*22.6*	*21.2*	*21.4*	*21.3*	*86.5*	*92.7*	*(7)*	*(9)*
	Nickel in concentrates	*kt*	*0.2*	*0.2*	*0.1*	*0.1*	*0.2*	*0.6*	*0.7*	*(14)*	*–*
	Copper metal	*kt*	*6.9*	*5.9*	*5.9*	*5.9*	*5.0*	*22.7*	*28.1*	*(19)*	*(28)*
	Copper in concentrates	*kt*	*9.1*	*10.2*	*6.5*	*9.6*	*6.7*	*33.0*	*40.6*	*(19)*	*(26)*
	Cobalt metal	*kt*	*1.0*	*0.8*	*1.0*	*0.8*	*0.9*	*3.5*	*3.5*	*–*	*(10)*
	Gold	*koz*	*11*	*13*	*9*	*11*	*10*	*43*	*50*	*(14)*	*(9)*
	Silver	*koz*	*141*	*275*	*211*	*258*	*232*	*976*	*994*	*(2)*	*65*
	Platinum	*koz*	*25*	*30*	*19*	*29*	*25*	*103*	*123*	*(16)*	*–*
	Palladium	*koz*	*52*	*50*	*41*	*62*	*58*	*211*	*254*	*(17)*	*12*
	Rhodium	*koz*	*2*	*2*	*2*	*1*	*2*	*7*	*8*	*(13)*	*–*
Murrin Murrin											
	Total Nickel metal	kt	10.1	6.2	7.3	11.1	9.5	**34.1**	35.3	(3)	(6)
	Total Cobalt metal	kt	0.7	0.5	0.6	0.9	0.7	**2.7**	2.8	(4)	–
Murrin Murrin – total production including third party feed											
	Total Nickel metal	*kt*	*13.2*	*8.2*	*9.5*	*13.0*	*11.3*	*42.0*	*46.0*	*(9)*	*(14)*
	Total Cobalt metal	*kt*	*0.8*	*0.5*	*0.8*	*0.9*	*0.8*	*3.0*	*3.2*	*(6)*	*–*
Koniambo	**Nickel in ferronickel**	kt	4.1	4.6	3.4	4.3	5.2	**17.5**	13.6	29	27
Total Nickel department											
	Nickel	kt	32.7	24.9	26.3	29.5	28.4	**109.1**	115.1	(5)	(13)
	Copper	kt	12.3	12.9	9.8	11.9	9.0	**43.6**	51.2	(15)	(27)
	Cobalt	kt	1.0	0.6	0.9	1.1	0.9	**3.5**	3.8	(8)	(10)
	Gold	koz	8	10	7	8	7	**32**	37	(14)	(13)
	Silver	koz	98	183	143	169	158	**653**	624	5	61
	Platinum	koz	19	23	13	20	19	**75**	90	(17)	–
	Palladium	koz	36	37	27	38	34	**136**	173	(21)	(6)
	Rhodium	koz	1	2	1	1	2	**6**	6	–	100

Metals and minerals

Production from own sources – Ferroalloys assets[1]

			Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	**2017**	2016	Change 2017 vs 2016 %	Change Q4 17 vs Q4 16 %
Ferrochrome[7]		kt	417	439	397	271	424	1,531	1,523	1	2
PGM[8]	Platinum	koz	13	14	15	8	4	41	58	(29)	(69)
	Palladium	koz	9	9	9	5	2	25	36	(31)	(78)
	Rhodium	koz	2	2	3	1	1	7	10	(30)	(50)
	Gold	koz	–	–	–	1	–	1	1	–	n.m.
	4E	**koz**	**24**	**25**	**27**	**15**	**7**	**74**	**105**	**(30)**	**(71)**
Vanadium Pentoxide		mlb	5.5	5.1	4.4	6.1	5.3	20.9	21.1	(1)	(4)

Total production – Custom metallurgical assets[1]

			Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	**2017**	2016	Change 2017 vs 2016 %	Change Q4 17 vs Q4 16 %
Copper (Altonorte, Pasar, Horne, CCR)											
	Copper metal	kt	125.0	128.2	131.3	132.1	135.2	526.8	489.1	8	8
	Copper anode	kt	158.5	139.7	124.6	139.5	131.9	535.7	522.5	3	(17)
Zinc (Portovesme, San Juan de Nieva, Nordenham, Northfleet)											
	Zinc metal	kt	195.5	197.2	198.0	196.6	196.2	788.0	789.8	–	–
	Lead metal	kt	49.9	53.3	46.5	44.1	49.9	193.8	216.6	(11)	–
	Silver	koz	4,270	3,243	4,222	2,890	3,301	13,656	14,845	(8)	(23)

1 Controlled industrial assets and joint ventures only. Production is on a 100% basis, except as stated.
2 Copper metal includes copper contained in copper concentrates and blister.
3 Cobalt contained in concentrates and hydroxides.
4 The Group's pro-rata share of Collahuasi production (44%).
5 The Group's pro-rata share of Antamina production (33.75%).
6 The Group's pro-rata share of CEZ production (25%).
7 The Group's attributable 79.5% share of the Glencore-Merafe Chrome Venture.
8 Consolidated 50% of Mototolo and 100% of the Group's PGM recovery plant.

Production by quarter – Q4 2016 to Q4 2017
continued

Energy products

Production from own sources – Coal assets[1]

		Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	**2017**	2016	Change 2017 vs 2016 %	Change Q4 17 vs Q4 16 %
Australian coking coal	mt	1.7	1.7	1.0	1.8	1.6	6.1	5.3	15	(6)
Australian semi-soft coal	mt	1.1	1.0	1.2	1.0	0.8	4.0	4.2	(5)	(27)
Australian thermal coal (export)	mt	14.7	12.8	13.4	11.2	11.7	49.1	52.5	(6)	(20)
Australian thermal coal (domestic)	mt	1.0	1.6	1.7	1.6	2.6	7.5	5.6	34	160
South African thermal coal (export)	mt	4.3	4.2	4.5	5.4	4.6	18.7	17.2	9	7
South African thermal coal (domestic)	mt	3.1	2.6	2.2	2.7	2.5	10.0	12.1	(17)	(19)
Prodeco	mt	4.3	4.2	3.8	3.7	2.9	14.6	17.3	(16)	(33)
Cerrejón[2]	mt	2.8	2.8	2.4	2.5	2.9	10.6	10.7	(1)	4
Total Coal department	**mt**	**33.0**	**30.9**	**30.2**	**29.9**	**29.6**	**120.6**	**124.9**	**(3)**	**(10)**

1 Controlled industrial assets and joint ventures only. Production is on a 100% basis except for joint ventures, where the Group's attributable share of production is included.
2 The Group's pro-rata share of Cerrejón production (33.3%).

Oil assets

		Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	**2017**	2016	Change 2017 vs 2016 %	Change Q4 17 vs Q4 16 %
Glencore entitlement interest basis										
Equatorial Guinea	kbbl	708	691	642	622	574	2,529	3,629	(30)	(19)
Chad	kbbl	777	674	633	624	593	2,524	3,882	(35)	(24)
Total Oil department	kbbl	**1,485**	**1,365**	**1,275**	**1,246**	**1,167**	**5,053**	**7,511**	**(33)**	**(21)**
Gross basis										
Equatorial Guinea	kbbl	3,309	3,249	3,048	2,896	2,721	11,914	16,909	(30)	(18)
Chad	kbbl	1,063	921	866	853	810	3,450	5,308	(35)	(24)
Total Oil department	kbbl	**4,372**	**4,170**	**3,914**	**3,749**	**3,531**	**15,364**	**22,217**	**(31)**	**(19)**

Agricultural products

Processing/production data[1]

		Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	**2017**	2016	Change 2017 vs 2016 %	Change Q4 17 vs Q4 16 %
Farming	kt	142	10	138	148	64	360	792	(55)	(55)
Crushing	kt	2,333	1,705	2,075	2,000	2,285	8,065	7,680	5	(2)
Long-term toll agreement	kt	13	212	242	246	112	812	804	1	n.m.
Biodiesel	kt	210	168	166	193	208	735	687	7	(1)
Rice milling	kt	46	38	55	58	26	177	274	(35)	(43)
Wheat milling	kt	247	223	239	234	224	920	989	(7)	(9)
Sugarcane processing	kt	746	–	1,253	2,302	1,329	4,884	3,259	50	78
Total Agricultural products	kt	**3,737**	**2,355**	**4,168**	**5,181**	**4,249**	**15,953**	**14,485**	**10**	**14**

1 Reported on a 100% basis.

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 2017, as published on the Glencore website on 1 February 2018. 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 2016 edition 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 2017, unless otherwise noted. For comparison purposes, data for 2016 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.

Metals and minerals: Copper

Copper mineral resources

		Measured Mineral Resources		Indicated Mineral Resources		Measured and Indicated Resources		Inferred Mineral Resources	
Name of operation	Commodity	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
African copper									
Katanga	(Mt)	16	16	267	259	284	276	168	168
	Copper (%)	3.58	3.58	3.60	3.66	3.60	3.66	3.79	3.78
	Cobalt (%)	0.57	0.57	0.53	0.54	0.54	0.55	0.44	0.44
Mutanda	(Mt)	256	245	200	194	456	439	202	235
	Copper (%)	1.36	1.52	1.11	1.10	1.24	1.33	0.71	0.81
	Cobalt (%)	0.51	0.60	0.41	0.40	0.46	0.51	0.31	0.24
Mopani	(Mt)	211	202	74	74	285	277	78	77
	Copper (%)	2.09	2.11	2.01	2.00	2.07	2.08	2.07	2.06
	Cobalt (%)	0.08	0.08	0.08	0.08	0.08	0.08	0.09	0.10
Collahuasi	(Mt)	934	859	4,471	4,263	5,405	5,122	4,444	4,853
	Copper (%)	0.85	0.80	0.81	0.79	0.82	0.80	0.75	0.76
	Molybdenum (%)	0.02	0.02	0.02	0.02	0.02	0.02	0.01	0.01
Antamina	(Mt)	254	239	816	846	1,070	1,085	1,372	1,247
	Copper (%)	0.89	0.91	0.89	0.88	0.89	0.89	0.91	0.88
	Zinc (%)	0.76	0.72	0.76	0.79	0.76	0.78	0.55	0.62
	Silver (g/t)	11	10	11	11	11	11	10	10
	Molybdenum (%)	0.024	0.025	0.020	0.019	0.021	0.021	0.020	0.018
Other South America	(Mt)	651	701	2,132	2,195	2,782	2,896	838	886
	Copper (%)	0.43	0.41	0.38	0.37	0.39	0.38	0.34	0.33
	Gold (g/t)	0.10	0.09	0.03	0.04	0.05	0.05	0.03	0.05
	Silver (g/t)	0.6	0.6	0.6	0.6	0.6	0.6	0.4	0.4
Australia	(Mt)	116	122	177	182	293	304	165	162
	Copper (%)	1.82	1.89	1.37	1.37	1.54	1.58	1.1	1.1
	Gold (g/t)	0.09	0.08	0.23	0.23	0.18	0.17	0.06	0.03
	Silver (g/t)	0.6	0.6	0.4	0.4	0.5	0.5	0.7	0.8
Other projects	(Mt)	534	534	1,551	1,551	2,085	2,085	2,498	2,537
(El Pachon, West Wall)	Copper (%)	0.67	0.67	0.51	0.51	0.55	0.55	0.44	0.44
	Gold (g/t)	–	–	0.02	0.02	0.01	0.01	0.02	0.02
	Silver (g/t)	2.4	2.4	1.4	1.4	1.7	1.7	1.1	1.1
	Molybdenum (%)	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01

Resources and reserves
continued

Copper ore reserves

Name of operation	Commodity	Proved Ore Reserves 2017	Proved Ore Reserves 2016	Probable Ore Reserves 2017	Probable Ore Reserves 2016	Total Ore Reserves 2017	Total Ore Reserves 2016
African copper							
Katanga	(Mt)	9	10	129	114	138	125
	Copper (%)	3.55	3.63	3.13	3.50	3.15	3.51
	Cobalt (%)	0.55	0.41	0.51	0.53	0.51	0.52
Mutanda	(Mt)	93	116	34	43	126	159
	Copper (%)	1.80	1.88	1.73	1.53	1.78	1.79
	Cobalt (%)	0.69	0.74	0.59	0.65	0.66	0.72
Mopani	(Mt)	114	112	30	30	144	142
	Copper (%)	1.91	1.90	1.97	1.95	1.92	1.91
	Cobalt (%)	0.07	0.08	0.07	0.08	0.07	0.08
Collahuasi	(Mt)	479	419	2,740	2,669	3,220	3,088
	Copper (%)	1.14	1.08	0.89	0.87	0.93	0.90
	Molybdenum (%)	0.023	0.025	0.024	0.023	0.024	0.023
Antamina	(Mt)	180	174	358	378	538	552
	Copper (%)	0.97	1.01	0.89	0.92	0.92	0.95
	Zinc (%)	0.89	0.82	1.00	1.10	0.96	1.01
	Silver (g/t)	11	11	10	11	11	11
	Molybdenum (%)	0.027	0.028	0.022	0.020	0.024	0.022
Other South America	(Mt)	519	531	809	834	1,329	1,365
	Copper (%)	0.43	0.42	0.46	0.46	0.45	0.45
	Gold (g/t)	0.10	0.08	0.05	0.05	0.07	0.07
	Silver (g/t)	0.7	0.7	1.1	1.1	0.9	0.9
Australia	(Mt)	26	26	69	80	95	106
	Copper (%)	2.16	2.25	1.48	1.38	1.66	1.59
	Gold (g/t)	0.31	0.20	0.29	0.31	0.29	0.28
	Silver (g/t)	2.3	2.2	0.4	0.5	0.9	0.9

Metals and minerals: Zinc

Zinc mineral resources

Name of operation	Commodity	Measured Mineral Resources 2017	Measured Mineral Resources 2016	Indicated Mineral Resources 2017	Indicated Mineral Resources 2016	Measured and Indicated Resources 2017	Measured and Indicated Resources 2016	Inferred Mineral Resources 2017	Inferred Mineral Resources 2016
Kazzinc									
Kazzinc Polymetallic	(Mt)	90	87	97	99	187	186	156	97
	Zinc (%)	4.1	4.0	1.7	1.9	2.8	2.9	2.5	2
	Lead (%)	1.5	1.5	0.5	0.6	1.0	1.0	1.2	1
	Copper (%)	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
	Silver (g/t)	20	20	16	17	18	18	23	31
	Gold (g/t)	0.5	0.4	0.8	0.9	0.7	0.7	0.8	1
Kazzinc Gold (Vasilkovskoye)	(Mt)	84	87	48	40	132	127	0.1	26
	Gold (g/t)	2.1	2.2	1.7	2.1	2.0	2.2	0.9	1.7
Australia									
Mount Isa	(Mt)	123	118	358	346	480	464	190	200
	Zinc (%)	6.9	7.2	6.0	5.9	6.2	6.2	5	5
	Lead (%)	4.2	4.5	3.2	3.1	3.4	3.5	3	3
	Silver (g/t)	81	87.5	60	59	66	66	55	56
McArthur River	(Mt)	121	123	65	64	188	188	–	–
	Zinc (%)	9.9	9.9	8.8	8.9	9.6	9.6	–	–
	Lead (%)	4.6	4.6	4.0	4.1	4.5	4.5	–	–
	Silver (g/t)	47	47	42	43	46	46	–	–
North America									
Zinc North America	(Mt)	22.1	24.0	36.1	36.1	58	60	64	64
	Zinc (%)	4.3	4.32	4.7	4.7	4.6	4.6	3.7	3.7
	Lead (%)	0.5	0.44	0.5	0.5	0.5	0.5	0.5	0.5
	Copper (%)	1.5	1.56	0.7	0.7	1.0	1.0	0.5	0.5
	Silver (g/t)	47	47.7	106	107	84	83	145	140
	Gold (g/t)	0.4	0.38	0.4	0.4	0.4	0.4	0.2	0.2
Copper North America	(Mt)	75	75	255	255	330	330	120	120
	Copper (%)	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
	Gold (g/t)	0.2	0.2	0.2	0.2	0.2	0.2	0.1	0.1
Other Zinc	(Mt)	16.3	10.2	19.8	22.7	36.1	33.3	64	53.9
	Zinc (%)	5.8	7.6	5.2	5.1	5.5	5.9	7.3	7.2
	Lead (%)	2.0	3.0	1.8	1.8	1.9	2.2	1.3	1.0
	Copper (%)	0.4	0.3	0.4	0.3	0.4	0.4	0.1	–
	Silver (g/t)	165	256	177	195	172	217	62	25

Zinc ore reserves

Name of operation	Commodity	Proved Ore Reserves 2017	Proved Ore Reserves 2016	Probable Ore Reserves 2017	Probable Ore Reserves 2016	Total Ore Reserves 2017	Total Ore Reserves 2016
Kazzinc							
Kazzinc Polymetallic	(Mt)	78	71	20	20	99	91
	Zinc (%)	3.9	3.9	4.3	4.8	4.0	4.1
	Lead (%)	1.5	1.6	0.8	0.8	1.4	1.4
	Copper (%)	0.2	0.1	0.6	0.6	0.3	0.2
	Silver (g/t)	16	16	26	20	18	17
	Gold (g/t)	0.3	0.2	0.7	0.6	0.3	0.3
Kazzinc Gold (Vasilkovskoye)	(Mt)	70.0	70.6	38	30	108	101
	Gold (g/t)	2.2	2.3	1.8	2.2	2.1	2.3
Australia							
Mount Isa	(Mt)	26.3	22.4	58	55	84	78
	Zinc (%)	8.7	9.1	7.0	7.9	7.8	8.2
	Lead (%)	4.3	4.8	3.2	3.8	3.8	4.1
	Silver (g/t)	79	92	63	69	68	75
McArthur River	(Mt)	70	71	44.1	45.2	114	117
	Zinc (%)	10.6	10.6	7.4	7.4	9.3	9.4
	Lead (%)	5.0	5.0	3.6	3.6	4.4	4.5
	Silver (g/t)	50	50	37	37	45	45
North America	(Mt)	6.3	7.7	4.1	4.8	10	12
	Zinc (%)	4.1	4.2	6.4	6.2	5.0	5.0
	Copper (%)	1.8	1.8	1.3	1.4	1.6	1.7
	Silver (g/t)	46	45	34	35	41	41
	Gold (g/t)	0.04	0.1	0.5	0.4	0.2	0.2
Other Zinc	(Mt)	5.5	4.0	10.9	10.2	16.5	14.2
	Zinc (%)	5.2	5.8	4.3	4.9	5.5	5.2
	Lead (%)	2.0	3.2	1.4	1.5	1.9	2.0
	Copper (%)	0.2	0.1	0.3	0.3	0.2	0.2
	Silver (g/t)	126	212	120	128	122	152

Metals and minerals: Nickel

Nickel mineral resources

Name of operation	Commodity	Measured Mineral Resources 2017	Measured Mineral Resources 2016	Indicated Mineral Resources 2017	Indicated Mineral Resources 2016	Measured and Indicated Resources 2017	Measured and Indicated Resources 2016	Inferred Mineral Resources 2017	Inferred Mineral Resources 2016
INO	(Mt)	14.6	14.9	34.6	29.9	49.3	44.8	34	38
	Nickel (%)	2.65	2.58	2.61	2.75	2.62	2.70	1.8	2.1
	Copper (%)	1.28	1.44	1.81	0.99	1.66	1.14	1.8	2.4
	Cobalt (%)	0.06	0.06	0.06	0.06	0.06	0.06	0.1	0.1
	Platinum (g/t)	0.91	0.98	0.92	0.71	0.91	0.80	1.0	1.1
	Palladium (g/t)	1.55	1.60	1.55	1.33	1.55	1.42	1.6	1.9
Murrin Murrin	(Mt)	140.9	186.1	77.4	88.3	218.3	274.4	18	21
	Nickel (%)	1.00	0.97	0.99	0.98	1.00	0.97	0.9	0.9
	Cobalt (%)	0.074	0.071	0.084	0.078	0.078	0.073	0.07	0.06
Koniambo	(Mt)	13.8	13.1	43.2	46.3	57.0	59.6	83	88
	Nickel (%)	2.49	2.50	2.40	2.44	2.42	2.46	2.5	2.5
Other Nickel	(Mt)	13.8	13.8	23.4	23.4	37.2	37.2	21	21
(Kabanga)	Nickel (%)	2.49	2.49	2.72	2.72	2.63	2.63	2.6	2.6
	Copper (%)	0.34	0.34	0.36	0.36	0.35	0.35	0.3	0.3
	Cobalt (%)	0.21	0.21	0.19	0.19	0.20	0.20	0.2	0.2
	Platinum (g/t)	0.16	0.16	0.42	0.42	0.32	0.32	0.3	0.3
	Palladium (g/t)	0.19	0.19	0.28	0.28	0.25	0.25	0.3	0.3

Nickel ore reserves

Name of operation	Commodity	Proved Ore Reserves 2017	Proved Ore Reserves 2016	Probable Ore Reserves 2017	Probable Ore Reserves 2016	Total Ore Reserves 2017	Total Ore Reserves 2016
INO	(Mt)	11.1	9.8	21.9	9.3	33.0	19.1
	Nickel (%)	2.03	2.02	2.39	2.59	2.27	2.29
	Copper (%)	1.15	1.46	0.92	0.73	1.00	1.10
	Cobalt (%)	0.04	0.04	0.05	0.06	0.05	0.05
	Platinum (g/t)	0.78	0.95	0.54	0.66	0.62	0.81
	Palladium (g/t)	1.24	1.40	1.00	1.47	1.08	1.44
Murrin Murrin	(Mt)	85.5	183.7	18.9	54.2	104.3	237.9
	Nickel (%)	1.04	0.94	1.06	0.92	1.05	0.94
	Cobalt (%)	0.080	0.064	0.077	0.061	0.079	0.064
Koniambo	(Mt)	11.2	9.7	25.9	26.2	37.1	35.9
	Nickel (%)	2.30	2.30	2.22	2.28	2.25	2.29

Metals and minerals: Ferroalloys

Ferroalloys mineral resources

Name of operation	Commodity	Measured Mineral Resources 2017	Measured Mineral Resources 2016	Indicated Mineral Resources 2017	Indicated Mineral Resources 2016	Measured and Indicated Resources 2017	Measured and Indicated Resources 2016	Inferred Mineral Resources 2017	Inferred Mineral Resources 2016
Western Chrome Mines	(Mt)	54.248	54.108	56.38	57.54	110.63	111.65	115.6	115.5
	Cr_2O_3 (%)	42.09	42.11	41.4	41.4	41.7	41.7	42	42
Eastern Chrome Mines	(Mt)	61.364	60.764	45.78	24.98	107.14	85.75	157.7	181.7
	Cr_2O_3 (%)	40.32	40.33	40.4	40.2	40.3	40.3	38	38
Vanadium	(Mt)	49.68	49.18	38.12	39.4	87.81	88.5	94	95
	V_2O_5 (%)	0.48	0.48	0.5	0.5	0.5	0.5	0.5	0.5
PGM	(Mt)	20.988	24.294	–	–	20.99	24.29	–	–
	3PGE + Gold (g/t)	4.21	3.89	–	–	4.2	3.9	–	–
Silica	(Mt)	–	–	22.96	23.27	22.96	23.27	–	–
	SiO_2 (%)	–	–	91	91	91	91	–	–

Ferroalloys ore reserves

Name of operation	Commodity	Proved Ore Reserves 2017	Proved Ore Reserves 2016	Probable Ore Reserves 2017	Probable Ore Reserves 2016	Total Ore Reserves 2017	Total Ore Reserves 2016
Western Chrome Mines	(Mt)	18.477	17.157	7.37	8.11	25.84	25.26
	Cr_2O_3 (%)	31.00	31.13	28.4	28.1	30.4	30.2
Eastern Chrome Mines	(Mt)	27.050	25.517	9.09	8.15	36.14	33.66
	Cr_2O_3 (%)	35.00	33.72	35.9	34.2	35.2	33.8
Vanadium	(Mt)	25.30	26.83	12.1	13.0	37.4	39.8
	V_2O_5 (%)	0.47	0.47	0.5	0.5	0.5	0.5
PGM	(Mt)	12.992	12.795	–	–	12.99	12.80
	3PGE + Gold (g/t)	4.02	3.58	–	–	4.0	3.6
Silica	(Mt)	–	–	1.70	2.05	1.70	2.05
	SiO_2 (%)	–	–	90	91	90	91

Metals and minerals: Iron Ore

Iron ore mineral resources

Name of operation	Commodity	Measured Mineral Resources 2017	Measured Mineral Resources 2016	Indicated Mineral Resources 2017	Indicated Mineral Resources 2016	Measured and Indicated Resources 2017	Measured and Indicated Resources 2016	Inferred Mineral Resources 2017	Inferred Mineral Resources 2016
El Aouj Mining Company S.A.	(Mt)	470	470	1,435	1,435	1,905	1,905	2,520	2,520
	Iron (%)	36	36	36	36	36	36	35	35
Sphere Mauritania S.A.	(Mt)	215	215	190	190	405	405	251	251
(Askaf)	Iron (%)	36	36	35	35	36	36	35	35
Sphere Lebtheinia S.A.	(Mt)	–	–	2,180	2,180	2,180	2,180	560	560
	Iron (%)	–	–	32	32	32	32	32	32
Jumelles Limited	(Mt)	2,300	2,300	2,500	2,500	4,800	4,800	2,100	2,100
(Zanaga)	Iron (%)	34	34	30	30	32	32	31	31

Iron ore reserves

Name of operation	Commodity	Proved Ore Reserves 2017	Proved Ore Reserves 2016	Probable Ore Reserves 2017	Probable Ore Reserves 2016	Total Ore Reserves 2017	Total Ore Reserves 2016
El Aouj Mining Company S.A.	(Mt)	380	380	551	551	931	931
	Iron (%)	35	35	35	35	35	35
Jumelles Limited	(Mt)	770	770	1,290	1,290	2,070	2,070
(Zanaga)	Iron (%)	37	37	32	32	34	34

Energy products: Coal

Coal resources

Name of operation	Commodity	Measured Coal Resources 2017	Measured Coal Resources 2016	Indicated Coal Resources 2017	Indicated Coal Resources 2016	Inferred Coal Resources 2017	Inferred Coal Resources 2016
Australia							
New South Wales	Coking/Thermal Coal (Mt)	3,002	3,145	3,079	2,943	6,011	5,211
Queensland	Coking/Thermal Coal (Mt)	3,008	3,033	3,851	3,685	8,370	8,030
South Africa	Thermal Coal (Mt)	2,475	2,895	844	1,136	355	435
Prodeco	Thermal Coal (Mt)	220	175	160	210	70	70
Cerrejón	Thermal Coal (Mt)	3,150	3,000	1,050	1,250	700	650
Canada projects							
(Suska, Sukunka)	Coking/Thermal Coal (Mt)	45	45	113	113	130	130

Resources and reserves
continued

Coal reserves

Name of operation	Commodity	Coal Reserves Proved 2017	Coal Reserves Probable 2017	Marketable Coal Reserves Proved 2017	Marketable Coal Reserves Probable 2017	Total Marketable Coal Reserves 2017	Total Marketable Coal Reserves 2016
Australia							
New South Wales	Thermal Coal (Mt)	771	207	568	148	715	780
	Coking Coal (Mt)	18	41	11	29	40	39
Queensland	Thermal Coal (Mt)	881	390	789	345	1,134	1,152
	Coking Coal (Mt)	66	42	46	27	73	83
South Africa	Thermal Coal (Mt)	714	253	450	145	595	646
Prodeco	Thermal Coal (Mt)	120	55	120	55	175	180
Cerrejón	Thermal Coal (Mt)	430	40	420	40	460	540

Energy products: Oil

Net reserves (Proven and Probable)[1]

	Working Interest Basis								
	Equatorial Guinea		Chad		Cameroon		**Total**		
	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Combined mmboe
31 December 2016	13	–	152	–	–	–	**165**	**–**	**165**
Revisions	7	146	(53)	–	–	–	**(46)**	**146**	**(21)**
Discoveries	–	–	–	–	3	–	**3**	**–**	**3**
Production	(3)	–	(3)	–	–	–	**(6)**	**–**	**(6)**
31 December 2017	17	146	96	–	3	–	**116**	**146**	**141**

Net contingent resources (2C)[1]

	Working Interest Basis								
	Equatorial Guinea		Chad		Cameroon		**Total**		
	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Oil mmbbl	Gas bcf	Combined mmboe
31 December 2016	25	530	9	–	18	–	**52**	**530**	**143**
Revisions	(2)	(76)	52	–	(3)	–	**47**	**(76)**	**34**
Divestments	–	–	–	–	(11)	–	**(11)**	**–**	**(11)**
31 December 2017	23	454	61	–	4	–	**88**	**454**	**166**

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

Shareholder information

Glencore plc is registered in Jersey, with headquarters in Switzerland and operations around the world.

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The Company has a primary listing on the London Stock Exchange (LSE) and a secondary listing on the Johannesburg Stock Exchange (JSE).

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Important notice regarding compilation of report

Important notice concerning this document including forward looking statements

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