

OPENING STATEMENT

FULL VERSION

1. Introduction

Thank you Chair and Committee for providing Glencore with an opportunity to speak today.

We have a full opening statement that can be read into Hansard but would like to highlight a number of key points for the Committee on our business model, tax payments and corporate structures.

2. Glencore Business Model

Glencore is one of the world's largest, diversified natural resource companies, an integrated global producer and marketer of bulk commodities. Our commodities include metals and minerals, energy products and agricultural products.

We have more than 90 marketing offices in over 50 countries and our global portfolio of industrial assets includes over 150 mining and metallurgical, oil production and agricultural facilities.

We market and distribute physical commodities sourced from our own production and also from third party producers. We also provide financing, processing, storage, logistics and other services to both producers and consumers of commodities. Our global marketing business is a major point of differentiation from our mining peers.

Glencore's direct and indirect business interests span the entire supply chain from exploration and production through to smelting, refining, storage and handling, packaging, rail, trucking, shipping, marketing and trading through to customer end use.

Our marketing business is a global logistics network, supplying the commodities that are needed to the places that need them most, sustainably and responsibly. We are open and transparent about our business, and value the relationships we have with our stakeholders. We are proud to be a member of the International Council on Mining and Metals (ICMM), a supporter of the Extractive Industries Transparency Initiative (EITI) and we recently joined the plenary of the UN Voluntary Principles on Security and Human Rights.

We are very proud of the role we play in creating value and lasting benefits in Australia. Our contribution in Australia extends far beyond tax and royalty payments to government.

Since 2007, our business has invested over \$21 billion into Australia building new operations and sustaining existing operations, plants and infrastructure. That equates to an average rate of investment of roughly \$2.6 billion every year or \$7 million dollars a day, every day for the past eight years.

In 2014 our business in Australia employed almost 18,000 people and contributed the following:

- \$1.8 billion in salaries and wages
- \$7.8 billion in spend on goods and services
- \$2.0 billion in capital investment
- \$1.2 billion in taxes and royalties
- \$10 million on community based projects or programs

Our business activities make a meaningful contribution to the national economy; we create new jobs and support local businesses and communities where we operate. Without investment into Australia's natural resources and the willingness of companies like Glencore to take on the

investment risks, the royalties and associated revenue streams for government would be significantly less.

3. Glencore Taxation Payments

Glencore fully cooperates with the relevant regulatory authorities, including the Australian Taxation Office (ATO) which continuously reviews our operations and tax returns. We abide by the same tax rules as all other miners operating in Australia.

As with any business, we pay corporate tax on our taxable income, not on our revenue. Revenue is not a reliable indicator of tax liability.

The resources sector is cyclical, so when commodity prices are high, profitability improves resulting in greater tax revenues for government. The opposite of course, is also true when prices are lower. Since 2007 we have paid nearly \$9 billion in taxes and royalties in Australia.

Today we would like to share with the committee the preliminary results for the 2014 financial year for our Australian operations. We would stress that these are only preliminary numbers as our statutory accounts have not yet been finalised.

- Revenues of \$13 billion
- Accounting loss before income taxes of \$1.4 billion
- Company tax paid of \$77 million; this amount is part of the \$1.2 billion of total taxes and royalties paid in Australia by Glencore last year.

Glencore's Australian average effective tax rate for the previous five years was 27%.

Glencore global effective tax rate for the 2014 calendar year was 22%. This is calculated as corporate taxes paid over accounting profits.

Challenging marketing conditions and inherited tax losses have contributed greatly to the group's recent tax position in Australia. The financial performance of our mines in Australia, particularly coal and copper, reflected the weaker pricing environment.

Glencore has taken a responsible and disciplined approach to our coal business and has removed some coal from the market, rather than push incremental tonnes into an oversupplied global market. Thermal coal prices are now at their lowest point since 2009 and coking coal prices have fallen by over 70% since 2011 peaks. Regrettably, we have also reduced our Australian employee and contractor numbers by around 3,000 people since 2012 in the face of current market challenges.

Prices for the other commodities we mine in Australia – such as copper and nickel – have also fallen significantly in recent times from the highs they reached after the global financial crisis.

Glencore inherited tax losses from Xstrata's \$3 billion Jubilee nickel acquisition in Western Australia where mining operations have subsequently proven to be uneconomic and production has ceased. The majority of our acquisitions have been successful, however Jubilee highlights the risks inherent in our industry and the levels of capital investment and exploration spend involved.

As this Committee is aware, each mining company is different in terms of scale and diversity of commodities. This will impact the profile of corporate tax payments in each jurisdiction. For example Glencore's does not mine iron ore in Australia, however profits arising from the sustained margins in iron ore make up the overwhelming majority of our competitors' historical profits and therefore their Australian corporate tax payments.

We have a successful track record of investing in Australia which includes investment into existing assets to extend their operational life. Without this investment many would be closed today; our management expertise and reputation for converting so called "Tier 2" industrial assets into "Tier 1" performers has added significant value to our business and the Australian economy has also benefitted from this.

A number of recent key investments made by our business include

Completed Projects

- Ravensworth North coal mine in New South Wales - \$1.5 billion invested and 660 direct jobs
- Ulan West coal mine in New South Wales - \$1.3 billion invested and 356 direct jobs
- Mangoola coal mine in New South Wales - \$800 million invested and 325 direct jobs
- Blakefield South coal project in New South Wales - \$400 million invested and 100 direct jobs
- Lady Loretta zinc mine in Queensland - \$350 million invested and 240 direct jobs
- McArthur River Zinc Mine in Northern Territory - \$360 million invested and 166 direct jobs

Planned Projects

- Bulga Optimisation coal Project in New South Wales - \$500 million of planned investment
- Blakefield North coal Project in New south Wales - \$300 million of planned investment

4. Glencore Tax Transparency

Glencore is listed on the UK, Hong Kong and Johannesburg stock exchanges which require our business to comply with a wide range of tax transparency and compliance measures. We are transparent about our financial performance and report on our tax payments in both our Annual Report and our Sustainability Report.

Glencore is already, or will be, subject to the following tax transparency initiatives, including:

- The Australian Taxation Office (ATO) tax transparency disclosures
- The Extractive Industries Transparency Initiative (EITI)
- The new European Union accounting directive; and the
- Future OECD country by country reporting initiative

5. Glencore corporate structures

The Glencore group in Australia has grown predominantly through the acquisition of companies. This means that we have inherited legacy structures from vendors. Following the acquisition of Xstrata we commenced a process to streamline our corporate ownership structure, and have reduced the number of companies we have in Australia. This simplification process will allow for a single set of financial statements to be prepared for our Australian mining business from 2015 onwards.

We note the Committee's interest in marketing hubs from previous sessions. One of the inherited legacies of Glencore's acquisition of Xstrata was a Singapore coal marketing office.

With the emergence of Singapore as a global coal trading hub, Xstrata established a coal marketing office in Singapore in 2011. This took place prior to the acquisition of Xstrata by Glencore and Xstrata engaged upfront with the Australian and Singapore tax authorities through a bilateral advance pricing agreement process.

Following Glencore's acquisition of Xstrata we have integrated Xstrata's coal marketing business into Glencore's global coal marketing function. Australian coal sales will now be done directly from our Australian companies to end customers.

6. Australian tax laws & tax reform

While Glencore monitors public policy debates related to our business interests, we do not make tax policy nor do we make tax legislation. This is the role of Governments.

Australia has a very robust tax regulatory regime in place. Irrespective of the location of our subsidiaries, Australia's controlled foreign company, transfer pricing, thin capitalisation and other tax integrity rules effectively prevent corporate entities from obtaining an Australian tax advantage.

Glencore supports a clear policy vision for Australia that lays the foundations for an open, innovative, productive and competitive economy. We support an approach that considers long term investment horizons and involves genuine consultation with business.

Glencore supports a constructive and informed public debate on taxation reform because it is directly linked to Australia's ongoing international trade competitiveness and future economic prosperity.

We encourage policy makers to consider the following guiding principles as part of any tax reform process in Australia:

- Consultation – with all affected stakeholders.
- Prospectivity – Changes should not disadvantage historical investments nor should they give unfair advantage to new entrants. Applying new rules retrospectively undermines investor confidence and increases Australia's sovereign risk for future investment.
- International Competitiveness – The Australian resources sector must remain competitive internationally with other resource rich nations.
- Efficiency – Tax reform should be equitable and efficient and promote economic growth as well as improve the simplicity and fairness of the system.
- Policy Certainty – Given the risks involved in making substantial, long-term capital investments, effective tax reform should provide investors with policy and regulatory certainty over the long term.

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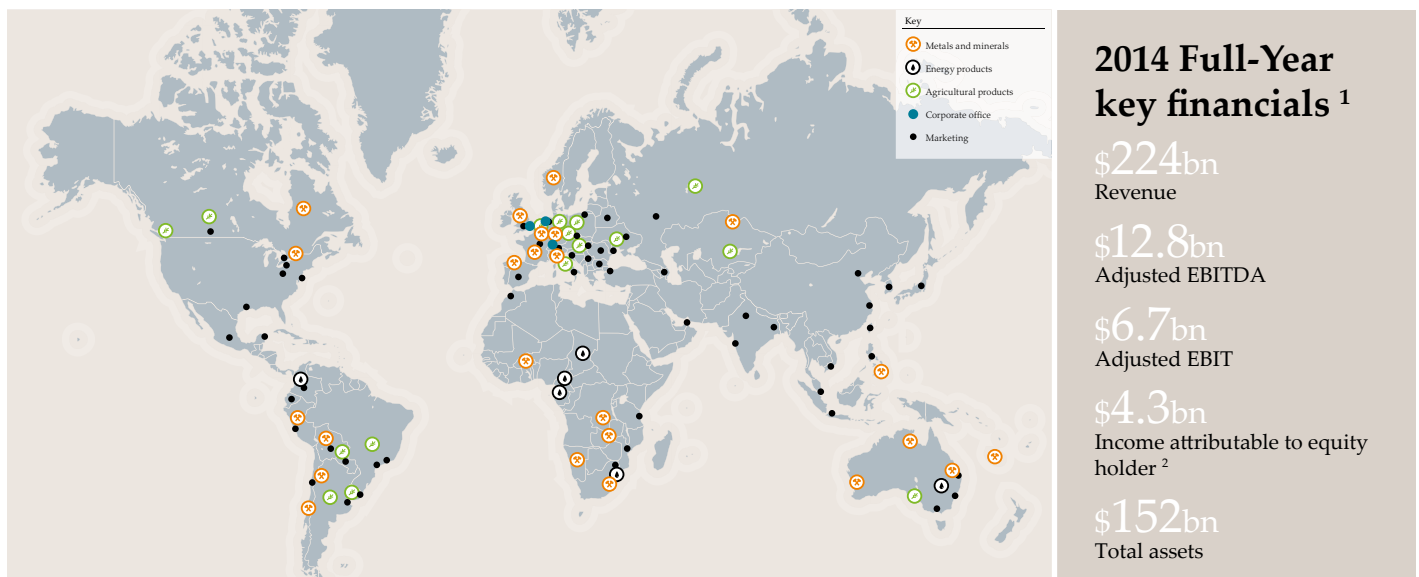
GLENCORE

Glencore is one of the world's largest global diversified natural resource companies and a major producer and marketer of more than 90 commodities. Our operations comprise over 150 mining and metallurgical sites, oil production assets and agricultural facilities.

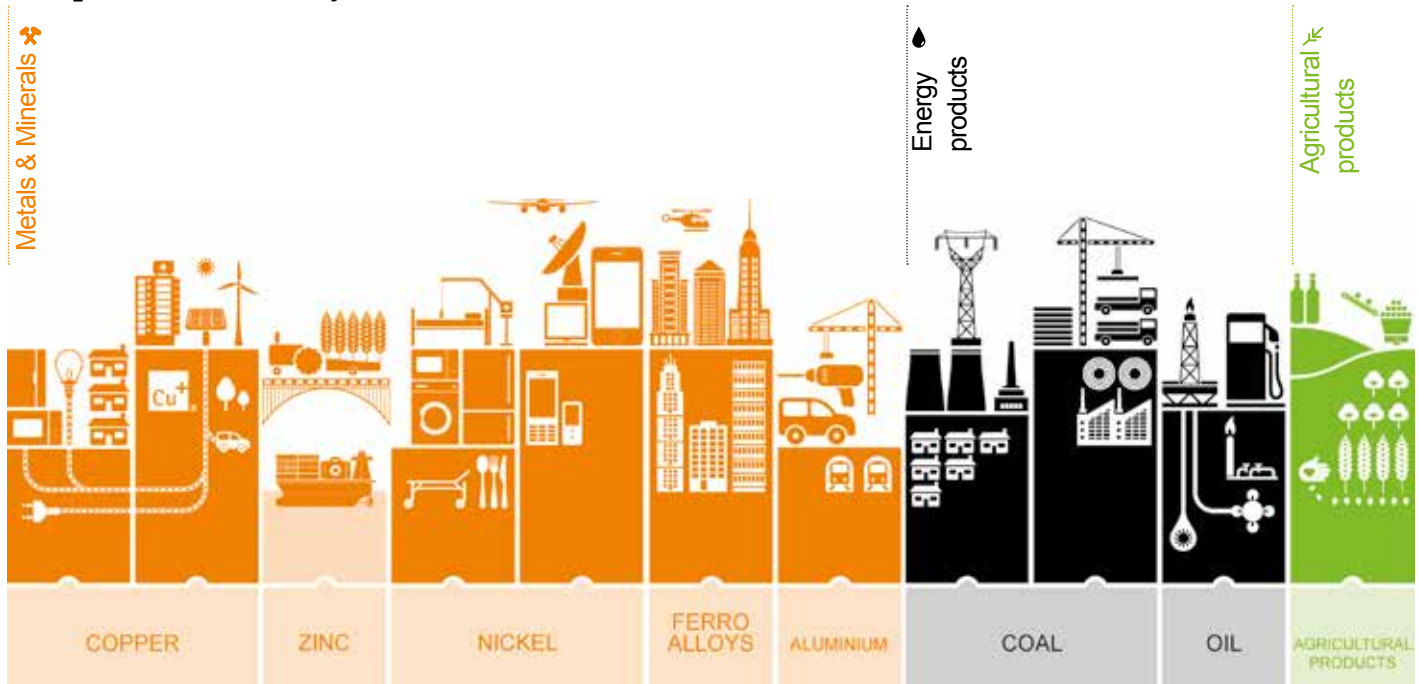
With a strong footprint in both established and emerging regions for natural resources, our industrial and marketing activities are supported by a global network of more than 90 offices located in over 50 countries.

Our customers are industrial consumers, such as those in the automotive, steel, power generation, oil and food processing. We also provide financing, logistics and other services to producers and consumers of commodities. We employ around 181,000 people, including contractors.

Glencore is proud to be a member of the Voluntary Principles on Security and Human Rights and the International Council on Mining and Metals (ICMM). We are an active participant in the Extractive Industries Transparency Initiative (EITI).



Our products in society



Key commodities: copper, zinc, lead, nickel, cobalt, ferroalloys, alumina, aluminium and iron ore.

Underpinned by: producing, smelting, refining, mining, processing and storage related operations.

Key commodities: thermal coal, metallurgical coal, coke, crude oil and oil products.

Underpinned by: extensive investments in coal mining and oil production operations, ports, vessels and storage facilities.

Key commodities: wheat, corn, barley, rice, oil seeds, meals, edible oils, biofuels, cotton and sugar.

Underpinned by: investments in farming, storage, handling, processing and port facilities.

¹ See Glencore plc announcement dated 3 March 2015

² Pre significant items

Group structure

Board of Directors							
Independent Non-Executive Chairman							
Independent Non-Executive Directors							
CEO Ivan Glasenberg	CFO Steven Kalmin			Remuneration Committee	Nomination Committee	HSEC Committee	Audit Committee
Risk management	Corporate finance, IR & Communications	Legal & compliance	Sustainability	Treasury, accounting & tax	IT	Human resources	Internal audit

Our businesses			
Metals & minerals 🏠		Energy products ⚡	Agricultural products 🌾
Copper	Ferroalloys	Coal	Agricultural products
Marketing & industrial	Marketing – Stuart Cutler	Marketing – Tor Peterson	Marketing & industrial
Telis Mistakidis	Industrial – Gary Nagle	Industrial – Peter Freyberg	Chris Mahoney
Zinc	Nickel	Oil	
Marketing – Daniel Mate	Marketing – Kenny Ives	Marketing & industrial	
Industrial – Chris Eskdale	Industrial – Peter Johnston	Alex Beard	
Aluminium	Iron Ore		
Marketing & industrial	Marketing – Jyothish George		
Andrew Caplan	Industrial – Mark Eames		

Our Values

Safety

Our first priority in the workplace is to protect the health and well-being of all of 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.

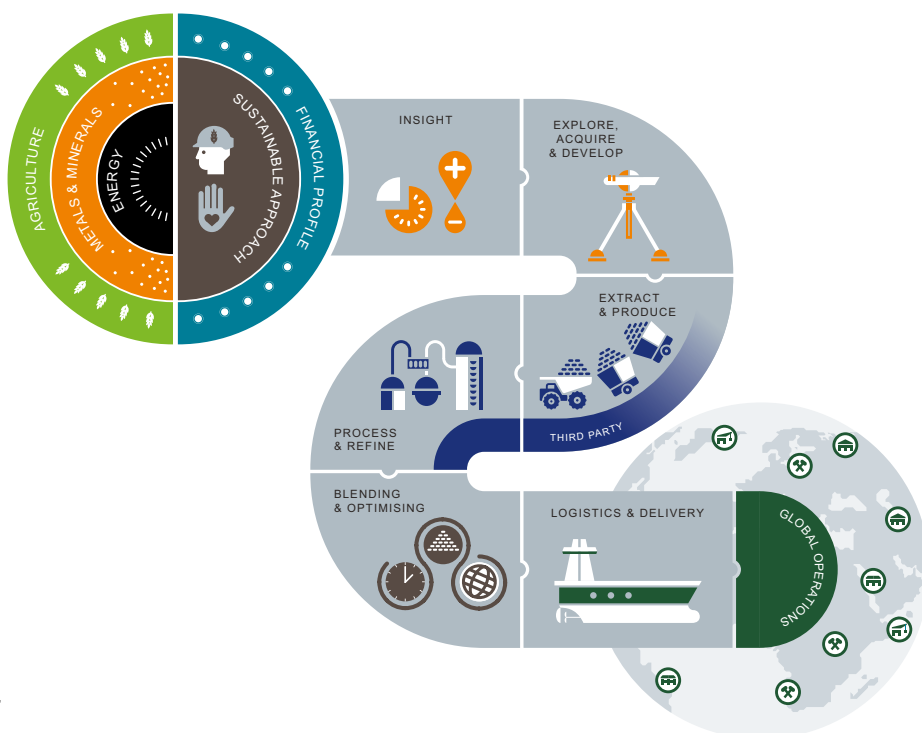
Responsibility

We recognise that our activities can have an impact on our society and the environment. We care profoundly 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.

Our business model



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Disclaimer: This fact sheet has been prepared as at 3 March 2015. This document should not create any implication that there has not been any change to the business or affairs of Glencore or that the information contained herein is correct as at any time subsequent to its date. The 2014 Full-Year financial information has been extracted from Glencore plc's announcement on 3 March 2015.

GLENCORE

Financial Performance in Perspective

Glencore pays corporate tax on our taxable income, not on our revenue. The resources sector is cyclical, capital intensive and we have a long-term investment outlook.

When commodity prices are high profitability improves, resulting in greater tax revenues for government. The opposite takes place when prices are lower.

All mining companies are different. Glencore does not mine iron ore in Australia. We note that profits arising from sustained margins in iron ore make up the overwhelming majority of our large competitors' historical profits and therefore their Australian tax payments.

REVENUE \$US/B

\$35 billion

BHP BILLITON

\$26 billion

RIO TINTO

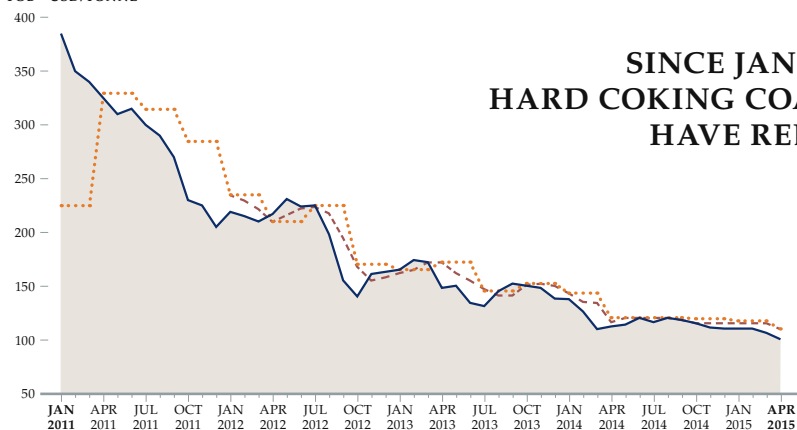
\$13 billion

GLENCORE

IRON ORE COAL PETROLEUM & POTASH COPPER GRAIN ZINC NICKEL SALT URANIUM

Note: BHP Billiton and Rio Tinto data is sourced from publicly available documents.

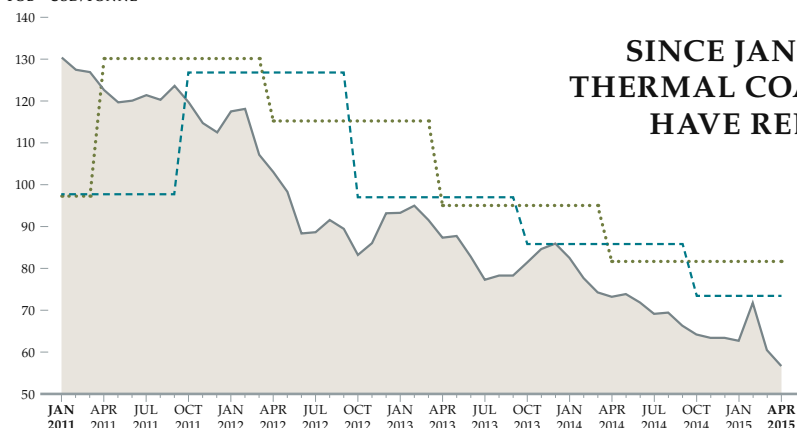
FOB - USD/TONNE



74%

SPOT
QUARTERLY
MONTHLY

FOB - USD/TONNE

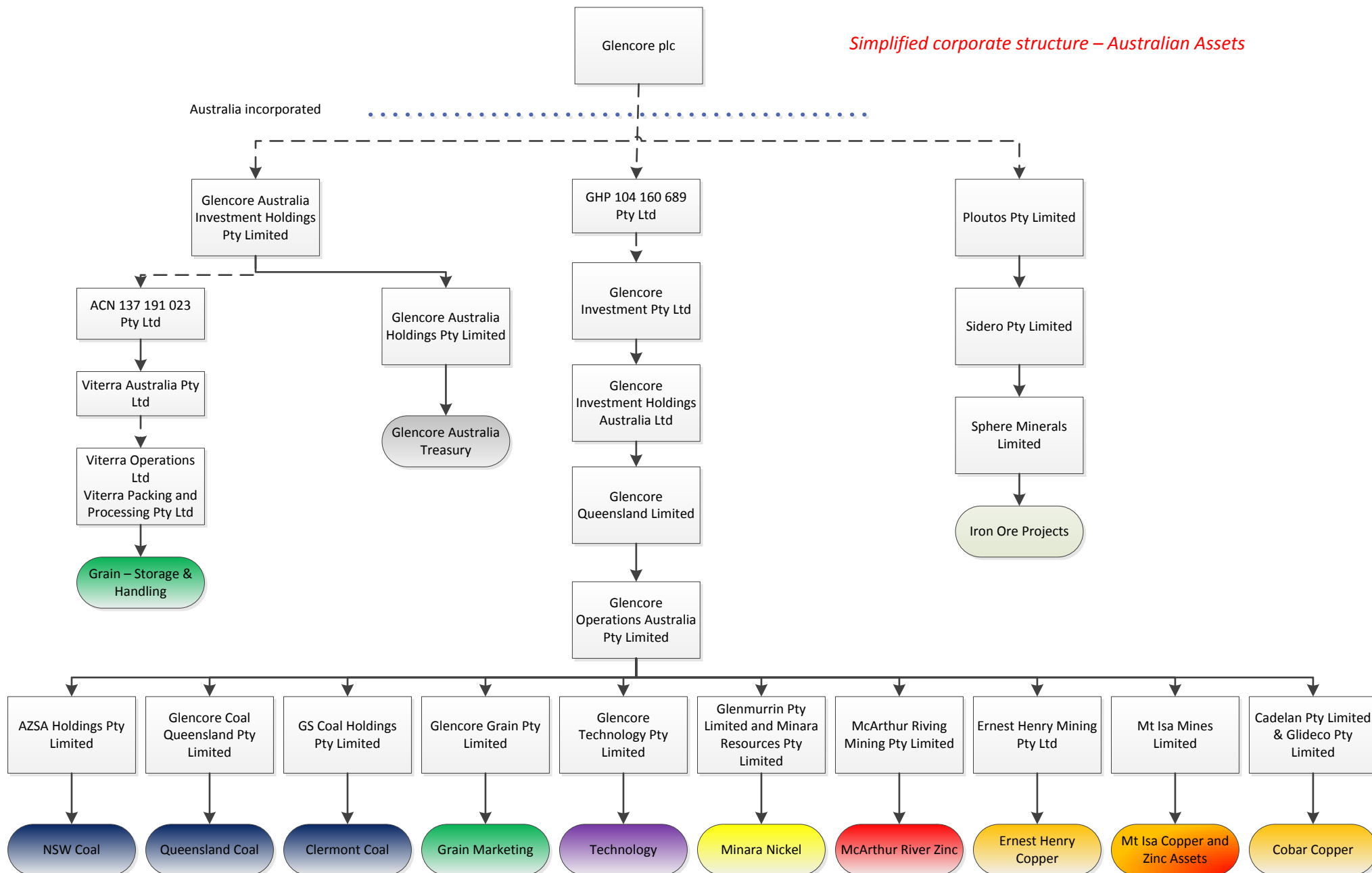


58%

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JFY
JAPAN OCT

GLENCORE AUSTRALIA – CORPORATE STRUCTURE

Simplified corporate structure – Australian Assets



GLENCORE – XSTRATA AUSTRALIA MAJOR TRANSACTION TIMELINE SINCE 1998

